

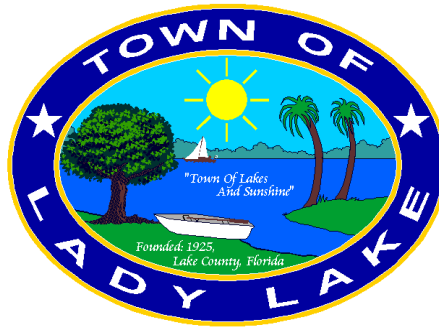
Town of Lady Lake, FL

Annual Comprehensive Financial Report for the Fiscal Year Ended September 30, 2025



www.LadyLakeFL.gov





TOWN OF LADY LAKE, FLORIDA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2025

Prepared by:
Joella LeDonne
Finance Director

Town of Lady Lake, Florida
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Letter of Transmittal

Municipal Complex, 409 Fennell Blvd. Lady Lake, FL 32159
352-751-1501 Fax 352-751-0229 www.ladylake.org



March 17, 2026

Honorable Mayor, Commissioners, and to the Citizens of the Town of Lady Lake, Florida

The Annual Comprehensive Financial Report of the Town of Lady Lake, Florida, (hereinafter referred to as "the Town"), for the fiscal year ended September 30, 2025, pursuant to Article III, Section 3.01 (f) of the Town Charter; *Florida Statutes* Chapters 11.45 and 218.32, and Chapter 10.550 Rules of the Auditor General of the State of Florida is hereby presented to its citizens. The financial statements were prepared in accordance with U.S. Generally Accepted Accounting Principles and audited in accordance with auditing standards generally accepted in the United States by an independent and licensed firm of Certified Public Accountants. We published the Annual Comprehensive Financial Report to provide the Town Commission, Town staff, our citizens, our leaders, and other interested parties with detailed information concerning the financial condition and activities of the Town.

Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the Town. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the Town. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

Town management and administration are responsible for establishing and maintaining internal controls designed to ensure that the assets of the Town are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements. The internal controls are designed to provide reasonable assurance, not absolute assurance, that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of controls should not exceed the derived benefits; (2) the valuation of costs and benefits requires estimates and judgments from management.

We believe the Town's internal accounting control adequately safeguards assets and provide reasonable assurance that this financial report is complete and reliable in all material respects.

Carr, Riggs & Ingram LLC, a firm of licensed certified public accountants, have audited the Town's financial statements in accordance with Generally Accepted Auditing Standards. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town for the fiscal year ended September 30, 2025, are free of material misstatement. The independent audit involved examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town's financial statements for the fiscal year ended

**Honorable Mayor, Commissioners,
and Citizens of the Town of
Lady Lake, Florida**

September 30, 2025, are fairly presented in conformity with Generally Accepted Accounting Principles. The independent auditor's report is presented as the first component of the financial section of this report.

Federal and State Awards. As a recipient of Federal and State financial assistance, the Town also is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to these programs. Their internal controls are subject to periodic evaluation by management.

Generally Accepted Accounting Principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis. The letter of transmittal is designed to complement Management's Discussion and Analysis and should be read in conjunction with it. The Town of Lady Lake's Management's Discussion and Analysis can be found immediately following the report of the independent auditor.

This report and other fiscal operating budgets may be accessed via the Town's website at www.ladylake.org.

THE REPORTING ENTITY AND ITS ORGANIZATION

The Town of Lady Lake is in north Lake County, Florida, approximately fifty miles northwest of Orlando on U.S. Highway 27/441. It currently occupies 9.56 square miles and serves a population of 16,978. The Town was incorporated in 1925 and has operated under a Commission/Manager form of government since 1987. The Town Commission consists of five elected officials who are elected from their respective wards on a non-partisan basis and are responsible for enacting ordinances and resolutions that govern the Town. The five commissioners are elected to four-year terms. All elections for all wards are in only even-numbered years. Each year the Commission elects one of its members to serve as Mayor. The mayor presides over commission meetings and public ceremonies. The Commission appoints the Town Manager and the Town Attorney. As chief executive officer, the Town Manager is charged with the enforcement of all ordinances and resolutions passed by the Commission and appointment of heads of the various departments.

The Town of Lady Lake is a political subdivision of the State of Florida. As such, it is governed by and derives its operating authority from the constitution and laws of the State of Florida. The Town of Lady Lake is empowered to levy a property tax on both real and personal property (millage rate) located within its boundaries. The Fiscal Year 2025 property tax millage rate of \$3.6510 per \$1,000 of taxable value was the third lowest municipal levy of the fourteen municipalities located within Lake County. It also is empowered by state statutes to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the Town Commission.

The Town can, and in future cases predict we will, provide a wide range of governmental services. These services include a library, police protection, the construction and maintenance of highways, streets, and infrastructure; recreational activities and cultural events; building

**Honorable Mayor, Commissioners,
and Citizens of the Town of
Lady Lake, Florida**

inspections; code enforcement; growth management and administrative services. In addition to general government services, the Town also provides utility services including water, sewer, reuse, and contracted garbage services. The Town Commission has financial accountability and oversight of the Police Officers' and General Employees' Retirement Systems; therefore, these activities are included in this entity's report. There are no component units nor legally separate entities that could be included as component units of the Town within the financial statements,

The Town is primarily a residential community. Commercial activities are restricted primarily to Town-serving establishments including banks, retail shops, hotels and restaurants for the Town's permanent population and seasonal residents. There is no industrial development within the Town. Stringent zoning and land use regulations have limited development and over the long term, will preserve the Town's high quality residential character.

The annual budget serves as the foundation for the Town's financial planning and control. Department heads are required to submit requests for appropriations to the Town Manager, who uses these requests as the basis for developing a proposed budget. The appropriated budget is prepared by fund, function, department, and line item. The Town Commission is required to hold two public hearings on the millage rate and proposed budget in September with adoption no earlier than September 2nd and no later than September 30th, the close of the Town's fiscal year.

The Town's adopted budget establishes budgetary controls at department level. The objective of these budgetary controls is to ensure compliance with the legal provisions embodied in the annual appropriated budget approved by the Town Commission. Authority to adjust at the various department budgets levels is held by the Town Commission. The legally adopted annual operating budgets consist of; (1) the General Fund; (2) Sales Tax Revenue Fund; and (3) the Utility Fund. Adopted budgets for all governmental fund types are adopted on a basis consistent with Generally Accepted Accounting Principles. The Utility Fund budget is adopted on a basis other than Generally Accepted Accounting Principles. Budgets are not adopted for the pension trust funds. The Town maintains an encumbrance accounting system as one technique of accomplishing budgetary control. These encumbrances lapse at year-end.

FACTORS AFFECTING ECONOMIC CONDITION

The information presented in the financial statements is best understood when it is considered from the broader perspective of the specific environment within which the Town operates.

Local economy. Until 1980, the Town was primarily dependent on the local agricultural economy. Since 1980, however, the Town has expanded rapidly due to the development of "The Villages" retirement community. This is reflected in the Town's population, which has increased from a population of 1,193 in 1980 to an estimated 16,978.

Lake, Sumter, and Marion Counties are still attracting retirees from all over the world resulting in an increase in commercial and residential growth. Estimated Just Value, which is a low-market price estimate, is still at an all-time high and the real estate and construction industries, which

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Lady Lake, Florida**

were hard hit many years ago by the economic downturn, are finally past where they were in 2008.

Significant commercial construction that was permitted include new construction of a Walmart Neighborhood Market, major renovations of the Lady Lake Library, remodeling several buildings in The Villages Spanish Springs Downtown area along with streetscape improvements that include new sidewalks, lighting and landscaping, a new single story medical office building and still under construction include continued expansion of Water Oak Hilltop aka Sun Communities, Green Key Village, Cierra Oaks Subdivision, Hidden Oaks Subdivision, The Groves, Hammock Oaks, the Reserve at Hammock Oaks, the Highlands at Hammock Oaks, Lady Lake Reserve, Rolling Acres Reserve, among many other projects.

Lake County's September 2025 unemployment rate was 4.8%. This is higher than last year (3.8%) and is .5% higher than the state average (4.3%) and higher than the United States 4.3% for the same period.

Taxable values for real and personal property in calculating 2025 millage have increased by 90.0% from fiscal year 2008 to 2025 (\$941,854,563 to \$1,817,468,315) when the Town of Lady Lake's property value was at its last peak. This is mainly due to the explosion of new growth in Lady Lake. The Florida electorate approved amendment one on January 29, 2008, and its impact contributed to the limited growth in taxable values. Taxable values for Fiscal FY2025 rose 7.5% from FY2024. The Town Commission elected to increase the millage at 3.6510 per \$1,000 of taxable value for FY2025.

The Town keeps 6 month of general operating fund expenses in reserves for emergencies.

Long-term financial planning. The General Fund's unassigned fund balance on September 30, 2025, is \$7,125,363. This balance represents 34% of the FY2025 General Fund final budget of \$20,970,227.

Relevant financial policies. The one-cent sales surtax revenue (Sales Tax Revenue Fund) is authorized through December 31, 2032. This revenue can only be used for projects eligible for funding as specified in the infrastructure surtax referendum. The Town received \$2,011,529 of sales tax revenue in Fiscal Year 2025. This was used to pay for five miles of the Paving Management Plan, and Police Vehicles.

**Honorable Mayor, Commissioners,
and Citizens of the Town of
Lady Lake, Florida**

AWARDS AND ACKNOWLEDGEMENTS

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Lady Lake for its annual comprehensive financial report for the fiscal year ended September 30, 2024. This was the twenty-ninth consecutive year that the Town of Lady Lake has achieved this prestigious award.

To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

Acknowledgements: The preparation of the Annual Comprehensive Financial Report was made possible by the efficient and dedicated services of the entire staff of the Finance Department. Each member of the department has our genuine appreciation for the contributions made in the preparation of this report. Special appreciation is expressed to the Town's Auditor, Carr, Riggs & Ingram, their professional work and assistance in producing this report.

We also are grateful to the Mayor and Town Commission for their leadership and to the Citizens of Lady Lake for their support in ensuring the financial operations of the Town are conducted in a sound and conservative manner, thus assuring the Town a high level of financial security.



William Lawrence
Town Manager



Joella LeDonne
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Lady Lake
Florida**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2024

Christopher P. Morrill

Executive Director/CEO

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Town of Lady Lake, Florida
Town Commission and Officials
As of September 30, 2025

Mayor-Commissioner - Ward 3Ed Freeman

Commissioner - Ward 1 Treva Roberts

Commissioner - Ward 2John Gourlie

Commissioner - Ward 4 Ed Regan

Commissioner – Ward 5 Mike Sage

Town Manager William Lawrence

Town Clerk..... Kathleen Rosado

Finance DirectorJoella LeDonne

Communications DirectorElisha Pappacoda

Director of Human Resources Tamika DeLee

Director of Growth Management Thad Carroll

Director of Library and Information Services Aly Herman

Information Technology Director..... John Pearl

Parks and Recreation Director..... Michael Burske

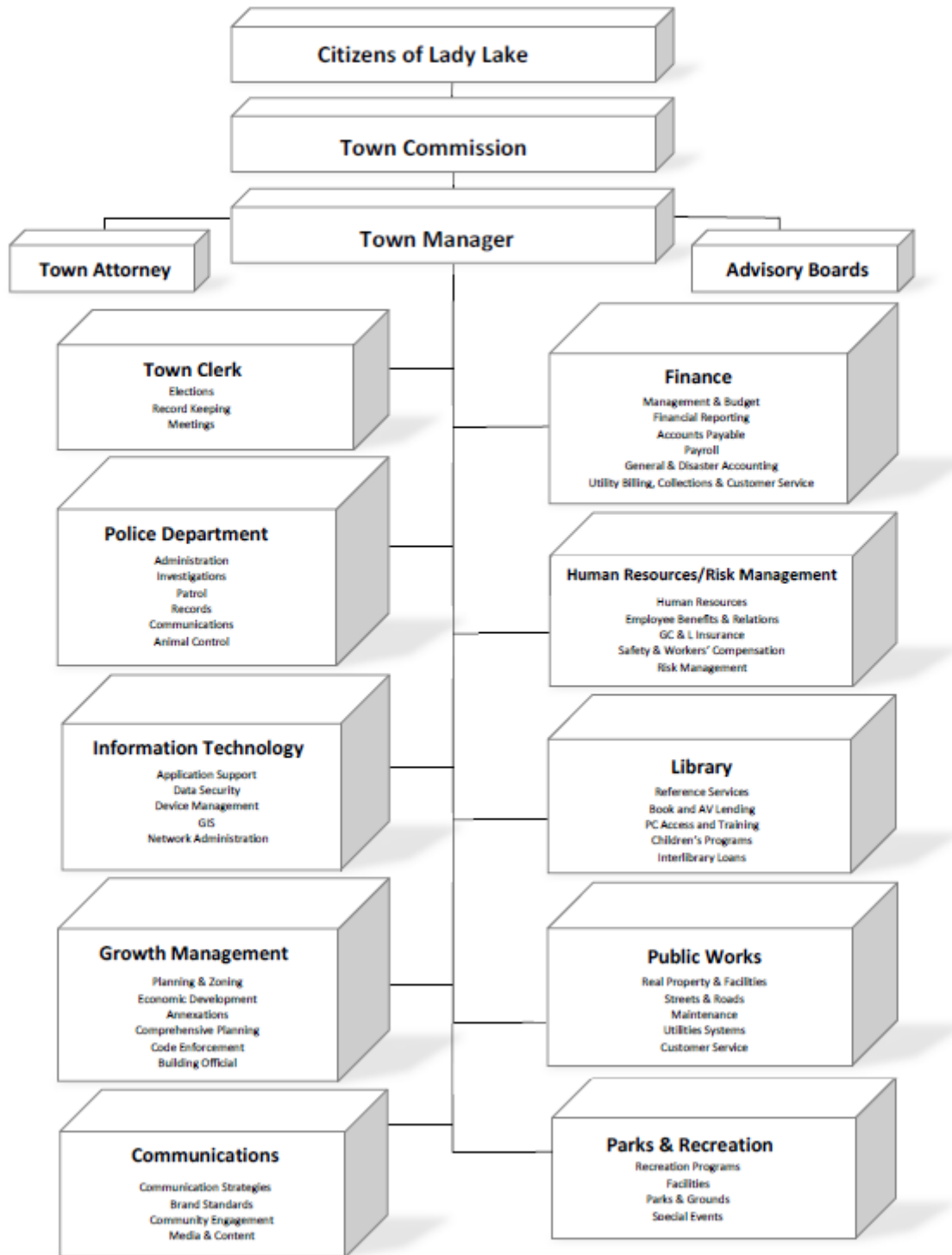
Police Chief Steven Hunt

Public Works Director..... C. T. Eagle

Town Attorney.....Derek A. Schroth

Town Auditor.....Carr, Riggs & Ingram L.L.C.

Town of Lady Lake Organizational Chart



**INDEPENDENT AUDITOR'S
REPORT**

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CARR, RIGGS & INGRAM, L.L.C.

Carr, Riggs & Ingram, L.L.C.

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Suite 200

Winter Park, FL 32789

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the Town Commission
Town of Lady 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, each major fund, and the aggregate remaining fund information of the Town of Lady Lake, Florida (hereafter 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information 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 for Opinions

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The enterprise fund budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the enterprise fund budgetary comparison schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. 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 17, 2026 on our consideration of the Town of Lady 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Lady Lake, Florida's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Lady Lake, Florida's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, L.L.C.

Orlando, Florida
March 17, 2026

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**MANAGEMENT'S DISCUSSION
&
ANALYSIS (MD&A)**

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Town of Lady Lake, Florida
Management Discussion and Analysis
As of September 30, 2025

As management of the Town of Lady Lake, Florida, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town of Lady Lake for the fiscal year ended September 30, 2025. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-5 of this report.

As with other sections of this financial report, the information contained within this MD&A should be considered only a part of a greater whole. The reader of this statement should take time to read and evaluate all sections of this report, including the notes to the financial statements and the other required supplementary information that is provided in addition to this MD&A.

FINANCIAL HIGHLIGHTS

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$84,949,883 (net position). Net position is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Of this amount, \$10,636,507 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors in accordance with the Town's fund designation and fiscal policies each year.
- The Town's total net position increased from fiscal year 2024 to fiscal year 2025 by \$5,367,923. Total Net Position from business-type activities rose by \$4,110,560 from last year's largely because of net investments in capital assets. This was due to a major expansion of the library.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$17,769,588 a decrease of \$3,431,849 in comparison with the prior year. This decrease is largely due to the decrease of \$2,995,475 in our sur-tax revenue fund. Impact fees were used for projects instead of sur-tax revenue in fiscal year 2024-25.
- Of the Town's governmental combined fund balances, 25.2% are unassigned funds (\$4,474,700) and are within the Town's fund designation and fiscal policies. The unassigned fund balance for the General Fund in comparison with the prior year's shows a decrease of \$3,030,899. The total governmental unassigned combined ending fund balance represents 33.8% of total General Fund fund balance (\$13,244,589).
- The Town's total debt has been paid off since October of 2016.

Town of Lady Lake, Florida
Management Discussion and Analysis (Continued)
As of September 30, 2025

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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 like a private-sector business.

The statement of net position presents information on all of the Town's assets and liabilities. 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).

Both government-wide financial statements distinguish the functions of the Town 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 Town include general government, public safety, growth management, public works (which includes street maintenance), and culture and recreation. The business-type activities of the Town include a utility fund to account for water, sewer and garbage services.

The government-wide financial statements do not include any component units.

The government-wide financial statements can be found on pages 25-26 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 the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Town of Lady Lake, Florida
Management Discussion and Analysis (Continued)
As of September 30, 2025

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

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

The Town maintains two individual governmental funds. 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 and the Sales Tax Revenue Fund, which are major funds.

The Town adopts an annual appropriated budget for all governmental funds. Budgetary comparison schedules have been provided for these funds to demonstrate budgetary compliance.

The governmental fund financial statements can be found on pages 28 through 32 of this report.

Proprietary funds. The Town maintains only one type of proprietary fund. It is an enterprise fund used to report the same functions presented as business-type activities in government-wide financial statements. The Town's enterprise fund accounts for its water, sewer, and garbage utility operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 33 through 37 of this report.

Fiduciary funds. Fiduciary funds account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The fiduciary funds include pension trust funds for police. Deferred Outflows and Deferred Inflows are pension related and refer to the differences between expected and actual experiences, changes of assumptions, and the net difference between projected and actual earnings on Pension Plan Investments as discussed in Note 3.

The basic fiduciary fund financial statements can be found on pages 38 through 39 of this report.

Town of Lady Lake, Florida
Management Discussion and Analysis (Continued)
As of September 30, 2025

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 40 through 70 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town’s progress in funding its obligation to provide pension benefits to its police officers. Required supplementary information can be found on page 71 through 78 of this report.

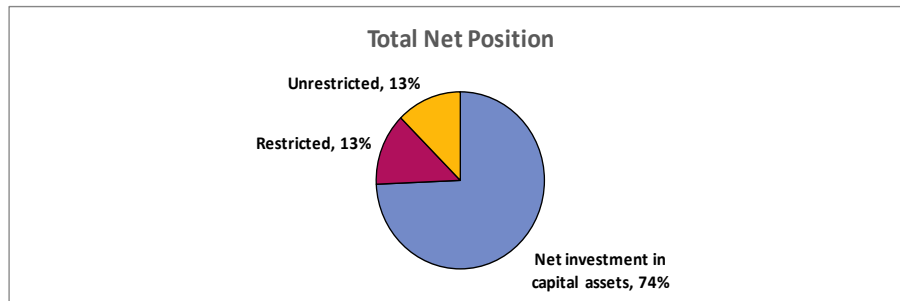
Comparative individual fund statements and schedules can be found on page 79 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of net position. As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the Town, assets exceeded liabilities by \$84,949,883 as of September 30, 2025. The following table reflects the condensed statement of net position for the current fiscal year as compared to the prior fiscal year.

TOWN OF LADY LAKE'S NET POSITION

	Governmental activities		Business-type activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 19,014,074	\$ 22,962,422	\$ 5,620,179	\$ 3,339,565	\$ 20,034,899	\$ 26,301,987
Capital assets	21,608,130	16,335,528	42,040,853	41,608,935	63,648,983	57,944,463
Total Assets	40,622,204	39,297,950	47,661,032	44,948,500	83,683,882	84,246,450
Accumulated Outflows Pension Related	840,653	103,099	-	-	840,653	103,099
Current and other liabilities	1,527,875	1,549,973	\$ 1,020,825	\$ 2,500,964	2,548,700	4,050,937
Long-term liabilities	878,669					
Accumulated Liabilities	-	272,931	150,088	67,977	-	340,908
Total Liabilities	2,406,544	1,822,904	1,170,913	2,568,941	2,548,700	4,391,845
Accumulated Inflows Pension Related	596,549	375,744	-	-	596,549	375,744
Net Position:						
Investment in capital assets	21,082,281	16,335,528	42,040,853	40,624,055	63,123,134	56,959,583
Restricted	8,380,091	8,800,287	2,810,151	68,568	11,190,242	8,868,855
Unrestricted	8,997,392	12,066,586	1,639,115	1,686,936	10,636,507	13,753,522
Total Net Position	\$ 38,459,764	\$ 37,202,401	\$ 46,490,119	\$ 42,379,559	\$ 84,949,883	\$ 79,581,960



Town of Lady Lake, Florida
Management Discussion and Analysis (Continued)
As of September 30, 2025

The largest portion of the Town's Statement of Net Position reflects its net investment in capital assets, (\$63,123,134 or 74.3%) (e.g., land, buildings, utility systems, improvements other than buildings, equipment, and infrastructure) less any related debt used to acquire those assets that is still outstanding. The net position is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. 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 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.

An additional portion of the Town's Statement of Net Position represents resources that are subject to external restrictions on use. This portion is in the amount of \$11,190,242. The unrestricted net position, \$10,636,507, may be used to meet the town's ongoing obligations to citizens and creditors.

As of September 30, 2025, the Town can report positive balances in all three categories of net position, both for the government, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

There was an increase of \$2,321,387 in the restricted net position reported in connection with the Town's governmental activities. The major contribution was due to an increase in capital improvements with the renovation of the library.

The business-type activities had an increase of \$4,110,560 compared to the prior year and is 54.7% of total net position. Its net investment in capital assets increased by \$1,416,798 due to the completion of the well and reclaim treatment expansion of \$6,163,551 but a decrease of investments of \$3,117,015 used for these projects. The business-type activities restricted net position further increased by \$2,741,583 due to use of impact fees that were also needed for the well and reclaim expansion which was completed in 2025.

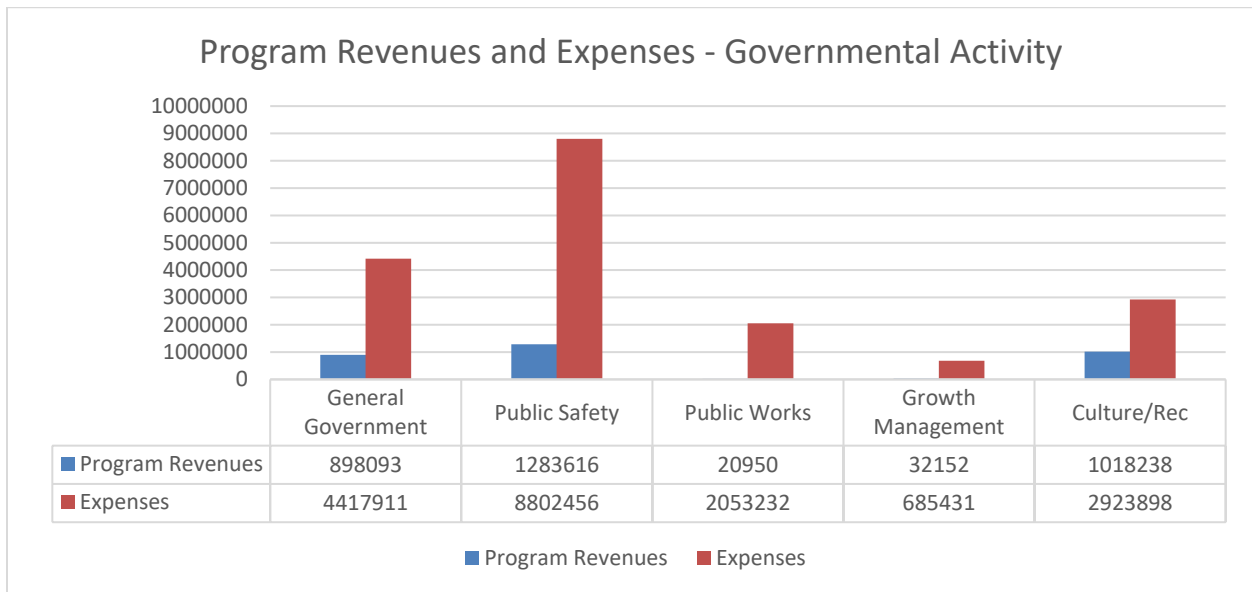
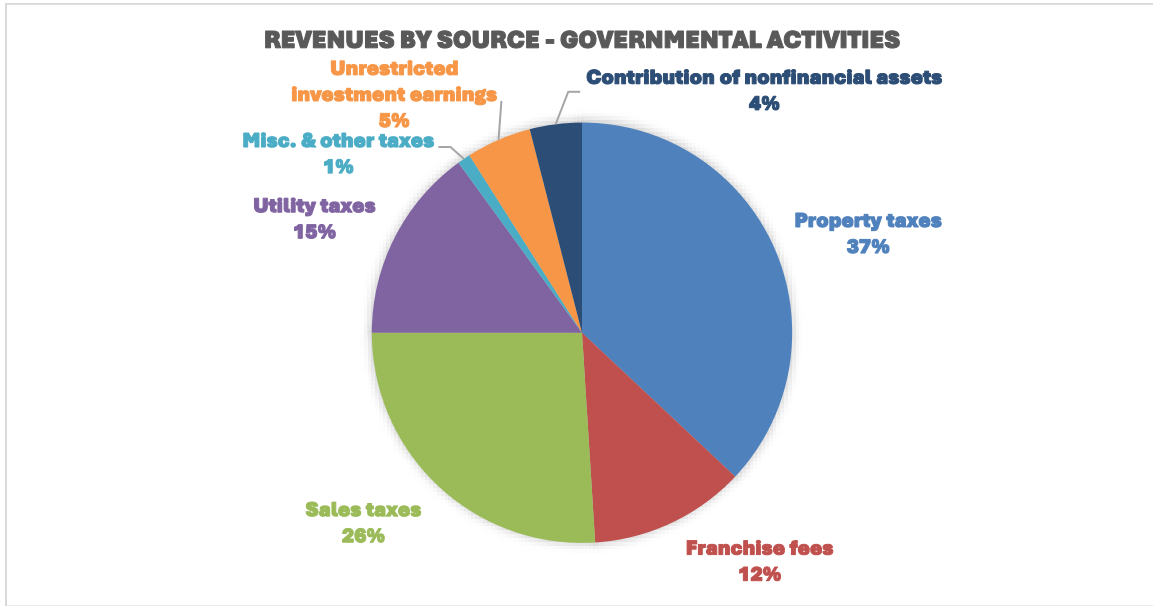
Town of Lady Lake, Florida
Management Discussion and Analysis (Continued)
As of September 30, 2025

Statement of activities. As noted earlier, the statement of activities presents information showing how the Town’s net position changed during the current year. The following table reflects the condensed statement of activities for the current fiscal year as compared to the prior fiscal year.

	Changes in Net Portfolio					
	Governmental		Business-type		Total	
	Activities		Activities			
	2025	2024	2025	2024	2025	2024
Revenues						
Program revenues:						
Charges for Services	\$ 2,928,819	\$ 1,974,625	\$ 5,857,852	\$ 5,325,086	\$ 8,786,671	\$ 7,299,711
Operating grants and contributions	324,230	350,294	-	-	324,230	350,294
Capital grants and contributions	-	449,295	4,112,437	2,759,552	4,112,437	3,208,847
General revenues					-	-
Property taxes	6,396,746	5,349,431	-	-	6,396,746	5,349,431
Other taxes	8,789,150	8,384,552	-	-	8,789,150	8,384,552
Intergovernmental revenues	271,376	248,203	-	-	271,376	248,203
Other revenues	842,903	919,268	84,777	112,600	927,680	1,031,868
Contributions of nonfinancial assets	645,707	601,082	-	-	645,707	601,082
Gain on sale of capital assets	-	14,680	-	-	-	14,680
Total revenues	20,198,931	18,291,430	10,055,066	8,197,238	30,253,997	26,488,668
Expenses						
General government	4,417,911	4,192,060	-	-	4,417,911	4,192,060
Public safety	8,802,456	6,741,671	-	-	8,802,456	6,741,671
Physical environment	2,053,232	472,812	-	-	2,053,232	472,812
Economic environment	685,431	1,956,639	-	-	685,431	1,956,639
Culture and recreation	2,923,898	2,020,300	-	-	2,923,898	2,020,300
Utility services	-	-	6,003,146	5,299,529	6,003,146	5,299,529
Total expenses	18,882,928	15,383,482	6,003,146	5,299,529	24,886,074	20,683,011
Increase in net position before transfers	1,316,003	2,907,948	4,051,920	2,897,709	5,367,923	5,805,657
Transfers	(58,640)	464,515	58,640	(464,515)	-	-
Change in net position	1,257,363	3,372,463	4,110,560	2,433,194	5,367,923	5,805,657
Net position - beginning	37,202,401	33,829,938	42,379,559	39,946,366	79,581,960	73,776,304
Net position - ending	\$ 38,459,764	\$ 37,202,401	\$ 46,490,119	\$ 42,379,560	\$ 84,949,883	\$ 79,581,961

Town of Lady Lake, Florida
Management Discussion and Analysis (Continued)
As of September 30, 2025

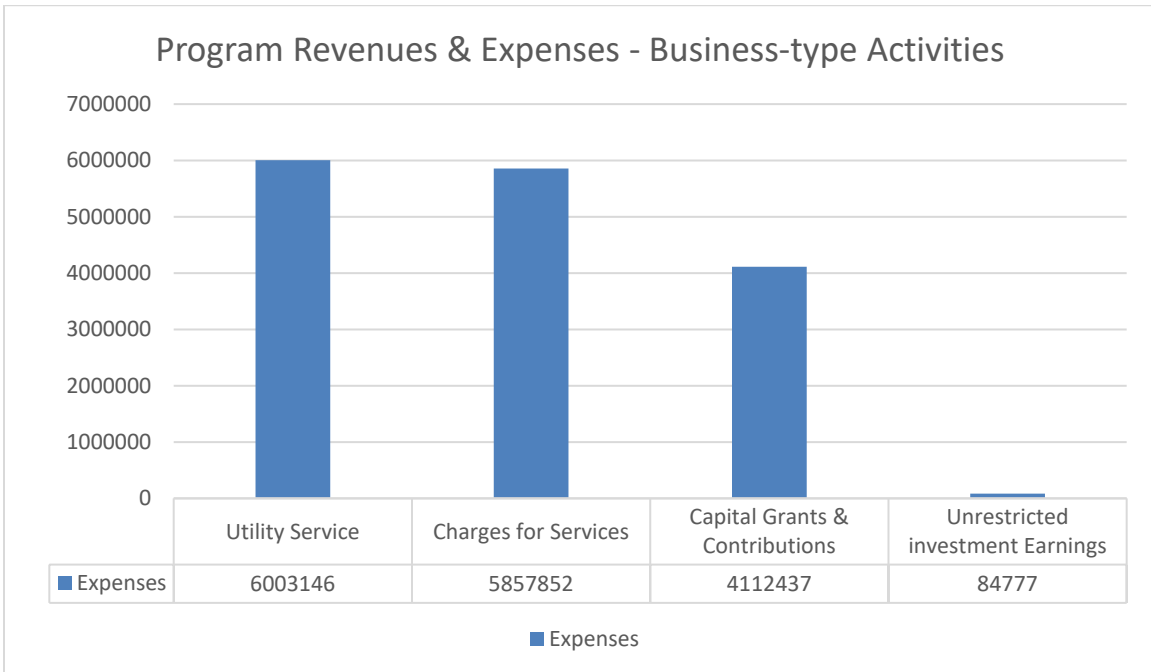
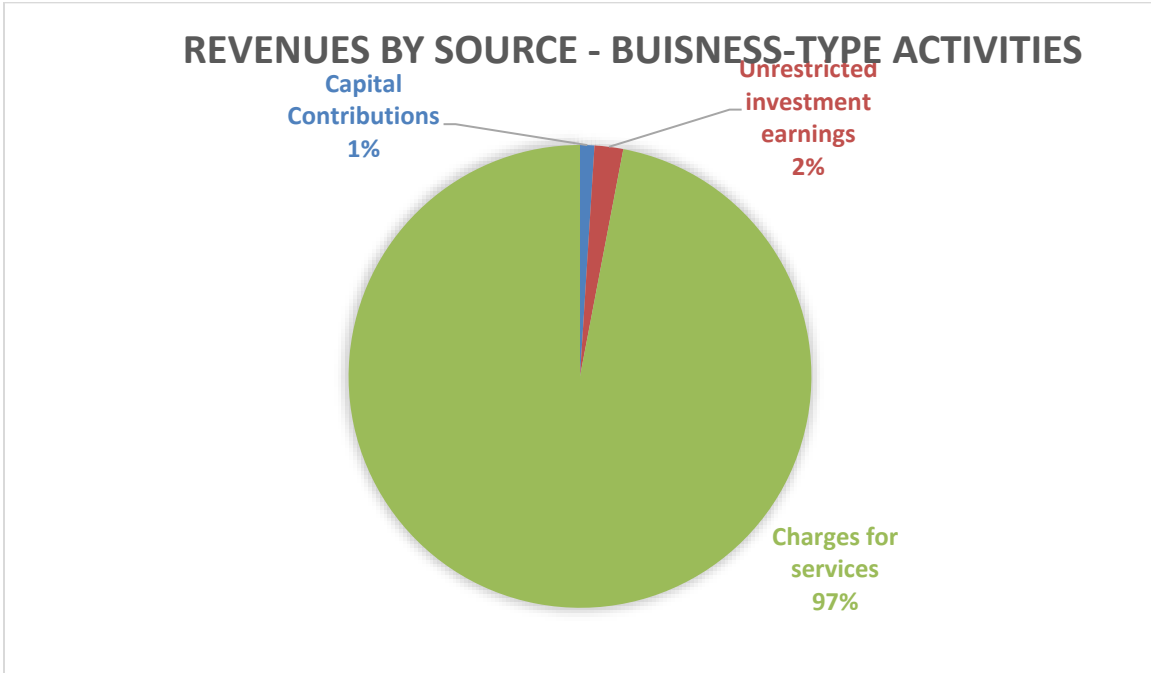
Governmental activities. Governmental activities increased the Town’s net position by \$1,257,363 due to big progress on Town construction projects and due to the value of a large conveyance valued at \$645,707. Government Activities revenues increased by \$1,915,561 mainly due to the increase in property taxes.



A comparison of the Town’s functional program revenues and costs of providing program services to its citizens is useful in identifying the programs, and the extent of which each is dependent on taxes and other non-exchange revenues to subsidize their program operations.

Town of Lady Lake, Florida
Management Discussion and Analysis (Continued)
As of September 30, 2025

Business-type activities. Business-type activities increased the Town’s net position by \$4,110,560. The increase is due primarily to the near completion of the well/reclaim water projects. The percentage breakdown of the business-type activities revenues can be seen below.



Town of Lady Lake, Florida
Management Discussion and Analysis (Continued)
As of September 30, 2025

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

Governmental funds. The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, the 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 fiscal year 2025, as previously discussed on page 13, the Town's governmental funds reported combined ending fund balances of \$17,769,588, a decrease of \$3,431,849 in comparison with the prior year. Approximately 25% of the combined ending fund balances or \$4,474,700 constitutes the unassigned fund balance that is available for spending at the Town's discretion. The remainder of the fund balance is not available for new spending. The various constraints placed on these funds are as follows: non-spendable \$84,640 for Prepaids and Inventory; Capital projects \$6,728,917; Restricted \$1,651,174 for Education, Police Training & Equipment, Recreation, and other Capital Improvements; Committed \$4,519,627 for certain capital improvements and assigned \$310,530 for Tree Beautification.

As was discussed on page 19 under Governmental Activities, the millage rate increased for FY25, new construction and values increased. The funds that are Non-spendable, Restricted, Committed and Assigned decreased by \$400,950 due to sur-tax fund decrease. Big projects in the enterprise fund were completed which used impact fees and reserves instead of sur-tax but was used for the large library remodel that started in FY25.

The General Fund, which is the primary operating fund of the Town, had a fund balance of \$13,244,589 but \$8,769,889 was dedicated for purposes other than general spending. The unassigned fund balance decreased by \$3,030,899.

Other disclosures on these funds can be found in Note 1 of this report.

The Sales Tax Revenue Fund had a fund balance of \$4,524,999 at the end of the fiscal year, a decrease of \$838,963 from the prior year. This is due to the major renovation of the library in FY25. Of this amount, 100% is restricted for infrastructure improvements.

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

As of the end of fiscal year 2025, the Town's Utility Fund reported an unrestricted net position of \$1,639,115, with a decrease of \$47,821 from the prior year. The unrestricted net position of the Utility Fund had a decrease due to spending reserves (and impact fees) for two large projects that were completed in FY25.

Town of Lady Lake, Florida
Management Discussion and Analysis (Continued)
As of September 30, 2025

CAPITAL ASSETS

The Town’s investment in capital assets for its governmental and business-type activities as of September 30, 2025, amounts to \$63,648,983 (net of depreciation and amortization). This investment in capital assets includes land, buildings and utility systems, improvements other than buildings, equipment, infrastructure, and construction in progress. It also includes the Town’s investment in the sewer capacity reservation agreement with the VCCDD. The Town’s net capital assets increased \$28,552,968 from the prior year. The change is primarily due to the investment in capital assets offset by depreciation expense exceeding capital investments. Additional information is addressed in the notes to the financial statements; Note 2 Capital Assets.

Major capital asset events during the current fiscal year included the following:

Government Funds:		
	Data Switch	\$50,715
	Server Hardware program	\$41,132
	Intra Fiber Optics	\$97,722
	Mower	\$23,412
	Police Vehicles (4)	\$239,634
	Axon Body Cams, Tasers, Car Cams	\$185,810
	Computer Voice Stress Analyzer	\$10,995
	Drone (Police)	\$24,532
	Mower	\$31,789
	Paving	\$417,308
	Roads & Streets Wood Chipper	\$112,970
	AC Units – Library (2)	\$37,308
	Sports Netting – Spradlin Field	\$11,063
Business-type funds:		
	Server Hardware Program	\$41,132
	Intra Fiber Optics	\$177,565
	Chlorine Skids (2)	\$25,107
	Chlorine Tank	\$19,080
	Ford F-150	\$63,316

Town of Lady Lake, Florida
Management Discussion and Analysis (Continued)
As of September 30, 2025

TOWN OF LADY LAKE'S CAPITAL ASSETS
(net of depreciation)

	Governmental activities		Business-type activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 2,157,154	\$ 2,157,154	\$ 509,453	\$ 509,453	\$ 2,666,607	\$ 2,666,607
Buildings and Improvements	5,433,555	5,875,950	2,199,280	2,296,337	7,632,835	8,172,287
Sewer Capacity Agreement			683,458	722,513	683,458	722,513
Improvements other than buildings	2,312,370	1,757,625			2,312,370	1,757,625
Furniture and equipment	1,469,775	1,423,506	580,387	635,407	2,050,162	2,058,913
Infrastructure-incl. Utilities	5,234,790	4,310,629	36,167,817	12,888,998	41,402,607	17,199,627
Construction in Progress	5,000,486	810,664	1,900,458	24,567,107	6,900,944	25,377,771
Total Capital Assets	\$ 21,608,130	\$ 16,335,528	\$ 42,040,853	\$ 41,619,815	\$ 63,648,983	\$ 57,955,343

GENERAL FUND BUDGETARY HIGHLIGHTS

The Town did not amend the original appropriations approved by the Town Commission, there were only budget transfers. The budget is approved at Department level and all departments are within their budget.

LONG-TERM LIABILITIES

The balance of \$222,982 represents amounts due to compensated absences.

Additional information on the Town's long-term liabilities can be found in Note 2 on page 60 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

On January 29, 2008, the Florida electorate approved an amendment to the Florida Constitution related to property taxation. This amendment (referred to as Amendment 1) was placed on the ballot by the Florida Legislature at a special session held in October 2007. With respect to homestead property, Amendment 1 increases the current \$25,000 homestead exemption by another \$25,000 (for property values between \$50,000 - \$75,000), except for school district taxes. Amendment 1 also allows property owners to transfer (make portable) up to \$500,000 of their Save Our Homes benefits to their next homestead when they move. Save Our Homes became effective in 1992 and limits (caps) the annual increase in assessed value for homestead property to three percent (3%) or the percentage change in the Consumer Price Index, whichever is less.

With respect to non-homestead property, Amendment 1 limits (caps) the annual increase in assessed value for non-homestead property (businesses, industrial property, rental property, second homes, etc.) to ten percent (10%), except for school district taxes. The Amendment also provides a \$25,000 exemption for tangible personal property.

Town of Lady Lake, Florida
Management Discussion and Analysis (Continued)
As of September 30, 2025

Amendment 1 became effective on January 1, 2008, (tax year 2008, fiscal year 2009) except for the ten percent (10%) assessment cap on non-homestead property, which became effective on January 1, 2009 (tax year 2009, fiscal year 2010).

The Town's net taxable value of commercial and residential property increased 11.5% in tax year 2025 as compared to tax year 2024. This increase in taxable value (\$187,914,552) was due to an increase in net taxable values of 11.5% (due to an increase in new growth coming onto the tax rolls). With this increase in taxable value, which increased property tax revenue, the Town Commission set a new millage rate at 3.6510 mills for fiscal year 2025.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances and for accountability. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 409 Fennell Blvd., Lady Lake, Florida 32159.

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BASIC FINANCIAL STATEMENTS

The basic financial statements include the government-wide financial statements, fund financial statements and notes to the financial statements. The government-wide financial statements present financial information about the reporting government as a whole. The fund financial statements present financial information about major funds individually and non-major funds in the aggregate, if applicable. The notes to the financial statements present information essential for a fair presentation of the financial statements not displayed on the face of the financial statements.

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Town of Lady Lake, Florida
Statement of Net Position

<i>September 30, 2025</i>	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 15,373,476	\$ 827,423	\$ 16,200,899
Investments	2,746,749	330,608	3,077,357
Accounts receivable, net	370,606	648,351	1,018,957
Due from other governments	428,243	-	428,243
Internal balances	10,360	(10,360)	-
Prepaid items and other assets	55,332	9,757	65,089
Inventory	29,308	165,318	194,626
Restricted cash and cash equivalents	-	3,649,082	3,649,082
<hr/>			
Capital assets, net:			
Nondepreciable	7,157,640	2,409,911	9,567,551
Depreciable	14,450,490	39,630,942	54,081,432
<hr/>			
Total assets	40,622,204	47,661,032	88,283,236
Deferred Outflows of Resources			
Deferred outflows related to pensions	840,653	-	840,653

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

Town of Lady Lake, Florida
Statement of Net Position (Continued)

<i>September 30, 2025</i>	Primary Government		Total
	Governmental Activities	Business-type Activities	
Liabilities			
Accounts payable	516,875	79,598	596,473
Retainage payable	525,849	-	525,849
Accrued liabilities	181,060	27,561	208,621
Due to other governments	10,432	-	10,432
Other liabilities	10,270	-	10,270
Customer deposits	-	913,666	913,666
Non-current liabilities			
Due within one year			
Compensated absences	655,687	75,044	730,731
Due in more than one year			
Compensated absences	222,982	75,044	298,026
Net pension liability	283,389	-	283,389
Total liabilities	2,406,544	1,170,913	3,577,457
Deferred Inflows of Resources			
Deferred inflows related to pensions	596,549	-	596,549
Net Position			
Net investment in capital assets	21,082,281	42,040,853	63,123,134
Restricted for:			
Capital projects	6,728,917	2,810,151	9,539,068
Police	22,363	-	22,363
Library	1,844	-	1,844
Education	1,625,466	-	1,625,466
Other	1,501	-	1,501
Unrestricted	8,997,392	1,639,115	10,636,507
Total net position	\$ 38,459,764	\$ 46,490,119	\$ 84,949,883

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

Town of Lady Lake, Florida
Statement of Activities

		Program Revenues				Net (Expense) Revenue and Changes in Net Position		
						Primary Government		
For the year ended September 30, 2025	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 4,417,911	\$ 785,605	\$ 112,488	\$ -	\$ (3,519,818)	\$ -	\$ (3,519,818)	
Public safety	8,802,456	1,277,736	5,880	-	(7,518,840)	-	(7,518,840)	
Public works	2,053,232	-	20,950	-	(2,032,282)	-	(2,032,282)	
Growth management	685,431	32,152	-	-	(653,279)	-	(653,279)	
Culture/recreation	2,923,898	833,326	184,912	-	(1,905,660)	-	(1,905,660)	
Total governmental activities	18,882,928	2,928,819	324,230	-	(15,629,879)	-	(15,629,879)	
Business-type activities:								
Utilities	6,003,146	5,857,852	-	4,112,437	-	3,967,143	3,967,143	
Total business-type activities	6,003,146	5,857,852	-	4,112,437	-	3,967,143	3,967,143	
Total primary government	\$ 24,886,074	\$ 8,786,671	\$ 324,230	\$ 4,112,437	(15,629,879)	3,967,143	(11,662,736)	
General revenues:								
Property taxes					6,396,746	-	6,396,746	
Franchise fees based on gross receipts					2,006,301	-	2,006,301	
Sales taxes					4,432,388	-	4,432,388	
Utility service taxes					2,481,156	-	2,481,156	
Miscellaneous and other taxes					140,681	-	140,681	
Unrestricted investment earnings					842,903	84,777	927,680	
Contribution of nonfinancial asset					645,707	-	645,707	
Transfers, net					(58,640)	58,640	-	
Total general revenues					16,887,242	143,417	17,030,659	
Change in net position					1,257,363	4,110,560	5,367,923	
Net position, beginning of year					37,202,401	42,379,559	79,581,960	
Net position, end of year					\$ 38,459,764	\$ 46,490,119	\$ 84,949,883	

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

Town of Lady Lake, Florida
Balance Sheet – Governmental Funds

<i>September 30, 2025</i>	General	Sales Tax Revenue	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 12,249,877	\$ 3,123,599	\$ 15,373,476
Investments	1,574,052	1,172,697	2,746,749
Accounts receivable, net	370,606	-	370,606
Due from other funds	10,360	-	10,360
Due from other governments	199,540	228,703	428,243
Prepaid items	55,332	-	55,332
Inventory	29,308	-	29,308
Total assets	\$ 14,489,075	\$ 4,524,999	\$ 19,014,074
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 516,875	\$ -	\$ 516,875
Retainage payable	525,849	-	525,849
Due to other governments	10,432	-	10,432
Accrued liabilities	181,060	-	181,060
Unearned revenue	500	-	500
Other liabilities	9,770	-	9,770
Total liabilities	1,244,486	-	1,244,486
Fund balances			
Nonspendable			
Inventory	29,308	-	29,308
Prepaid items	55,332	-	55,332
Restricted for			
Capital projects	2,203,918	4,524,999	6,728,917
Police	22,363	-	22,363
Library	1,844	-	1,844
Education	1,625,466	-	1,625,466
Other	1,501	-	1,501
Committed for			
Future projects	4,519,627	-	4,519,627
Assigned for			
Beautification projects	310,530	-	310,530
Unassigned	4,474,700	-	4,474,700
Total fund balances	13,244,589	4,524,999	17,769,588
Total liabilities and fund balances	\$ 14,489,075	\$ 4,524,999	\$ 19,014,074

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

Town of Lady Lake, Florida
Reconciliation of the Balance Sheet –
Governmental Funds to the Statement of Net Position

September 30, 2025

Total fund balances - governmental funds \$ 17,769,588

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.

Governmental capital assets	40,177,517	
Less accumulated depreciation	(18,569,387)	21,608,130

Net pension liability is not a financial resource, and is not reported in the funds. **(283,389)**

Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.

Compensated absences	(878,669)
----------------------	------------------

Deferred outflow of resources related to pension earnings are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting. **840,653**

Deferred inflow of resources related to pension earnings are not recognized in governmental funds; however, they are recorded in the statement of net position under full accrual accounting. **(596,549)**

Net position of governmental activities \$ **38,459,764**

Town of Lady Lake, Florida
Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds

<i>For the year ended September 30, 2025</i>	General	Sales Tax Revenue	Total Governmental Funds
Revenue			
Ad valorem taxes	\$ 6,396,746	\$ -	\$ 6,396,746
Special assessments	1,098,844	-	1,098,844
Utility taxes	2,481,156	-	2,481,156
Franchise fees	2,006,301	-	2,006,301
Sales tax	2,420,860	2,011,528	4,432,388
Intergovernmental revenues	271,376	-	271,376
Licenses and permits	785,605	-	785,605
Charges for services	257,423	-	257,423
Fines and forfeitures	51,688	-	51,688
Investment income	697,919	144,984	842,903
Contributions and other income	928,794	-	928,794
Total revenues	17,396,712	2,156,512	19,553,224
Expenditures			
General government	3,909,729	-	3,909,729
Public safety	7,879,202	-	7,879,202
Public works	1,840,604	-	1,840,604
Growth management	684,766	-	684,766
Culture/recreation	2,739,789	-	2,739,789
Capital outlay	5,872,343	-	5,872,343
Total expenditures	22,926,433	-	22,926,433
Excess (deficiency) of revenues over (under) expenditures	(5,529,721)	2,156,512	(3,373,209)
Other Financing Sources (Uses)			
Transfers in	2,986,835	-	2,986,835
Transfers out	(50,000)	(2,995,475)	(3,045,475)
Total other financing sources (uses)	2,936,835	(2,995,475)	(58,640)
Net change in fund balances	(2,592,886)	(838,963)	(3,431,849)
Fund balance, beginning of year	15,837,475	5,363,962	21,201,437
Fund balance, end of year	\$ 13,244,589	\$ 4,524,999	\$ 17,769,588

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

Town of Lady Lake, Florida
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances –
Governmental Funds to the Statement of Activities

September 30, 2025

Total fund balances - governmental funds	\$	17,769,588
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>		
Governmental capital assets	40,177,517	
Less accumulated depreciation	<u>(18,569,387)</u>	21,608,130
<p>Net pension liability is not a financial resource, and is not reported in the funds.</p>		
		(283,389)
<p>Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.</p>		
Compensated absences		(878,669)
<p>Deferred outflow of resources related to pension earnings are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.</p>		
		840,653
<p>Deferred inflow of resources related to pension earnings are not recognized in governmental funds; however, they are recorded in the statement of net position under full accrual accounting.</p>		
		(596,549)
Net position of governmental activities	\$	38,459,764

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

Town of Lady Lake, Florida
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances –
Governmental Funds to the Statement of Activities (Continued)

For the year ended September 30, 2025

Net change in fund balances - total governmental funds	\$	(3,431,849)
--	----	--------------------

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$5,872,343) exceeded depreciation (\$1,245,448) capitalized in the current period.		4,626,895
--	--	------------------

Contributions of capital assets are not reported as revenues in the governmental funds.		645,707
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Some expenses reported in the statement of activities do not provide (or do not require) the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Increase in compensated absences payable		31,101
--	--	---------------

Pension expense is reported in the Statement of Activities, which differs from pension expenditures as reported in governmental funds.

Change in net pension asset (liability)	(1,131,240)	
Increase in deferred outflows related to pensions	737,554	
Increase in deferred inflows related to pensions	(220,805)	(614,491)

Change in net position of governmental activities	\$	1,257,363
---	----	------------------

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

Town of Lady Lake, Florida
Statement of Net Position -
Proprietary Funds

	Business-type Activities - Utility Fund
<i>September 30, 2025</i>	
Assets	
Current assets	
Cash and cash equivalents	\$ 827,423
Investments	330,608
Accounts receivable, net	648,351
Prepaid items	9,757
Due from other funds	
Inventory	165,318
Restricted assets, cash and cash equivalents	
Impact fees	2,810,151
Customer deposits	838,931
Total current assets	5,630,539
Noncurrent assets	
Capital assets	
Non-depreciable	2,409,911
Depreciable, net	39,630,942
Total capital assets, net	42,040,853
Total assets	\$ 47,671,392

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

Town of Lady Lake, Florida
Statement of Net Position -
Proprietary Funds (Continued)

	Business-type Activities - Utility Fund
<i>September 30, 2025</i>	
Liabilities	
Current liabilities	
Accounts payable	\$ 79,598
Accrued liabilities	27,561
Current portion of compensated absences	75,044
Customer deposits	913,666
Total current liabilities	1,095,869
Noncurrent liabilities	
Due to other funds	10,360
Compensated absences	75,044
Total noncurrent liabilities	85,404
Total liabilities	\$ 1,181,273
Net Position	
Net investment in capital assets	\$ 42,040,853
Restricted for capital projects	2,810,151
Unrestricted	1,639,115
Total net position	\$ 46,490,119

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

Town of Lady Lake, Florida
Statement of Revenues, Expenses and
Changes in Fund Net Position-Proprietary Funds

	Business-type Activities - Utility Fund
<i>For the year ended September 30, 2025</i>	
Operating Revenues	
Charges for services	\$ 5,767,024
Other charges and fees	90,828
<hr/>	
Total operating revenues	5,857,852
Operating Expenses	
Personnel services	1,405,289
Operating	3,310,640
Depreciation and amortization	1,287,217
<hr/>	
Total operating expenses	6,003,146
<hr/>	
Operating loss	(145,294)
Nonoperating revenues	
Investment income	84,777
<hr/>	
Total nonoperating revenues	84,777
<hr/>	
Loss before impact fees and transfers	(60,517)
Impact fees	4,112,437
Transfers in	58,640
<hr/>	
Change in net position	4,110,560
<hr/>	
Net position - beginning of year	42,379,559
<hr/>	
Net position - end of year	\$ 46,490,119
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The notes to the financial statements are an integral part of this statement.

Town of Lady Lake, Florida
Statement of Cash Flows-Proprietary Funds

	Business-type Activities - Enterprise Funds
	Utility Fund
<i>For the year ended September 30, 2025</i>	
Operating Activities	
Cash received from customers	\$ 5,913,758
Cash payments to suppliers for goods and services	(4,911,196)
Cash payments to employees for services	(1,385,475)
<hr/>	
Net cash used in operating activities	(382,913)
Noncapital Financing Activities	
Borrowings from other funds	4,041
Loans and reimbursements from other funds	3,579
Transfers in from other funds	58,640
<hr/>	
Net cash provided by noncapital financing activities	66,260
Capital and Related Financing Activities	
Acquisition and construction of capital assets	(1,719,135)
Proceeds from impact fees	4,112,437
<hr/>	
Net cash provided by capital and related financing activities	2,393,302
Investing Activities	
Purchase of investments	(14,447)
Interest income	84,777
<hr/>	
Net cash provided by investment activities	70,330
<hr/>	
Net increase in cash and cash equivalents	2,146,979
Cash and cash equivalents, beginning of year	2,329,526
<hr/>	
Cash and cash equivalents, end of year	\$ 4,476,505
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The notes to the financial statements are an integral part of this statement.

Town of Lady Lake, Florida
Statement of Cash Flows-Proprietary Funds (Continued)

	Business-type Activities - Enterprise Funds
	Utility Fund
Reconciliation of cash and cash equivalents to statement of net position:	
Cash and cash equivalents	\$ 827,423
Restricted cash and cash equivalents	3,649,082
<hr/>	
Cash and cash equivalents, end of year	\$ 4,476,505
<hr/>	
Reconciliation of operating income to net cash used in operating activities	
Operating income	\$ (145,294)
Adjustment to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,287,217
Change in assets and liabilities	
Accounts receivable	(133,846)
Inventory	13,605
Accounts payable	(622,714)
Retainage payable	(984,880)
Accrued liabilities	5,681
Customer deposits	189,752
Compensated absences	14,133
<hr/>	
Total adjustments	(237,619)
<hr/>	
Net cash provided by operating activities	\$ (382,913)
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The notes to the financial statements are an integral part of this statement.

Town of Lady Lake, Florida
Statement of Fiduciary Net Position -
Fiduciary Fund

<i>September 30, 2024</i>	Police Pension Trust Fund
<hr/>	
Assets	
Investments, at fair value	\$ 13,689,197
<hr/>	
Total assets	\$ 13,689,197
Liabilities	
Accounts payable	\$ 27,166
<hr/>	
Total liabilities	27,166
Net Position	
Restricted for pension benefits	\$ 13,662,031
<hr/> <hr/>	

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

Town of Lady Lake, Florida
Statement of Changes in Fiduciary Net Position -
Fiduciary Fund

<i>For the year ended September 30, 2024</i>	Police Pension Trust Funds
Additions	
Contributions	
State of Florida	\$ 217,922
Town	379,828
Plan members	130,975
<hr/>	
Total contributions	728,725
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Investment earnings	
Interest and dividends, net of investment expense	349,407
Net appreciation in fair value of investments	834,552
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Total investment earnings	1,183,959
<hr/>	
Total additions	1,912,684
<hr/>	
Deductions	
Benefit payments including refunds of contributions	538,955
Administrative expenses	870
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Total deductions	539,825
<hr/>	
Change in net position	1,372,859
<hr/>	
Net position restricted for pension benefits, beginning of year	12,289,172
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Net position restricted for pension benefits, end of year	\$ 13,662,031
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The notes to the financial statements are an integral part of this statement.

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**NOTES TO THE
FINANCIAL STATEMENTS**

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Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Lady Lake, Florida (the Town) was incorporated on May 25, 1925. The Town operates under the Commission/Manager form of government as authorized by its charter and provides the following services: police protection, building inspections and code enforcement, street maintenance, library, parks and recreation, other general governmental activities, and water, sewer, and garbage utilities.

Reporting Entity

The Town is a municipal corporation with a five-member Town Council comprised of the Mayor and four Town commissioners. These financial statements present all fund types of the Town. There are no component units included within these financial statements, and there are no legally separate entities that could be included as component units of the Town.

The Town maintains its accounting in accordance with generally accepted accounting principles (GAAP), as applied to governmental units, which are promulgated by the Governmental Accounting Standards Board (GASB). A summary of the Town's significant accounting policies applied in the preparation of the accompanying financial statements follows.

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 primary government and its component units. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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 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. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary fund and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Town of Lady Lake, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

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

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). 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 Town.

The proprietary and pension funds are reported using the economic resources measurement focus and the accrual basis of accounting.

Town of Lady Lake, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates governmental funds, while business-type activities incorporate the Town's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. An exception to this general rule is charges between the Town's water and sewer function and various other functions of government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

The fund financial statements provide information about the Town's funds, including its fiduciary funds. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The Town reports the following major governmental funds:

The *General* fund is the Town's primary operating fund. It accounts for all financial resources except those accounted for in another fund.

The *Sales Tax Revenue* fund accounts for discretionary sales surtax revenues that are legally restricted for expenditure on infrastructure.

The Town reports the following major proprietary funds:

The *Utility* fund accounts for the operating activities related to providing water treatment and distribution services, sewage treatment, and garbage and recycling pick up and disposal activities to all areas within the Town limits.

The Town reports the following fiduciary fund:

The *Police Pension Trust* Fund accounts for funds in the same manner as the proprietary funds, using the same measurement focus and basis of accounting. The trust fund accounts for the accumulation of resources for pension benefit payments to qualified Town police officers.

Town of Lady Lake, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (Continued)

During the course of operations, the Town has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and Special Revenue Fund. The Utility Fund is adopted on a basis other than generally accepted accounting principles. Pension trust funds do not have appropriated budgets since other means control the use of these resources (e.g., investments and pension requirements) and sometimes span a period of more than one fiscal year.

The appropriated budget is prepared by fund, function, and department. The Town Manager may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Town Commission. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

Appropriations in all budgeted governmental funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

Town of Lady Lake, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity

Cash and Cash Equivalents

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.

Investments

Investments for the Town are reported at fair value (generally based on quoted market prices) except for the position in the State Treasurer's Investment Pool (Pool). The State Treasurer's Investment Pool meets all of the specified criteria in Section 150: *Investments* to qualify to elect to measure their investments at amortized cost. Accordingly, the fair value of the Town's position in the pool is equal to the value of the pooled shares.

Receivables and Payables

Unbilled receivables – An amount for unbilled revenue is recorded in the Utility funds for services rendered, but not yet billed as of the end of the fiscal year. The receivable is derived from the cycle billings generated subsequent to fiscal year end and prorated for usage in September.

Allowance for doubtful accounts – Accounts receivable have been reported net of the allowance for doubtful accounts. The balance of accounts receivable in excess of 120 days are subject to being considered as uncollectible.

Unearned revenue – Unearned revenue recorded on the governmental fund balance sheet represents amounts received before eligibility requirements are met.

Interfund Activities and Transactions

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" within the fund financial statements. Long-term borrowings between funds are classified as "advances to other funds" or "advances from other funds" in the fund financial statements. These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any residual balance outstanding.

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

Town of Lady Lake, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)

Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies and vehicle repair parts. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

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.

Restricted Assets

Certain assets of the Town are classified as restricted assets on the statement of net position because their use is limited by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors, grantors, contributors or laws or regulations of other governments. Special restricted asset accounts have been established to account for the sources and uses of these limited use assets as follows:

Customer and developer deposit accounts – Deposited in non-interest bearing accounts and refunded upon termination of service with the Town and satisfaction of all obligations due.

Capital Assets

Capital assets, which include property, plant, and 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 \$5,000 and an estimated useful life in excess of two years. For infrastructure assets the same estimated minimum useful life is used. Sewer capacity agreement rights purchased from the Village Center Community Development District (VCCDD) are amortized over the respective terms of the agreement for 40 years.

Town of Lady Lake, Florida
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)

Capital Assets (Continued)

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the Town chose to include all such items regardless of their acquisition date or amount. The Town was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the Town constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated using the straight line method over the following estimated useful lives:

Capital asset classes	Lives
Buildings	25 - 30
Sewer capacity rights	40
Equipment	5 - 10
Improvements	10 - 30
Infrastructure	30
Utility system	10 - 30

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 so will not be recognized as an outflow of resources (expense/expenditure) until then.

The Town has one item that qualifies for reporting as deferred outflows of resources, the *deferred outflows related to pensions*, reported in the government-wide statement of net position. The deferred outflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred outflows related to pensions will be recognized as either pension expense or a reduction in the net pension liability in future reporting years.

Town of Lady Lake, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)

Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has one item that qualifies for reporting as deferred inflows of resources. The *deferred inflows related to pensions* are an aggregate of items related to pensions, reported in the government-wide statement of net position. The deferred inflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred inflows related to pensions will be recognized as a reduction to pension expense in future reporting years.

Compensated Absences

The Town's policy permits employees to accumulate earned but unused paid time off benefits, which are eligible for payment upon separation from government service. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

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 or business-type activities statement of net position.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position, and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Categories and Classification of Net Position and Fund Balance

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

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

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

The provisions of GASB Section 1800, *Classification and Terminology*, specifies the following classifications:

Nonspendable fund balance – 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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Categories and Classification of Fund Equity (Continued)

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

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

Unassigned fund balance – Unassigned fund balance is the residual classification for the General Fund.

Revenues and Expenditures/Expenses

Program revenues - Amounts reported as *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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property taxes - The Town levied a millage rate of \$3.6510 per \$1,000 of assessed value for the fiscal year ended September 30, 2025. Lake County, Florida bills and receives payment for all ad valorem taxes levied by the Town. Payments are then remitted to the Town. All property is assessed according to its fair market value on January 1 of each year, and at that time a lien is placed on the property for the taxes. The tax levy of the Town is established by the Town Commission prior to October 1 of each year.

Town of Lady Lake, Florida
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues and Expenditures/Expenses (Continued)

All taxes are billed on November 1 of each year or as soon thereafter as the assessment roll is certified and delivered to the Tax Collector. All unpaid taxes become delinquent on April 1 following the year in which they are assessed. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January and 1% in the month of February. The taxes paid in March are not discounted.

Proprietary funds operating and nonoperating revenues and expenses – Proprietary 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 a proprietary fund’s principal ongoing operations. The principal operating revenues of the Utility Fund are charges to customers for sales and services. 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.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditure of monies are recorded as reservations of budget, is employed as an extension of the statutory required budgetary process. At year-end, outstanding encumbrances represent material purchase commitments for goods and services which were ordered, budgeted, and appropriated, but had not been received or completed at date. Although encumbrances lapse at year-end, it is the intention to substantially honor these encumbrances under authority provided in the subsequent year’s budget. Encumbrances as of September 30, 2025 were as follows:

General Fund	\$	3,170,022
Proprietary Fund		483,222
<hr/>		
Total	\$	3,653,244
<hr/>		

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. Estimates that are particularly susceptible to significant change in the near term are related to allowance for doubtful accounts, depreciable lives and estimated residual value of capital assets, fair value of investments, actuarial valuations, compensated absences, and pension liability.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, March 17, 2026, and determined that there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Recently Issued and Implemented Accounting Pronouncements

GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The implementation of GASB Statement No. 101 did not result in a material change to the Town's financial statements. Any adjustments to beginning net position resulting from the adoption of this standard were determined to be immaterial and, therefore, no restatement of prior-period financial statements was required.

GASB Statement No. 102, *Certain Risk Disclosures*. This Statement was issued in December 2023 to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This statement defines concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending.

This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact to have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If a government determines that those criteria for disclosure have been met for concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. There were no significant impacts of implementing this Statement.

The Government Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

GASB Statement 103, *Financial Reporting Model Improvements*. This Statement was issued April 2024 to improve key components of the financial reporting model to enhance its effectiveness in providing

Town of Lady Lake, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (Continued)

information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues.

This establishes new accounting and financial reporting requirements—or modifies existing requirements—related to Management's discussion and analysis (MD&A); unusual or infrequent items; presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position; information about major component units in basic financial statements; budgetary comparison information; and financial trends information in the statistical section. This Statement will supersede and amend portions of GASB Statements 34 and 37. This Statement further amends portions of GASB Statements 14, 41, 42, 44, 49, 56, 58, 61, 62 and 69. Related guidance will also be superseded or amended upon implementation. Statement 103 will be effective for the fiscal year ending September 30, 2026.

GASB Statement 104, *Disclosure of Certain Capital Assets*. This Statement was issued September 2024 to provide users of government financial statements with essential information about certain types of capital assets.

This requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, Leases, and intangible right-to-use assets recognized in accordance with Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, Subscription-Based Information Technology Arrangements, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. This Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset. Statement 104 will be effective for the fiscal year ending September 30, 2026.

The Town is currently evaluating the requirements of the above statements and the impact on reporting.

Note 2: DETAILED NOTES ON ALL FUNDS

Deposits and Investments

The cash deposits are held by a bank that qualifies as a public depository under the Florida Security and Public Deposits Act, as required by Chapter 280, Florida Statutes, and are considered fully insured.

Florida Statutes authorize the Town to invest in the Local Government Surplus Funds Trust Fund administered by the State Board of Administration, obligations of the U.S. Treasury, and interest-bearing time deposits and savings accounts held in Federal or State chartered banks and savings and loan associations doing business in Florida provided that such deposits are secured by collateral as may be prescribed. It is the Town's policy to only invest funds in vehicles specifically authorized by Florida Statutes. The Town does not have formal policies relating to credit risk or interest rate risk aside from the policy of only investing in funds administered by the State Board of Administration and obligations of the U.S. government.

The Florida Cooperative Liquid Assets Securities System (FLCLASS) is an independent LGIP designed to meet the cash management and short-term investment needs of Florida governmental entities and was created by an interlocal agreement by and among State public agencies under FS 163 and is administered under FS 218. FLCLASS is governed by a Board of Trustees (the Board). The Board supervises the Trust and its affairs and acts as the liaison between the Participants, the Custodian, the Administrator and all service providers.

The fair values of the LGIP's are equal to the value of the pool shares. The investments in the LGIP's are not insured by FDIC or any other governmental agency. The LGIP's follow GASB Statement No. 79 and value all securities at amortized cost, which approximate fair value, in an attempt to maintain a constant net asset value (NAV) of \$1 per share.

Deposits available within various funds, except pension trust funds, were consolidated for investment purposes. Interest earned was allocated to the various funds based on their average cash and investment balances. The pension trust funds are authorized to invest in corporate bonds and stocks, money markets funds, and mortgages and notes.

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Deposits and Investments (Continued)

Custodial credit risk – Custodial credit risk for deposits is the risk in the event of the failure of a depository financial institution a government may not be able to recover deposits. Monies placed on deposit with financial institutions in the form of demand deposits, time deposits or certificate of deposits are defined as public deposits. The financial institutions in which the Town places its deposits are certified as “qualified public depositories,” as required under the Florida Security for Public Deposits Act. For an investment, this is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

As of September 30, 2025, the Town’s pension investments are held in street name in the form of stock, debt securities and U.S. government bonds through a financial brokerage firms segregated out from the assets and investments held by other clients of the investment firm and their own assets.

Interest rate risk – Interest rate risk is the possibility that interest rates will rise and reduce the fair value of an investment. The Town manages its exposure to fair value losses arising from increasing interest rates through its adopted investment policies. The Town limits the effective duration of its investment portfolio through the adoption of nationally recognized risk measure benchmarks.

Credit risk – Section 150: *Investments* of the GASB Codification requires that governments provide information about credit risk associated with their investments by disclosing the credit rating of investments in debt securities as described by nationally recognized statistical rating organizations. The Town has limited its credit risk by limiting investments to the safest types of securities, primarily government investment pools. The Town’s investment objectives are prioritized by safety, liquidity and yield. Time Deposits, including Certificates of Deposit, are collateralized under the State of Florida Qualified Public Depository Program, whereby member institutions are collectively responsible for any individual member’s default.

Concentration risk – Section 150: *Investments* of the GASB Codification requires disclosures of investments in any one issuer that represents five percent or more of total investments, excluding investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds, external investments pools and other pooled investments. The Town’s investment policy does not address concentration risk.

Foreign current risk – The Town’s pension trust funds’ investments are not exposed to foreign currency risk. The Town’s investment policy of the Town’s pension trust funds do not address foreign currency risk.

Town of Lady Lake, Florida Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Deposits and Investments (Continued)

Fair Value – GASB Codification Section 3100: *Fair Value Measurements* establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under the codification are described as follows:

Level 1 (L1): Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Town has the ability to access.

Level 2 (L2): Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 (L3): Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Investment Type	Credit Quality Rating	Carrying Amount	Less Than 1	Maturities (in years)		
				1 to 5	5 to 10	More Than 10
Primary government						
FL CLASS	AAAm	\$ 3,077,357	\$ 3,077,357	\$ -	\$ -	\$ -
Fiduciary fund						
Short term investments	Not rated	128,280	128,280	-	-	-
Corporate Bonds	AAA	2,478,507	-	1,101,471	1,377,036	-
Corporate Bonds	AA	122,738	-	-	122,738	-
Corporate Bonds	A	542,421	-	-	538,461	-
Corporate Bonds	BBB	807,692	-	-	807,692	-
Corporate Bonds	BB	11,878	-	-	11,878	-
Mutual Funds	Not rated	8,699,997	8,699,997	-	-	-
Real Estate (Alternative)	Not rated	897,684	897,684	-	-	-
Total fiduciary fund		13,689,197	9,725,961	1,101,471	2,857,805	-
Total investments		\$ 16,766,554	\$ 12,803,318	\$ 1,101,471	\$ 2,857,805	\$ -

Town of Lady Lake, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Deposits and Investments (Continued)

The following table sets forth by level, within the fair value hierarchy, the Town’s assets at fair value as of September 30, 2025:

	Fair Value	Level 1	Level 2	Level 3
Investments by fair value level				
Fiduciary fund				
Short term investments	\$ 128,280	\$ 128,280	\$ -	\$ -
Corporate Bonds	3,963,236	3,963,236	-	-
Mutual Funds	8,699,997	8,699,997	-	-
Real Estate (Alternative)	897,684	-	897,684	-
Total investments measured by fair value level	\$ 13,689,197	\$ 12,791,513	\$ 897,684	\$ -

Investments measured at the net asset value

Primary government

Local government investment pool	3,077,357
Total investments	\$ 16,766,554

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2025.

Short term investments – Short term investments classified in Level 1 of the fair value hierarchy are valued using quoted market prices for those investments.

Corporate bonds – Corporate bonds classified in Level 1 of the fair value hierarchy are valued using quoted market prices for those securities.

Mutual funds – Mutual funds classified in Level 1 of the fair value hierarchy are valued using quoted market prices for those investments.

Real estate – Real estate classified in Level 2 of the fair value hierarchy are valued using pricing models maximizing the use of observable inputs for similar assets. This includes basing value on yields currently available on comparable on comparable real estate assets.

Town of Lady Lake, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Deposits and Investments (Continued)

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Town believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Fair Value of Investments in Entities that Use Net Asset Value (NAV) – The following table summarizes investments measured at fair value based on NAV per share as of September 30, 2025:

Primary government

	Fair Value	Unfunded Commitments	Redemption Notice Period
FL CLASS	\$ 3,077,357	N/A	1 day

Accounts Receivable

For the Utility Fund, operating revenues are generally recognized on the basis of cycle billings rendered monthly. The amount of services delivered for the period from the last billing date to September 30, 2025 (unbilled receivable), is estimated and accrued at year end. The Town deems all amounts over 120 days uncollectable. If payments are not received from customers, services are shut off and deposits are applied against negative balances.

All account receivables are shown net of allowances for uncollectible accounts for governmental funds. The accounts receivable and allowance for uncollectible accounts at September 30, 2025, were as follows:

	General Fund	Utility Fund	Total
Accounts receivables and unbilled revenues	\$ 370,606	\$ 685,269	\$ 1,055,875
Less allowance for uncollectibles	-	(36,918)	(36,918)
Total receivables, net	\$ 370,606	\$ 648,351	\$ 1,018,957

Town of Lady Lake, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Accounts Receivable (Continued)

Property taxes are considered fully collected during and prior to the end of the fiscal year. Therefore, no material amounts of property taxes are receivable as of September 30, 2025. There are no other reserves for receivables recorded by the Town as of September 30, 2025.

Capital Assets

The following is a summary of changes in capital assets during the year ended September 30, 2025:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 2,157,154	\$ -	\$ -	\$ 2,157,154
Construction in progress	810,664	4,189,822	-	5,000,486
Total capital assets not being depreciated	2,967,818	4,189,822	-	7,157,640
Capital assets, being depreciated				
Buildings and improvements	13,642,479	26,906	-	13,669,385
Equipment	7,382,852	523,896	-	7,906,748
Infrastructure	5,968,555	1,061,215	-	7,029,770
Improvements other than buildings	3,697,763	716,211	-	4,413,974
Total capital assets, being depreciated	30,691,649	2,328,228	-	33,019,877
Less accumulated depreciation for				
Buildings and improvements	(7,766,529)	(469,301)	-	(8,235,830)
Equipment	(5,959,346)	(477,627)	-	(6,436,973)
Infrastructure	(1,657,926)	(137,054)	-	(1,794,980)
Improvements other than buildings	(1,940,138)	(161,466)	-	(2,101,604)
Total accumulated depreciation	(17,323,939)	(1,245,448)	-	(18,569,387)
Total capital assets being depreciated, net	13,367,710	1,082,780	-	14,450,490
Governmental activities capital assets, net	\$ 16,335,528	\$ 5,272,602	\$ -	\$ 21,608,130

During the fiscal year ended September 30, 2025, the Town received a conveyance of infrastructure from an entity. This conveyance is intended to facilitate new commercial and residential development, supporting planned growth and expansion of economic and housing opportunities in the area. The asset was recorded at its estimated fair value of \$645,707, based on independent appraisal. The Town did not provide consideration for the conveyance and it has been recognized as a contribution of a nonfinancial asset.

Town of Lady Lake, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets (Continued)

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type activities				
Capital assets not being depreciated				
Land	\$ 509,453	\$ -	\$ -	\$ 509,453
Construction in progress	24,567,107	192,679	(22,859,328)	\$ 1,900,458
Total capital assets not being depreciated	25,076,560	192,679	(22,859,328)	2,409,911
Capital assets being depreciated				
Sewer Capacity Agreement	1,629,006	-	-	1,629,006
Buildings and improvements	2,968,308	-	-	2,968,308
Utility systems	30,482,618	24,266,341	-	54,748,959
Equipment	2,903,913	108,563	-	3,012,476
Total capital assets being depreciated	37,983,845	24,374,904	-	62,358,749
Less accumulated depreciation for				
Sewer Capacity Agreement	(906,493)	(39,055)	-	(945,548)
Buildings and improvements	(671,971)	(97,057)	-	(769,028)
Utility systems	(17,593,620)	(987,522)	-	(18,581,142)
Equipment	(2,268,506)	(163,583)	-	(2,432,089)
Total accumulated depreciation	(21,440,590)	(1,287,217)	-	(22,727,807)
Total capital assets being depreciated, net	16,543,255	23,087,687	-	39,630,942
Business-type activities capital assets, net	\$ 41,619,815	\$ 23,280,366	\$ (22,859,328)	\$ 42,040,853

Town of Lady Lake, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets (Continued)

Depreciation expense was allocated to the governmental functions in the statement of activities as follows:

Governmental activities:	
General government	\$ 539,283
Public safety	308,763
Public works	212,628
Culture and recreation	184,109
Growth management	665
Total	\$ 1,245,448

Business-type activities:	
Water	\$ 413,778
Sewer	834,384
Sewer capacity agreement	39,055
Total	\$ 1,287,217

Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2025, was as follows for governmental activities:

	Beginning Balance	Changes	Ending Balance	Due Within One Year
Governmental activities				
Other liabilities:				
Compensated absences, net*	\$ 909,770	\$ (31,101)	\$ 878,669	\$ 655,687
Total other liabilities	909,770	(31,101)	878,669	655,687
Governmental activities				
long-term liabilities	\$ 909,770	\$ (31,101)	\$ 878,669	\$ 655,687

*The change in the compensated absences liability is presented as net change.

Town of Lady Lake, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Liabilities (Continued)

Long-term liability activity for the year ended September 30, 2025, was as follows for business-type activities:

	Beginning Balance	Changes	Ending Balance	Due Within One Year
Business-type activities				
Other liabilities:				
Compensated absences, net*	\$ 135,955	\$ 14,133	\$ 150,088	\$ 75,044
Total other liabilities	135,955	14,133	150,088	75,044
Business-type activities				
long-term liabilities	\$ 135,955	\$ 14,133	\$ 150,088	\$ 75,044

*The change in the compensated absences liability is presented as net change.

Compensated absences will be liquidated in future periods primarily by the General Fund for governmental activities. Business-type activities compensated absences will be liquidated by the respective proprietary fund.

Interfund Receivables, Payables And Transfers

Fund	Receivable	Payable
General Fund	\$ 10,360	\$ -
Utility Fund	-	10,360
Total	\$ 10,360	\$ 10,360
Transfers in:		
	Utility Fund	Total
Transfers out:		
General Fund	\$ 58,640	\$ 58,640
Total	\$ 58,640	\$ 58,640

The transfers from the General Fund to the Utility Fund are to fund budgeted capital projects.

Town of Lady Lake, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Net Investment In Capital Assets

The elements of this calculation are as follows:

	Governmental Activities	Business-Type Activities	Total
Capital assets (net)	\$ 21,608,130	\$ 42,040,853	\$ 63,648,983
Less construction payable related to capital assets	(525,849)	-	(525,849)
Net investment in capital assets	\$ 21,082,281	\$ 42,040,853	\$ 63,123,134

Note 3: RETIREMENT PLANS

Employee Retirement Plans and Pension Plans

The Town participates in three public employee retirement plans. These plans are a single-employer defined benefit police officer’s pension plan for its sworn police officers (Town of Lady Lake Municipal Police Officers’ Retirement Trust Fund) (the Plan), a defined contribution plan for Management (the Management plan) and a defined contribution plan for all other Town employees (the General Employees plan) meeting certain age and length of service requirements.

Defined Contribution Plans

The Town’s Money Purchase Plan and Trust (the General Employees plan) is an adoption of the Mission Square Retirement Corporation 401-a Governmental Money Purchase Plan and Trust, which is administered by the Mission Square Retirement Corporation. The General Employees plan was established effective October 8, 2001, with an amendment on May 6, 2024 to change normal retirement age to 62. All general employees at least 18 years of age, except police officers and certain senior Town executives, are eligible to participate in the General Employees plan.

The Town’s Money Purchase Plan and Trust (the Management plan) is an adoption of the Mission Square Retirement Corporation 401-a Governmental Money Purchase Plan and Trust, which is administered by the Mission Square Retirement Corporation. The General Employees plan was established effective June 30, 1999, with an amendment on May 6, 2024 to change normal retirement age to 62 and in-service distributions age to 59.5. Only certain senior Town executives are eligible to participate in the Management plan.

Since these plans qualify as defined contribution plans, the assets, liabilities, net position and operations are not recorded within the Town’s financial statements.

Note 3: RETIREMENT PLANS (Continued)

Contributions

General Employees

The Town contributes six (6%) to eight percent (8%) of eligible compensation, depending on length of service. There are no mandatory employee contributions to the plan. Under the provisions of the defined contribution plan, employees are eligible for normal retirement at age 62.

An employee who leaves the employment of the Town is entitled to a portion of the Town’s contributions based on the following vesting schedule:

Years of Service	Percentage of Balance Vested
1	50%
2	75%
3	100%

Management

The Town contributes seven (7%) to eight percent (8%) of eligible compensation, depending on length of service. There are no mandatory employee contributions to the plan. Under the provisions of the defined contribution plan, employees are eligible for normal retirement between age 55-62, depending on hire date. Employees are immediately 100% vested in account balances.

The employer’s contributions for both plans was \$276,389 for the year ended September 30, 2025.

Pension Plan

The Plan is maintained as a pension trust fund and included as part of the Town’s reporting entity. The Plan does not issue a stand-alone financial report.

The Police Pension Board hired a third party for administrative oversight of the Police Officers’ Pension Trust Fund. The Plan was established on August 20, 1990, providing for pension, death and disability benefits. It is subject to Provisions of Chapter 185, Florida Statutes.

The Plan, in accordance with the above Statute, is governed by a five-member pension Board. Two police officers who are elected by a majority of the members of the Plan, two current residents of the Town who are appointed by the Town Commission, and a fifth member who is elected by the other four members constitute the Pension Board. The Town and the Plan participants are obligated to fund all plan costs based upon actuarial valuations. The Town is authorized to establish benefit levels, and the Board of Trustees approves the actuarial assumptions used in determination of contribution levels.

Town of Lady Lake, Florida
Notes to Financial Statements

Note 3: RETIREMENT PLANS (Continued)

Pension Plan (Continued)

Benefits under the Plan are computed on the basis of age, years of service, average final compensation, and credited service. Effective October 1, 2021, the Town approved changes to the Lady Lake Police Officers’ Retirement Trust Fund per Ordinance 2021-20. Retirement age was reduced from age 55 and 10 years to age 55 and 8 years. Non-vested members are entitled to 100% refund of their accumulated contributions, without interest, if they discontinue employment prior to the 8 year vesting period.

The makeup of plan participants as of September 30, 2025 valuation was as follows:

Plan Membership	Police Employees
Inactive plan members or beneficiaries currently receiving benefits	17
Inactive plan members entitled to, but not yet receiving benefits	25
Active plan members	24
Total plan membership	66

The Town has established a defined contribution plan component (the Share Plan) as part of the Town’s Police Officer’s Pension Plan, in accordance with section 185.35, Florida Statutes. The Share Plan provides special benefits to police officers who are members of the defined benefit plan. The Share Plan is funded solely and entirely by insurance premium tax monies (as set forth in Chapter 185, Florida Statute) that have been allocated to the Share Plan by mutual consent of the Town and the Plan members’ collective bargaining representative. The balance of the Share Plan is \$152,307 as of September 30, 2025.

Town of Lady Lake, Florida
Notes to Financial Statements

Note 3: RETIREMENT PLANS (Continued)

Pension Plan (Continued)

The plan provides retirement, termination, disability, and death benefits. A summary of those benefits, by plan, is outlined below.

	Police Employees
Normal Retirement	3.3% times credited service earned prior to 10/1/21 plus 3.5%
Early Retirement	Benefit reduced 3% for each year that Early Retirement precedes the otherwise Normal Retirement Date.
Cost-of-living Adjustment	1% cost-of-living adjustment annual increase for employees who retire on the Normal Retirement Date on or after October 1, 2024.
Termination of Employment	Vested employees receive full benefits upon retirement age. Nonvested are entitled to return of accumulated contributions.
Disability Benefits	Regular retirement to date of disability but not less than 42% of Average Final Compensation. Payable for life with 10 years certain or until recovery.
Death Benefits	Survivor benefit is 10 years certain amount adjusted for vesting of plan member.

Plan participants contribute 5% of earnings. The Town contributes the remaining amount necessary for payment of normal costs and amortization of the accrued past service liability as provided for in Part VII of Chapter 112, Florida Statutes. The current required employer contribution rate is 20.76% of annual covered payroll for police officers.

Plan members vest after eight years of service and are eligible for distribution of accrued benefits upon age 55 with eight years of credited service, or after twenty years regardless of age, effective October 1, 2021 through Ordinance 2021-20.

Annual Money-Weighted Rate of Return

For the fiscal year ended September 30, 2025, the annual money-weighted rate of return, net of investment expense on Plan investments was 10.22%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Town of Lady Lake, Florida
Notes to Financial Statements

Note 3: RETIREMENT PLANS (Continued)

Pension Plan (Continued)

Net Pension Asset (Liability)

The following schedule displays the components of the net pension asset as of the Town's measurement date of September 30, 2025.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a) - (b)
Balances as of September 30, 2024	\$ 11,441,321	\$ 12,289,172	\$ (847,851)
Changes for the year:			
Service cost	474,598	-	474,598
Interest	815,251	-	815,251
Share Plan Allocation	53,961	-	53,961
Change in Benefit Terms	530,219		530,219
Difference between expected and actual experience	846,983	-	846,983
Changes of assumptions	322,042	-	322,042
Contributions - Employer	-	379,828	(379,828)
Contributions - State	-	217,922	(217,922)
Contributions - Employee	-	130,975	(130,975)
Net investment income	-	1,251,451	(1,251,451)
Benefit payments, including refunds of employee contributions	(538,955)	(538,955)	-
Administrative expense	-	(68,362)	68,362
Net changes	2,504,099	1,372,859	1,131,240
Balance at September 30, 2025	\$ 13,945,420	\$ 13,662,031	\$ 283,389

Plan fiduciary net position as a percentage of the total
pension liability at September 30, 2025 97.97%

Town of Lady Lake, Florida
Notes to Financial Statements

Note 3: RETIREMENT PLANS (Continued)

Pension Plan (Continued)

Actuarial Assumptions

The pension liability was determined by an actuarial valuation as of October 1, 2024 updated to September 30, 2025 using the following actuarial assumptions:

Actuarial method and assumptions:

Inflation	2.50%
Salary Increases	Service based
Discount Rate	7.00%
Investment Rate of Return	7.00%

Mortality rates were based on the July 1, 2021 FRS valuation report for special risk employees.

Investments

The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of September 30, 2025 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	45.00%	7.50%
International Equity	15.00%	8.50%
Broad Market Fixed Income	25.00%	2.50%
Global Fixed Income	5.00%	3.50%
Private Real Estate	10.00%	4.50%
Total	100.00%	

Town of Lady Lake, Florida
Notes to Financial Statements

Note 3: RETIREMENT PLANS (Continued)

Pension Plan (Continued)

Discount Rate

The discount rate used to measure the total pension asset was 7%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the net pension asset calculated using the discount rate of 7% as well as what it would be if it were calculated using a discount rate that is 1% lower (6%) and 1% higher (8%) than the current rate:

	1 % Decrease (6.0%)	Current Discount Rate (7.0%)	1 % Increase (8.0%)
Net pension liability (asset)	\$ 2,060,462	\$ 283,389	\$ (1,177,371)

Pension Expense and Deferred Inflows and Outflows of Resources Related to Pension

For the year ended September 30, 2025, the Town recognized a pension expense of \$379,828. On September 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 625,959	\$ -
Changes of assumptions	214,694	-
Net difference between Projected and Actual Earnings on Pension Plan investments	-	596,549
Total	\$ 840,653	\$ 596,549

Town of Lady Lake, Florida
Notes to Financial Statements

Note 3: RETIREMENT PLANS (Continued)

Pension Expense and Deferred Inflows and Outflows of Resources Related to Pension (Continued)

Deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:	
2025	\$ 642,847
2026	23,515
2027	(344,866)
2028	(77,392)
2029	-
Thereafter	-

Post-Employment Benefits Other than Pensions (OPEB)

The OPEB plan is a single-employer benefit plan administered by the Town. Medical and dental insurance benefits are provided to employees and their eligible dependents through an employee group medical and dental insurance plan. In accordance with Section 112.0801 of the Florida Statutes, because the Town provides a medical plan to active employees and their eligible dependents, the Town is also required to provide retirees with the opportunity to participate in this insurance. Benefit provisions for the insurance are established and may be amended by the Town Commission. The retirees pay the full group premium amount for health insurance with no explicit subsidy from the Town. On September 30, 2025, the Town had one retiree continuing to participate in group medical and two retirees participating in group dental. Based on an actuary assessment, management does not anticipate a significant number of future retirees to request continued coverage, therefore, no material liability is recognized.

Note 4: RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of property and other assets; errors and omissions by employees; and natural disasters, particularly during the hurricane season of June through November. The Town has purchased various types of insurance to protect itself. There have been no changes in insurance coverage during the current or previous fiscal year. The Town does not participate in a risk pool and does not retain any of the risks of loss.

Town of Lady Lake, Florida
Notes to Financial Statements

Note 5: COMMITMENTS AND CONTINGENCIES

During the ordinary course of its operation, the Town is party to various claims, legal actions, and complaints. While the ultimate effect of such litigation cannot be ascertained at this time, in the opinion of counsel for the Town, the liabilities which may arise from such actions would not result in losses which would exceed the liability insurance limits in effect at the time the claim arose or otherwise materially affect the financial condition of the Town or results of activities.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund(s). The amount, if any, of expenditures from current or prior years which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts not recorded, if any, to be immaterial.

The Town has active construction projects as of September 30, 2025. At year-end, the Town's commitments by project are as follows:

CDBG Skyline Drainage Grant	\$	39,545
Fiber Project		1,654,684
Library Renovation		4,520,789
Springbrook Software Connection		155,041
WRF Plant		838,503
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Total commitments	\$	7,208,562
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The commitments are being financed by governmental and enterprise revenues and from awarded grants.

**REQUIRED SUPPLEMENTARY
INFORMATION**

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Town of Lady Lake, Florida
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual - General Fund

<i>For the year ended September 30, 2025</i>	Budgeted Amounts		Actual Amounts	Variances
	Original	Final		Final Budget Positive/ (Negative)
Revenue				
Ad valorem taxes	\$ 6,307,298	\$ 6,307,298	\$ 6,396,746	\$ 89,448
Special assessments	1,080,000	1,080,000	1,098,844	18,844
Utility taxes	2,213,000	2,213,000	2,481,156	268,156
Franchise fees	1,750,000	1,750,000	2,006,301	256,301
Sales tax	2,552,500	2,552,500	2,420,860	(131,640)
Intergovernmental revenues	149,500	149,500	271,376	121,876
Licenses and permits	791,740	791,740	785,605	(6,135)
Charges for services	325,866	325,866	257,423	(68,443)
Fines and forfeitures	53,400	53,400	51,688	(1,712)
Interest income	705,000	705,000	697,919	(7,081)
Contributions and other income	205,425	276,137	928,794	652,657
Total revenues	16,133,729	16,204,441	17,396,712	1,192,271
Expenditures				
General government				
Town Commission	100,404	100,404	93,955	6,449
Town Manager	350,267	350,267	327,079	23,188
Town Clerk/Elections	373,264	373,264	321,754	51,510
Finance Department	721,941	721,941	633,144	88,797
Human Resources/Risk Management	396,755	396,755	339,463	57,292
Information Technology & Communications	1,146,997	1,146,997	986,393	160,604
Legal Counsel	209,000	209,000	181,594	27,406
Other General Government	739,958	739,958	843,233	(103,275)
Facilities Maintenance	258,004	258,004	183,114	74,890
Public safety				
Police Department	6,894,152	6,894,152	6,044,092	850,060
Fire Control	1,117,409	1,117,409	1,099,198	18,211
Building Inspections	569,700	569,700	545,018	24,682
Code Enforcement	218,315	218,315	190,894	27,421
Growth management				
	647,643	647,643	684,766	(37,123)
Public Works				
Administration	372,882	372,882	349,559	23,323
Streets & Maintenance	1,915,853	1,915,853	1,369,406	546,447
Motor Pool	231,170	231,170	121,639	109,531
Culture/recreation				
Library	1,014,511	1,014,511	1,405,155	(390,644)
Parks and recreation	1,698,904	1,698,904	1,307,659	391,245
Community building	35,081	35,081	26,976	8,105
Capital outlay	8,428,150	8,428,150	5,872,342	2,555,808
Total expenditures	27,440,360	27,440,360	22,926,433	4,513,927
Excess of revenues over expenditures	(11,306,631)	(11,235,919)	(5,529,721)	(3,321,656)

Town of Lady Lake, Florida
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual - General Fund (Continued)

<i>For the year ended September 30, 2023</i>	Budgeted Amounts		Actual Amounts	<i>(continued)</i> Variances
	Original	Final		Final Budget Positive/ (Negative)
Other Financing Sources				
Transfers in	100,000	100,000	2,986,835	2,886,835
Transfers out	-	-	(50,000)	50,000
Proceeds from sale of capital assets	50,000	50,000	-	(50,000)
Total other financing sources	150,000	150,000	2,936,835	2,886,835
Net change in fund balances	(11,156,631)	(11,085,919)	(2,592,886)	(434,821)
Fund balance, beginning of year	15,837,475	15,837,475	15,837,475	-
Fund balance, end of year	\$ 4,680,844	\$ 4,751,556	\$ 13,244,589	\$ (434,821)

Town of Lady Lake, Florida
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget to Actual – Sales Tax Revenue Fund

<i>For the year ended September 30, 2025</i>	Budgeted Amounts		Actual Amounts	Variances
	Original	Final		Final Budget Positive/ (Negative)
Revenue				
Sales tax	\$ 2,208,000	\$ 2,208,000	\$ 2,011,528	\$ (196,472)
Interest income	108,000	108,000	144,984	36,984
Total revenues	2,316,000	2,316,000	2,156,512	(159,488)
Expenditures				
Total expenditures	-	-	-	-
Excess of revenues over expenditures	2,316,000	2,316,000	2,156,512	(159,488)
Other Financing Sources				
Transfers out	-	-	(2,995,475)	(2,995,475)
Total other financing sources	-	-	(2,995,475)	(2,995,475)
Net change in fund balances	2,316,000	2,316,000	(838,963)	(3,154,963)
Fund balance, beginning of year	5,335,798	5,335,798	5,363,962	-
Fund balance, end of year	\$ 7,651,798	\$ 7,651,798	\$ 4,524,999	\$ (3,154,963)

Town of Lady Lake, Florida

Budgetary Notes to Required Supplementary Information

Note 1: BUDGETARY INFORMATION

The Town adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- a) Prior to the end of the fiscal year, the department heads and Finance Director prepare a proposed budget for the next succeeding fiscal year and the Town Manager submits it to the Commission. The recommended budget includes proposed expenditures and the sources of receipts to finance them.
- b) Complete copies of the proposed budget are made available for public inspection. Public hearings are conducted to obtain taxpayers' comments.
- c) The budget is enacted through passage of an ordinance and becomes the basis for the millage levied by the council.
- d) The Town Manager is authorized to transfer budgeted amounts between line items within a department; however, any revisions that alter the total expenditures of any department must be approved by the Commission. Expenditures may not exceed legal appropriations at the department level. All appropriations lapse at year end.
- e) Formal budgetary integration is employed as a management control device during the year for the General Fund and all major, special revenue funds (if any).
- f) Budgets are legally adopted on a basis consistent with GAAP except for certain transfers, debt service, and certain intragovernment amounts.
- g) The budgetary comparison schedule shown in the accompanying required supplementary information presents comparisons of the legally adopted budget, as amended, with actual results. The originally adopted budget is presented for purposes of comparison to the final, amended budget.

Town of Lady Lake, Florida
Schedules of Police Officers' Pension Fund

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Last 10 Fiscal Years

	2025	2024	2023
Total Pension Liability			
Service cost	\$ 474,598	\$ 407,563	\$ 428,860
Interest	815,251	752,138	733,940
Change in Excess State Money	-	-	-
Share Plan Allocation	53,961	40,403	16,604
Change of benefit terms	530,219	-	-
Differences between expected and actual experience	846,983	183,910	(43,948)
Changes of assumptions	322,042	-	(304,733)
Contributions - Buy Back	-	-	-
Benefit payments, including refunds of employee contributions	(538,955)	(559,938)	(538,948)
Net change in total pension liability	2,504,099	824,076	291,775
Total pension liability, beginning	11,441,321	10,617,245	10,325,470
Total pension liability, ending (a)	\$ 13,945,420	\$ 11,441,321	\$ 10,617,245
Plan Fiduciary Net Position			
Contributions - Employer	\$ 379,828	\$ 308,215	\$ 257,481
Contributions - State	217,922	190,806	143,208
Contributions - Employee	130,975	106,281	86,605
Contributions - Buy Back	-	-	-
Net investment income	1,251,451	2,054,668	774,551
Benefit payments, including refunds of employee contributions	(538,955)	(559,938)	(538,948)
Administrative expense	(68,362)	(70,514)	(66,186)
Net change in plan fiduciary net position	1,372,859	2,029,518	656,711
Plan fiduciary net position, beginning	12,289,172	10,259,654	9,602,943
Plan fiduciary net position, ending (b)	13,662,031	12,289,172	10,259,654
Net pension liability (asset) - ending (a) - (b)	\$ 283,389	\$ (847,851)	\$ 357,591
Plan fiduciary net position as a percentage of the total pension liability	97.97%	107.41%	96.63%
Covered payroll	\$ 2,619,505	\$ 2,125,630	\$ 1,732,104
Net pension asset as a percentage of covered payroll	10.82%	(39.89%)	20.64%

Town of Lady Lake, Florida
Schedules of Police Officers' Pension Fund (Continued)

2022	2021	2020	2019	2018	2017	2016
\$ 439,992	\$ 310,932	\$ 353,932	\$ 340,709	\$ 350,792	\$ 346,389	\$ 359,638
692,768	658,877	594,885	573,785	551,308	512,808	488,520
-	-	-	-	(53,498)	4,972	3,744
9,542	19,792	18,280	18,239	39,018	-	-
-	462,151	-	-	-	-	-
(19,432)	(90,188)	(14,413)	(303,366)	(47,663)	(63,314)	(366,717)
-	249,989	(132,057)	-	245,986	-	122,831
-	-	38,801	-	-	-	-
(508,197)	(431,268)	(360,585)	(342,541)	(314,904)	(292,124)	(263,148)
614,673	1,180,285	498,843	286,826	771,039	508,731	344,868
9,710,797	8,530,512	8,031,669	7,744,843	6,973,804	6,465,073	6,120,205
<u>\$ 10,325,470</u>	<u>\$ 9,710,797</u>	<u>\$ 8,530,512</u>	<u>\$ 8,031,669</u>	<u>\$ 7,744,843</u>	<u>\$ 6,973,804</u>	<u>\$ 6,465,073</u>
\$ 267,528	\$ 217,593	\$ 191,866	\$ 182,501	\$ 186,876	\$ 151,316	\$ 219,966
129,085	124,682	121,658	121,575	109,637	102,879	101,651
86,735	87,037	76,746	79,127	74,751	73,295	73,522
-	-	38,801	-	-	-	-
(1,977,047)	1,985,061	761,986	353,758	695,027	812,313	587,197
(508,197)	(431,268)	(360,585)	(342,541)	(314,904)	(292,124)	(263,148)
(46,476)	(54,040)	(48,163)	(49,636)	(28,844)	(27,452)	(29,580)
(2,048,372)	1,929,065	782,309	344,784	722,543	820,227	689,608
11,651,315	9,722,250	8,939,941	8,595,157	7,872,614	7,052,387	6362779
9,602,943	11,651,315	9,722,250	8,939,941	8,595,157	7,872,614	7,052,387
<u>\$ 722,527</u>	<u>\$(1,940,518)</u>	<u>\$(1,191,738)</u>	<u>\$ (908,272)</u>	<u>\$ (850,314)</u>	<u>\$ (898,810)</u>	<u>\$ (587,314)</u>
93.00%	119.98%	113.97%	111.31%	110.98%	112.89%	109.08%
\$ 1,734,694	\$ 1,740,741	\$ 1,534,928	\$ 1,460,011	\$ 1,495,012	\$ 1,465,893	\$ 1,470,437
41.65%	(111.48%)	(77.64%)	(62.21%)	(56.88%)	(61.31%)	(39.94%)

Town of Lady Lake, Florida
Schedules of Police Officers' Pension Fund (Continued)

Schedule of Contributions
Last 10 Fiscal Years

Year Ended September 30	Actuarially Determined Contribution (a)	Contribution in Relation to Actuarially Determined Contribution (b)	Contribution (Excess) Deficiency (a-b)	Covered Payroll (c)	Percentage of Covered Payroll Contributed (b/c)
2025	\$ 453,174	\$ 575,750	\$ (122,576)	\$ 2,619,505	21.98%
2024	488,895	458,618	30,277	2,125,630	21.58%
2023	398,384	384,085	14,299	1,732,104	22.17%
2022	364,286	387,071	(22,785)	1,734,694	22.31%
2021	330,741	322,483	8,258	1,740,741	18.53%
2020	299,311	295,244	4,067	1,534,928	19.24%
2019	271,562	285,838	(14,276)	1,460,011	19.58%
2018	284,052	310,993	(26,941)	1,495,012	20.80%
2017	278,520	249,223	29,297	1,465,893	17.00%
2016	270,560	317,873	(47,313)	1,470,437	21.62%

Annual Money Weighted Rate of Return
Last 10 Fiscal Years

Year Ended September 30	Annual Money- Weighted Rate of Return Net of Investment Expense
2025	10.22%
2024	20.17%
2023	8.15%
2022	-17.11%
2021	20.53%
2020	8.56%
2019	4.14%
2018	8.86%
2017	11.57%
2016	9.20%

Town of Lady Lake, Florida
Notes to Schedules of Police Officers' Pension Fund

Note 1: NOTES TO SCHEDULE

The amounts presented for each fiscal year were determined as of September 30. The Town implemented GASB Statement No. 68 for the fiscal year ended September 30, 2014.

Note 2: PRIOR YEAR NOTES TO SCHEDULE

For measurement date September 30, 2021, the investment rate of return was lowered from 7.25% to 7.00% per year, net of investment related expenses.

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OTHER SUPPLEMENTARY INFORMATION

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Town of Lady Lake, Florida
Schedule of Revenues and Expenses Compared to Budget (Budgetary Basis)
Enterprise Fund – Utility Fund

<i>For the year ended September 30, 2025</i>	Utility Fund		Variance Positive/ (Negative)
	Final Budget	Actual	
Operating Revenues			
Charges for services	\$ 5,644,874	\$ 5,767,024	\$ 122,150
Fees	45,200	90,828	45,628
<hr/>			
Total operating revenues	5,644,874	5,857,852	167,778
Operating Expenses			
Personnel services			
Water	1,394,051	1,028,143	365,908
Sewer	377,657	377,146	511
Operating			
Water	2,807,753	2,451,768	355,985
Sewer	1,216,539	858,872	357,667
<hr/>			
Total operating expenses	5,796,000	4,715,929	1,080,071
<hr/>			
Operating income	(151,126)	1,141,923	1,293,049
Nonoperating revenues			
Interest income	255,441	84,777	(170,664)
Miscellaneous	2,500	-	(2,500)
<hr/>			
Total nonoperating revenues	257,941	84,777	(173,164)
<hr/>			
Operating income before contributions and transfers	106,815	1,226,700	1,119,885
<hr/>			
Transfers (out) in	(321,000)	58,640	379,640
<hr/>			
Change in net position	\$ (214,185)	\$ 1,285,340	\$ 1,499,525

Note: Depreciation expense of \$1,287,217 and impact fees revenue of \$4,112,437 are not budgeted and, therefore, are not included on this schedule.

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STATISTICAL SECTION

STATISTICAL SECTION

This part of the Town of Lady Lake, Florida's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

Table of Contents

A. Financial Trends

These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.

Schedule A1 Net Position by Component

Schedule A2 Changes in Net Position – Governmental Funds

Schedule A3 Fund Balances – Governmental Funds

Schedule A4 Changes in Fund Balances – Governmental Funds

B. Revenue Capacity

These schedules contain information to help the reader assess the Town's most significant local own-source revenues - ad valorem property taxes, occupational license taxes, and building permits revenues.

Schedule B1 Tax Revenues by Source Governmental Funds

Schedule B2 Assessed Value and Estimated Actual Value of Taxable Property

Schedule B3 Direct and Overlapping Property Tax Rates

Schedule B4 Principal Property Taxpayers

Schedule B5 Property Tax Levies and Collections

Statistical Section (Continued)

C. Debt Capacity

These schedules present information to help the reader assess the affordability of the Town's current levels of debt outstanding and the Town's ability to issue additional debt in the future, as necessary.

Schedule C1 Ratios of Outstanding Debt by Type

Schedule C2 Pledged Revenue Coverage

D. Demographic and Economic Information Financial Trends

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.

Schedule D1 Demographic Statistics

Schedule D2 Demographic and Economic Statistics

Schedule D3 Principal Employers

E. Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.

Schedule E1 Employees by Function/Program

Schedule E2 Operating Indicators by Function/Program

Schedule E3 Capital Asset Statistics by Function/Program

Additional Notes

Unless otherwise noted, the information in these schedules is derived from the Town's Annual Comprehensive Financial Report (ACFR) for the relevant year.

Town of Lady Lake, Florida
Net Position by Component

Last Ten Fiscal Years

Schedule A1

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Governmental activities										
Net investment in										
capital assets	\$ 21,082,281	\$ 16,335,528	\$ 15,267,493	\$ 14,776,734	\$ 14,142,215	\$ 14,304,285	\$ 14,427,310	\$ 14,612,058	\$ 14,700,622	\$ 12,615,596
Restricted	8,380,091	8,800,287	6,143,319	5,480,085	2,327,963	2,266,913	2,327,563	2,334,342	2,060,287	2,182,543
Unrestricted	8,997,392	12,066,586	12,419,126	13,624,971	15,793,409	13,805,317	12,106,114	11,501,590	10,347,351	9,212,834
Total governmental activities										
net position	38,459,764	37,202,401	33,829,938	33,881,790	32,263,587	30,376,515	28,860,987	28,447,990	27,108,260	24,010,973
Business-type activities										
Net investment in										
capital assets	42,040,853	40,624,055	35,104,703	23,716,051	21,663,297	21,515,103	21,502,753	19,536,904	19,356,812	19,805,320
Restricted	2,810,151	68,568	1,027,353	162,673	2,660,474	1,818,871	2,420,018	1,303,346	1,819,281	1,579,323
Unrestricted	1,639,115	1,686,936	3,814,309	3,711,135	3,006,776	3,019,695	3,076,846	2,473,513	2,300,558	2,476,071
Total business-type activities										
net position	46,490,119	42,379,559	39,946,365	27,589,859	27,330,547	26,353,669	26,999,617	23,313,763	23,476,651	23,860,714
Primary government										
Net investment in										
capital assets	63,123,134	56,959,583	50,372,196	38,492,785	35,805,512	35,819,388	35,930,063	34,148,962	34,057,434	32,420,916
Restricted	11,190,242	8,868,855	7,170,672	5,642,758	4,988,437	4,085,884	4,747,581	3,637,688	3,879,568	3,761,866
Unrestricted	10,636,507	13,753,522	16,233,435	17,336,106	18,800,185	16,825,012	15,182,960	13,975,103	12,647,909	11,688,905
Total primary government										
net position	\$ 84,949,883	\$ 79,581,960	\$ 73,776,303	\$ 61,471,649	\$ 59,594,134	\$ 56,730,284	\$ 55,860,604	\$ 51,761,753	\$ 50,584,911	\$ 47,871,687

Notes:

Accounting standards require that net position be reported in three components in the financial statements: net investment in capital assets; restricted; and unrestricted. Net position is considered restricted only (a) when an external party, (b) a constitutional provision, (c) or enabling legislation imposes legally enforceable limits on how they may be used.

Town of Lady Lake, Florida

Change in Net Position-Governmental Activities

Last Ten Fiscal Years

Schedule A2

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Expenses:										
Governmental activities										
General government	\$ 4,417,911	\$ 4,192,060	\$ 3,350,945	\$ 3,158,835	\$ 2,497,141	\$ 2,269,596	\$ 2,056,037	\$ 2,053,017	\$ 1,903,693.00	\$ 1,730,431
Public safety	8,802,456	6,741,671	6,260,763	6,030,139	5,686,900	4,927,303	4,958,150	4,915,400	3,924,096	4,006,978
Public works	2,053,232	1,956,639	2,350,295	2,360,924	2,259,528	2,238,018	2,032,846	2,426,249	1,950,796	1,880,482
Growth Management	685,431	472,812	538,019	423,346	326,594	350,102	379,399	368,809	325,481	233,680
Culture/recreation	2,923,898	2,020,300	1,824,494	1,641,176	1,721,447	1,875,363	1,655,769	1,679,340	1,482,354	1,444,723
Interest on long term debt	-	-	-	-	-	-	-	-	4,819	79,468
Total governmental activities expenses	18,882,928	15,383,482	14,324,516	13,614,420	12,491,610	11,660,382	11,082,201	11,442,815	9,591,239	9,375,762
Business type activities										
Water and sewer	4,423,505	3,928,816	3,648,163	3,535,607	3,194,242	3,196,626	2,914,727	2,708,427	2,707,647	2,552,983
Garbage	1,579,641	1,370,713	1,305,574	1,221,251	1,186,560	1,166,355	1,137,596	1,103,068	1,071,930	1,054,906
Total business type activities expenses	6,003,146	5,299,529	4,953,737	4,756,858	4,380,802	4,362,981	4,052,323	3,811,495	3,779,577	3,607,889
Total primary government expenses	24,886,074	20,683,011	19,278,253	18,371,278	16,872,412	16,023,363	15,134,524	15,254,310	13,370,816	12,983,651
Program Revenues:										
Governmental activities										
Charges for services:										
General government	785,605	614,618	8,805,589	495,325	48,342	24,999	33,549	95,665	147,905	28,061
Public safety	1,277,736	1,230,554	1,249,244	1,254,302	1,610,671	1,567,838	1,323,201	1,519,432	1,297,263	1,208,703
Public works	-	-	-	-	60,754	43,796	37,023	46,598	116,439	33,798
Growth Management	32,152	92,970	87,958	62,942	73,105	58,925	92,569	123,845	123,685	69,590
Culture/recreation	833,326	36,483	19,742	15,458	48,516	74,055	106,940	112,430	66,544	52,236
Operating grants and contributions	324,230	350,294	380,336	343,783	666,082	299,482	545,935	437,937	368,848	271,989
Capital grants and contributions	-	449,295	340,375	166,103	163,380	70,798	100,751	196,056	546,634	166,767
Total program governmental activities revenues	3,253,049	2,774,214	10,883,244	2,337,913	2,670,850	2,139,893	2,239,968	2,531,963	2,667,318	1,831,144
Business type activities										
Charges for services:										
Water and sewer	4,349,932	3,869,618	3,373,539	3,433,443	3,007,052	2,606,519	2,456,493	2,104,242	2,040,408	2,007,404
Garbage	1,507,920	1,455,468	1,429,374	1,233,570	1,234,453	1,223,613	1,205,529	1,187,130	1,170,324	1,155,701
Capital grants and contributions	4,112,437	2,759,552	855,710	512,605	1,230,332	92,286	2,252,749	147,885	295,678	39,670
Total business type activities program revenues	9,970,289	8,084,638	5,658,623	5,179,618	5,471,837	3,922,418	5,914,771	3,439,257	3,506,410	3,202,775
Total program revenues	13,223,338	10,858,852	16,541,867	7,517,531	8,142,687	6,062,311	8,154,739	5,971,220	6,173,728	5,033,919
Net (expense) revenue										
Net governmental activities (expense) revenue	(15,629,879)	(12,609,268)	(3,441,272)	(11,276,507)	(9,820,760)	(9,520,489)	(8,842,233)	(8,910,852)	(6,923,921)	(7,544,618)
Net business type activities (expense) revenue	3,967,143	2,785,109	704,886	422,760	1,091,035	(440,563)	1,862,448	(372,238)	(273,167)	(405,114)
Total primary government net (expense) revenue	\$ (11,662,736)	\$ (9,824,159)	\$ (2,736,386)	\$ (10,853,747)	\$ (8,729,725)	\$ (9,961,052)	\$ (6,979,785)	\$ (9,283,090)	\$ (7,197,088)	\$ (7,949,732)

Town of Lady Lake, Florida
Change in Net Position-Governmental Activities (Continued)

Last Ten Fiscal Years

Schedule A2

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Revenues:										
Governmental activities										
Property taxes	\$ 6,396,746	\$ 5,349,431	\$ 4,866,240	\$ 4,428,480	\$ 4,265,864	\$ 3,913,190	\$ 3,626,787	\$ 3,399,162	\$ 3,156,218	\$ 3,118,280
Franchise fees	2,006,301	1,807,063	1,788,585	1,663,918	1,541,144	1,521,408	1,557,631	1,474,639	1,390,322	1,383,861
Sales taxes	4,432,388	4,409,661	4,377,527	4,316,660	2,736,286	2,321,548	2,523,438	2,348,220	2,219,432	2,146,461
Public utility taxes	2,481,156	2,206,193	2,109,458	1,984,316	1,911,712	1,873,916	1,941,351	2,007,958	2,094,236	1,992,703
Excise Taxes and other taxes	140,681	209,838	195,057	222,347	1,038,499	1,104,900	411,278	1,132,487	999,464	978,777
Investment income	842,903	919,268	873,000	72,679	48,279	45,555	1,045	22,616	20,036	-
Contributions of nonfinancial assets	645,707	601,082	-	-	-	-	-	-	-	-
Gain on sale of capital assets	-	14,680	49,877	-	-	-	-	-	-	-
Transfers, net	(58,640)	464,515	(11,339,693)	206,310	166,048	255,500	(1,745,000)	(134,500)	141,500	222,330
Total governmental activities	16,887,242	15,981,731	2,920,051	12,894,710	11,707,832	11,036,017	8,316,530	10,250,582	10,021,208	9,842,412
Business type activities										
Investment income and other income	84,777	112,600	311,927	42,862	51,791	50,215	78,406	74,850	30,604	14,024
Transfers, net	58,640	(464,515)	11,339,693	(206,310)	(166,048)	(255,500)	1,745,000	134,500	(141,500)	(222,330)
Total business type activities	143,417	(351,915)	11,651,620	(163,448)	(114,257)	(205,285)	1,823,406	209,350	(110,896)	(208,306)
Total primary government	17,030,659	15,629,816	14,571,671	12,731,262	11,593,575	10,830,732	10,139,936	10,459,932	9,910,312	9,634,106
Change in Net Position										
Governmental activities	1,257,363	3,372,463	(521,221)	1,618,203	1,887,072	1,515,528	(525,703)	1,339,730	3,097,287	2,297,794
Business type activities	4,110,560	2,433,194	12,356,506	259,312	976,778	(645,848)	3,685,854	(162,888)	(384,063)	(613,420)
Change in Net Position	\$ 5,367,923	\$ 5,805,657	\$ 11,835,285	\$ 1,877,515	\$ 2,863,850	\$ 869,680	\$ 3,160,151	\$ 1,176,842	\$ 2,713,224	\$ 1,684,374

Town of Lady Lake, Florida
Fund Balances-Governmental Funds

Last Ten Fiscal Years

Schedule A3

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Fund										
Reserved										
Nonspendable	\$ 84,640	\$ 75,719	\$ 47,588	\$ 9,664	\$ 51,501	\$ 47,178	\$ 53,044	\$ 49,097	\$ 49,488	\$ 46,031
Restricted	3,855,092	3,436,325	2,895,021	2,550,062	2,327,963	2,266,913	2,327,563	2,334,342	2,060,287	2,182,543
Committed	4,519,627	4,519,627	4,519,627	3,355,494	3,640,030	3,725,258	2,397,951	1,078,030	1,700,000	-
Assigned	310,530	300,205	229,640	31,706	23,935	33,629	58,532	92,632	158,777	770,904
Unassigned	4,474,700	7,505,599	7,840,919	10,024,677	8,161,588	7,321,945	7,812,316	7,804,930	6,604,574	7,345,746
Total General Fund	\$13,244,589	\$15,837,475	\$15,532,795	\$15,971,603	\$14,205,017	\$13,394,923	\$12,649,406	\$11,359,031	\$10,573,126	\$10,345,224
All other governmental funds										
Reserved										
Restricted	4,524,999	5,363,962	2,930,023	3,421,466	2,170,183	1,411,555	2,176,435	1,266,786	1,534,803	1,304,057
Total all other governmental funds	\$ 4,524,999	\$ 5,363,962	\$ 2,930,023	\$ 3,421,466	\$ 2,170,183	\$ 1,411,555	\$ 2,176,435	\$ 1,266,786	\$ 1,534,803	\$ 1,304,057

Town of Lady Lake, Florida
Change in Fund Balances-Governmental Funds

Last Ten Fiscal Years

Schedule A4

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Revenues:										
Taxes	\$ 14,505,035	\$ 12,906,521	\$ 12,221,925	\$ 11,508,207	\$ 9,816,420	\$ 9,122,480	\$ 8,927,566	\$ 8,718,518	\$ 7,826,746	\$ 8,207,018
Licenses and permits	785,605	614,618	757,137	495,325	464,034	418,776	468,847	724,049	496,752	387,774
Intergovernmental	2,181,776	2,175,548	10,168,271	2,149,769	2,280,284	1,758,214	1,967,202	1,670,310	1,949,676	1,530,756
Charges for services	257,423	313,254	314,075	288,928	231,133	211,544	233,056	217,754	252,829	185,214
Fines and forfeits	51,688	54,560	87,323	85,855	28,027	21,444	29,569	34,081	35,031	30,624
Investment income	842,903	919,268	873,000	72,679	22,264	151,478	306,890	133,381	55,887	105,060
Miscellaneous	928,794	691,899	671,384	425,554	1,327,524	1,207,819	1,049,221	1,295,918	1,171,585	1,004,780
Total Revenues	19,553,224	17,675,668	25,093,115	15,026,317	14,169,686	12,891,755	12,982,351	12,794,011	11,788,506	11,451,226
Expenditures:										
General government	3,909,729	3,417,051	2,713,079	2,499,747	2,482,512	2,304,152	1,889,699	1,876,200	1,912,327	1,538,019
Public safety	7,879,202	6,547,847	5,734,834	5,604,058	5,659,848	5,134,138	4,882,448	4,640,086	4,482,304	4,484,607
Public works	1,840,604	1,740,717	2,114,089	2,035,006	2,077,264	2,012,006	1,960,815	2,508,867	1,782,135	1,715,032
Growth Management	684,766	472,086	537,293	422,620	310,386	346,542	374,420	349,849	310,336	223,873
Culture/recreation	2,739,789	1,857,537	1,662,319	1,480,922	1,560,621	1,634,149	1,316,850	1,432,709	1,157,207	1,090,028
Capital outlay	5,872,343	1,699,281	1,631,587	1,915,131	209,741	257,678	288,669	178,862	907,063	90,776
Debt service:										
Principal retired	-	-	-	-	-	-	-	-	1,417,934	865,430
Interest	-	-	-	-	-	-	-	-	9,897	82,570
Total Expenditures	22,926,433	15,734,519	14,393,201	13,957,484	12,300,372	11,688,665	10,712,901	10,986,573	11,979,203	10,090,335
Excess (deficiency) of revenues over (under) expenditures	(3,373,209)	1,941,149	10,699,914	1,068,833	1,869,314	1,203,090	2,269,450	1,807,438	(190,697)	1,360,891
Other Financing Sources (Uses)										
Transfers in	(3,045,475)	929,030	2,186,397	2,635,781	566,048	905,270	474,611	412,836	1,777,331	1,315,671
Transfers out	2,986,835	(464,515)	(13,526,090)	(2,429,471)	(400,000)	(649,770)	(2,219,611)	(547,336)	(1,635,831)	(1,093,341)
Proceeds from sale of capital assets	-	14,680	49,877	-	26,015	45,555	1,045	22,616	9,082	-
Net other financing sources (uses)	(58,640)	479,195	(11,289,816)	206,310	192,063	301,055	(1,743,955)	(111,884)	150,582	222,330
Net Change in Fund Balances	\$ (3,431,849)	\$ 2,420,344	\$ (589,902)	\$ 1,275,143	\$ 2,061,377	\$ 1,504,145	\$ 525,495	\$ 1,695,554	\$ (40,115)	\$ 1,583,221

Debt Service as a % of Noncapital Expenditures	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	13.8%	9.8%	10.8%	2.2%
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Town of Lady Lake, Florida
Tax Revenues by Source Governmental Funds

Last Ten Fiscal Years

Schedule B1

Fiscal Year	Infrastructure Sales		Excise Taxes	Franchise Fees	Utility Taxes	Communications		Total Taxes
	Property Tax	Surtax				Services Tax		
2025	\$ 6,396,746	\$ 2,011,528	\$ 2,420,860	\$ 2,006,301	\$ 1,763,451	\$ 717,705	\$ 15,316,591	
2024	5,349,431	1,996,850	2,412,811	1,807,063	1,529,289	676,904	13,772,348	
2023	4,866,240	1,982,583	2,394,944	1,788,585	1,514,942	594,516	13,141,810	
2022	4,428,480	1,925,551	2,391,109	1,663,918	1,433,674	550,642	12,393,374	
2021	4,265,864	1,648,054	446,761	1,541,144	1,362,032	552,565	9,816,420	
2020	3,913,190	1,398,258	439,602	1,521,408	1,329,271	520,751	9,122,480	
2019	3,626,787	1,435,272	466,168	1,557,631	1,294,268	547,440	8,927,566	
2018	3,399,162	1,435,218	459,961	1,474,639	1,200,612	748,926	8,718,518	
2017	3,156,218	1,366,700	433,054	1,390,322	1,177,342	303,110	7,826,746	
2016	3,118,280	1,323,561	388,613	1,383,861	1,180,389	812,314	8,207,018	

Town of Lady Lake, Florida Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

Schedule B2

Fiscal Year Ended September 30,	Real Property	Personal Property	Less: Tax- Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
2025	\$ 1,721,250,610	\$ 96,217,705		\$ 1,817,468,315	3.6510	\$ 1,945,645,671	93.41%
2024	\$ 1,534,795,928	\$ 94,757,835		\$ 1,629,553,763	3.3962	\$ 2,438,481,173	66.83%
2023	1,395,161,567	89,061,559		1,484,223,126	3.3962	2,203,841,373	67.35%
2022	1,266,945,271	84,369,753		1,351,315,024	3.3962	1,886,255,105	71.64%
2021	1,207,042,832	92,094,676	-	1,299,137,508	3.3962	1,814,776,732	71.59%
2020	1,110,518,790	85,617,805	-	1,196,136,595	3.3962	1,677,090,996	71.32%
2019	1,027,703,170	79,101,506	-	1,106,804,676	3.3962	1,577,291,361	70.17%
2018	959,946,458	76,516,340	-	1,036,462,798	3.3962	1,494,905,452	69.33%
2017	888,208,461	75,455,229	-	963,663,690	3.3962	1,419,910,009	67.87%
2016	832,931,240	75,839,875	-	908,771,115	3.5510	1,358,849,625	66.88%

Source:
Lake County Property Appraiser's Office

Town of Lady Lake, Florida Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

Schedule B3

Fiscal Year	Town Direct Rate	Overlapping Rates					Hospital District	Total Overlapping and Direct
		Lake County	School District	Water Conservation Authority	Water Management District	Ambulance District		
2025	3.6510	5.902	6.122	0.496	0.179	0.4629	0.410	17.2231
2024	3.3962	5.642	6.206	0.294	0.179	0.4629	0.150	16.3304
2023	3.3962	5.642	6.248	0.308	0.197	0.463	0.500	16.755
2022	3.3962	5.659	6.592	0.323	0.219	0.463	0.000	16.651
2021	3.3962	5.613	6.699	0.337	0.229	0.463	0.895	17.632
2020	3.3962	5.654	6.883	0.356	0.241	0.463	0.950	17.943
2019	3.3962	5.720	6.355	0.490	0.256	0.463	0.980	17.660
2018	3.3962	5.741	6.603	0.255	0.272	0.463	1.000	17.730
2017	3.3962	5.741	6.875	0.255	0.289	0.463	1.000	18.019
2016	3.5510	5.935	7.197	0.255	0.303	0.463	1.000	18.704

Source:
Lake County Property Appraiser's Office

Town of Lady Lake, Florida
Principal Property Taxpayers

Fiscal Year Ended September 30, 2025

Schedule B4

Taxpayer	2025			2016		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
Villages Operating Company	\$ 72,184,931	1	3.97%	\$ 39,824,656	1	4.69%
Sun Communities Finance LP	52,696,350	2	2.90%	21,646,633	4	2.55%
Villages Land Operating Company LLC	46,356,469	3	2.55%	-		0.00%
GMC Lady Lake LLC	40,255,494	4	2.21%	26,874,104	2	3.17%
SK Hammock Oaks LLC	37,631,705	5	2.07%	-		0.00%
Lady Lake Apartments LLC	34,249,600	6	1.88%	17,287,250	7	2.04%
ROIB SFR Lake Ella LLC	31,403,447	7	1.73%	-		0.00%
RCG-Lady Lake PM LLC	31,045,399	8	1.71%	-		0.00%
SRK Lady Lake 21 Associates, LLC	28,798,000	9	1.58%	19,902,092	5	2.35%
Ansonia Carmendy LLC	21,162,991	10	1.16%	-		0.00%
Lazy B Cattle Venture LTD	-		-	27,157,571	3	3.20%
Vereit Mt Lady Lake FL LLC	-		-	18,945,584	6	2.23%
Carmendy Square Apartments	-		-	12,548,527	8	1.48%
Embarq-Florida Inc	-		-	7,525,396	9	0.89%
Lady Lake Re LLC	-		-	7,266,104	10	0.86%
Total	\$ 395,784,386		21.78%	\$ 198,977,917		23.45%
Total taxable assessed value for principal property taxpayers	\$ 1,817,468,315			\$ 848,399,715		

Sources:

Ad Valorem tax rolls of the Town of Lady Lake, Florida

Town of Lady Lake, Florida Property Tax Levies and Collections

Last Ten Fiscal Years

Schedule B5

Fiscal Year Ended September 30,	Collected Within the Fiscal Year of the Levy			Collections in Subsequent Years	Total Collections to Date	
	Total Tax Levy for Fiscal Year	Amount Collected	Percentage of Levy		Amount Collected	Percentage of Levy
2025	\$ 6,303,798	\$ 6,395,193	101.4%	\$ 1,553	\$ 6,396,746	101.5%
2024	5,458,498	\$ 5,344,209	97.9%	\$ 5,222	\$ 5,349,431	98.0%
2023	5,548,749	4,864,073	87.7%	2,167	4,866,240	87.6%
2022	5,054,969	4,426,547	87.6%	1,933	4,428,480	96.6%
2021	4,415,173	4,257,976	96.4%	7,888	4,265,864	96.3%
2020	4,062,319	3,901,946	96.0%	11,244	3,913,190	96.4%
2019	3,763,444	3,624,229	96.3%	2,558	3,626,787	96.6%
2018	3,519,828	3,392,712	96.4%	6,450	3,399,162	96.4%
2017	3,272,602	3,149,732	96.3%	6,486	3,156,218	96.6%
2016	3,227,046	3,086,766	95.7%	6,514	3,118,280	96.4%

Source:
Florida Department of Revenue

Town of Lady Lake, Florida
Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

Schedule C1

Fiscal Year	Governmental Activities		Business-Type Activities		Total primary Government	Percentage of Personal Income	Per Capita
	Revenue Note		Loans Payable				
2025	\$ -		\$ -		\$ -	-	\$ -
2024	-		-		-	-	-
2023	-		-		-	-	-
2022	-		-		-	-	-
2021	-		-		-	-	-
2020	-		-		-	-	-
2019	-		-		-	-	-
2018	-		-		-	-	-
2017	-		-		-	-	-
2016	1,417,934		-		1,417,934	0.39%	97

**Town of Lady Lake, Florida
Pledged Revenue Coverage**

Last Ten Fiscal Years

Schedule C2

Fiscal Year	Infrastructure Sales Surtaxes Available for Debt Service	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2025	\$ 2,011,528	\$ -	\$ -	\$ -	N/A
2024	1,996,850	-	-	-	N/A
2023	1,982,583	-	-	-	N/A
2022	1,925,551	-	-	-	N/A
2021	1,648,054	-	-	-	N/A
2020	1,398,258	-	-	-	N/A
2019	1,435,272	-	-	-	N/A
2018	1,435,218	-	-	-	N/A
2017	1,366,700	904,190	43,810	948,000	1.44
2016	1,323,561	865,430	82,570	948,000	1.4

Town of Lady Lake, Florida Demographic Statistics

Last Ten Fiscal Years

Schedule D1

Year	Population				Population Per Square Mile	
	Town of Lady Lake		Lake County		Lake County	State of Florida
	Population	% Increase	Population	% Increase		
2025	16,978	3.83%	445,881	2.90%	393	356
2024	16,352	0.79%	433,331	4.48%	455	429
2023	16,224	0.31%	414,749	2.70%	436	422
2022	16,174	0.82%	403,857	1.13%	428	415
2021	16,042	1.83%	399,342	8.89%	421	408
2020	15,754	0.63%	366,742	2.66%	391	403
2019	15,655	4.65%	357,247	3.38%	376	400
2018	14,960	0.94%	345,575	4.18%	361	393
2017	14,821	0.91%	331,724	1.69%	354	382
2016	14,687	3.38%	326,226	3.05%	345	376

POPULATION DISTRIBUTION BY AGE - 2025

Age	Lake County	State of Florida
0-19	20.8%	21.9%
20-44	27.4%	31.0%
45-64	25.1%	26.0%
65+	26.6%	22.7%

Source:

- (a) University of Florida, Bureau of Economics and Business Research
- (b) Age Distribution-Orlando Economic Development Commission
- (c) Per Square Mile-Florida Legislature, Office of Economic and Demographic Research

Town of Lady Lake, Florida Demographic and Economic Statistics

Last Ten Fiscal Years

Schedule D2

Year	Population ^(a)	Personal Income	Per Capita Income ^(b)	Public School Enrollment ^(c)	Unemployment Rate ^(d)
2025	16,978	\$ 698,882,392	\$ 41,164	762	4.8%
2024	16,352	\$ 730,999,808	\$ 44,704	746	3.8%
2023	16,224	\$ 667,844,736	\$ 41,164	751	2.8%
2022	16,174	\$ 588,814,470	\$ 36,405	758	2.7%
2021	16,042	\$ 478,757,448	\$ 29,844	771	4.3%
2020	15,754	\$ 434,400,796	\$ 27,574	866	7.2%
2019	15,655	\$ 424,720,150	\$ 27,130	872	2.9%
2018	14,960	\$ 404,488,480	\$ 27,038	827	2.9%
2017	14,821	\$ 396,061,583	\$ 26,723	830	3.4%
2016	14,687	\$ 367,659,671	\$ 25,033	827	4.8%

Sources:

- (a) Bureau of Economic and Business Research, University of Florida
- (b) Orlando Economic Development Commission
- (c) Lady Lake Elementary
- (d) Bureau of Labor Statistics

Town of Lady Lake, Florida Principal Employers

For the Fiscal Year Ended September 30, 2024

Schedule D3

Employer	2025			2016		
	Number of Employees	Rank	Percentage of Total Town Employment	Number of Employees	Rank	Percentage of Total Town Employment
Lady Lake Specialty Care	305	1	5.22%	273	2	6.22%
The Villages Media Group	250	2	4.28%	298	1	6.79%
The Home Depot	215	3	3.68%	187	4	4.26%
The Villages Rehab & Nursing Center	200	4	3.42%	224	3	5.10%
Sam's Club	195	5	3.34%	179	5	4.08%
OMI, Inc	171	6	2.93%	119	10	2.71%
Publix Super Markets	165	7	2.82%	154		3.51%
Target Department Store	130	8	2.22%	150	0	3.42%
Texas Roadhouse	110	9	1.88%	154	7	3.51%
Winn Dixie Stores, Inc/Winn Dixie Liquors	100	10	1.71%			
Katie Belles Music Hall				125	8	2.85%
Quality Service Providers				115	9	2.62%
Total	1,841		31.49%	1,978		45.04%
Total Town Employment	5,846			4,392		

Source:

Number of employees from Lady Lake Chamber of Commerce, www.elevatelake.com or direct calls to employers.

Lady Lake total town employment figures from Orlando Economic Partnership-Demographic Detail (www.orlandoedc.com)

Town of Lady Lake, Florida
Full-Time Equivalent Employees by Function

Last Ten Fiscal Years	Schedule E1									
Function	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Government										
Town Manager	2	2	2	2	2	2	2	2	2	2
Town Clerk	3	3	3	3	3	2	2	2	2	2
Finance	4	5	4.5	5	5	4.5	4.5	4.5	4.5	4.5
Human Resources	3	3	2.5	2	2	2	2	2	2	2
Information Technology	6	4.5	4	4.5	3.5	3	3	2	2	2
Communications	1.5	1.5	1	0	0	0	0	0	0	0
Facilities Maint.	3	2	2	2	2	2	2	2	2	2
Total General Government	22.5	21	19	18.5	17.5	15.5	15.5	14.5	14.5	14.5
Public Safety										
Police	36	36	36.5	36	36	36	36	34	34	34.5
Building Dept.	2	2	2	2	2	2	1	1	1	1
Code Enforcement	2	2	1.5	1	1	1	1	1	1	1
Total Public Safety	40	40	40	39	39	39	38	36	36	36.5
Growth Management	4	4	3.5	3.5	3.5	4.5	4.5	4.5	3.5	3
Public Works										
Adminstration	2	2	2	2	2	2	2	2	2	2
Street Maint.	10	10	10	10	10	10	10	10	10	10
Motor Pool	2	2	2	2	2	2	2	2	2	2
Total Public Works	14	14	14	14	14	14	14	14	14	14
Culture and Recreation										
Library	10	10	10	9.5	9.5	9.5	9.5	9	9	7.5
Parks & Recreation	8	9	6	6	6	6	5	5	5	5
Total Culture and Recreation	18	19	16	15.5	15.5	15.5	14.5	14	14	12.5
Utilities										
Water	11	12	11.5	11	11	11	11	11	11	10
Sewer	4	3	3	3	2	2	2	2	2	2
Total Utilities	15	15	14.5	14	13	13	13	13	13	12
Total Government Employees	113.5	113	107	104.5	102.5	101.5	99.5	96	95	92.5

Town of Lady Lake, Florida Operating Indicators by Function/Program

Last Ten Fiscal Years

Schedule E2

Function	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Police										
Booking Arrests	414	324	361	321	325	277	370	290	450	485
DUI Citations	21	20	17	32	11	19	11	23	29	35
Misdemeanor Citations	24	27	22	107	32	32	56	53	70	62
Traffic citations	1,499	1,214	1,206	1,558	1,413	783	925	1,169	1,444	1,512
Traffic accidents	650	750	726	799	713	602	773	779	771	728
Warrants Arrests	79	73	33	36	56	51	45	85	124	73
Dispatch Center										
Medical Calls	223	248	235	191	221	167	164	165	133	608
Assist other Agencies	143	148	114	142	154	173	188	159	170	205
General Calls	19,668	19,266	19,302	19,775	18,920	16,179	17,149	15,783	8,670	16,482
Building/Code Enforcement										
Total Commercial Permits	249	293	207	208	253	218	188	171	207	238
Total Residential Permits	2,115	1,886	1,796	1,956	1,795	1,824	1,397	1,617	1,224	1,209
Number of Permits Issued	2,390	2,179	2,003	2,164	2,048	2,042	1,585	1,788	1,431	1,447
Total Construction Value	\$97,534,609	\$19,013,802	\$114,231,519	\$47,066,618	\$29,083,340	\$29,682,928	\$32,197,936	\$54,846,969	\$34,371,713	\$34,064,698
Growth Management										
Site Plans Approved	5	6	9	5	4	8	8	5	9	5
Clerk's Office										
Business Tax Receipts	-	-	-	863	853	817	841	841	899	847
Road and Streets										
Potholes repaired	300	300	400	350	300	300	200	300	300	600
Street resurfacing (miles)	1.98	1.84	1.50	0.00	2.49	3.60	2.17	1.24	2.27	3.18
Street Micro-resurfacing (miles)	0.00	0.00	1.70	5.00	1.93	1.34	0.00	11.00	0.00	0.00
Street Reclamite (miles)	0.00	0.00	0.00	0.00	0.00	3.38	0.00	0.00	0.00	0.00
Library										
Total Circulation	148,754	155,750	178,274	135,617	130,425	145,981	136,548	145,467	167,896	169,592
Total Users of Public Internet Computers	7,088	7,088	7,050	6,858	6,040	6,467	11,950	15,887	15,682	15,547
Total Reference Transactions	26,788	26,456	25,650	25,694	19,232	28,184	22,430	21,372	19,169	15,689
Total Annual Programs	678	645	665	683	426	226	865	886	896	852
Total Program Attendance	34,910	28,162	16,000	9,515	6,365	10,499	15,840	16,671	20,081	12,993
Total Number of Registered Card Holders	11,847	16,561	15,638	14,620	13,633	12,561	12,907	11,629	10,303	9,019
Total Number of Volunteer Hours	2,156	2,133	2,400	2,215	2,376	1,734	2,686	2,381	3,068	3,465
Total Library visitors	174,187	169,448	163,000	145,000	138,000	99,281	181,385	194,636	207,987	187,226
Number of Bookings for Library Rooms	1,431	1,369	1,285	1,258	306	614	1,216	1,095	1,003	871
Number of Bookings at Community Building	-	-	-	-	-	53	508	441	403	363

Town of Lady Lake, Florida
Operating Indicators by Function/Program (Continued)

Last Ten Fiscal Years

Schedule E2

<i>Function</i>	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Parks and Recreation										
Number of Recreation Leases	8	8	8	8	8	8	8	8	8	7
Number of Bookings at Community Building	447	460	454	329	103	-	-	-	-	-
Water										
Commercial Connections	516	798	467	459	453	454	430	471	466	422
Residential Connections	2,491	2,303	2,256	2,175	2,131	2,112	2,064	2,094	2,069	2,017
Total Connections	3,007	2,801	2,723	2,634	2,584	2,566	2,494	2,565	2,535	2,439
Total Equivalent Residential Units	4,967	4,777	4,731	4,725	4,593	4,435	4,143	4,115	4,043	4,005
Average Daily Consumption (gallons per day)	930,000	886,000	858,000	848,000	750,000	738,000	725,408	698,041	735,359	734,828
Reuse										
Commercial Connections	48	45	45	45	45	46	44	43	42	42
Residential Connections	224	156	130	60	49	43	36	38	20	13
Total Equivalent Residential Units	631	499	472	401	390	384	206	196	180	173
Average Daily Consumption (gallons per day)	538,000	371,000	353,000	333,000	275,000	283,000	291,000	283,000	238,000	227,000
Wastewater										
Commercial Connections	294	291	289	287	283	280	271	266	263	261
Residential Connections	985	891	798	792	774	773	758	756	751	742
Total Connections	1,279	1,182	1,087	1,079	1,057	1,053	1,029	1,022	1,014	1,003
Total Equivalent Residential Units	2,912	2,781	2,698	2,689	2,659	2,440	2,232	2,205	2,178	2,165
Average Daily Sewage Treatment (gallons per day)	659,000	569,000	519,000	508,000	496,000	435,000	325,000	313,000	263,000	247,000

Notes:

⁽¹⁾ Average daily consumption is calculated using total gallons sold for year divided by 365 day year

Town of Lady Lake, Florida
Capital Assets by Function/Program

Last Ten Fiscal Years

Schedule E3

Function/Program	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Police										
Stations (Includes substation)	1	1	1	1	1	1	1	1	1	1
Sworn Officers (positions filled)	31	30	30	30	30	30	30	28	28	28
Administration Units	3	3	3	3	3	3	3	3	3	3
Patrol Units	23	27	22	22	23	24	24	22	21	21
Motorcycle Units	0	0	0	0	0	0	0	0	1	1
Investigation Units	3	3	3	3	3	2	2	2	2	2
School Resource Officer Unit	1	0	0	0	0	0	0	0	0	0
K-9 Officer with Dog Unit	2	2	2	2	1	1	1	1	1	1
Support (Non-Sworn)	6	5	6	6	6	6	6	6	6	7
Roads and Streets										
Paved Roads (miles)	68.08	63.6	63.22	63.22	62.64	62.64	62.64	62.64	62.64	61.44
Unpaved Roads (miles)	2.96	2.96	3.00	3.00	3.08	3.08	3.08	3.08	3.08	2.58
Sidewalks (feet)	30,250	30,250	30,250	30,250	30,250	30,250	30,250	30,250	30,250	26,084
Land Annexations (acreage)	-	35.90	172.71	202.39	273.45	0.16	9.53	39.06	5.81	4.89
Recreation and Community Development:										
Libraries	1	1	1	1	1	1	1	1	1	1
Acreage	64	64	64	54	54	54	54	54	54	54
Parks	5	5	5	4	4	4	4	4	4	4
Recreation Centers	1	1	1	1	1	1	1	1	1	1
Basketball Courts	1	1	1	1	1	1	1	1	1	1
Racquetball Handball Courts	4	4	4	4	4	4	4	4	4	4
Tennis Courts	2	2	2	2	2	2	2	2	2	2
Softball Fields	1	1	1	1	1	1	1	1	1	1
Baseball Fields	4	4	4	4	4	4	4	4	4	4
Playgrounds	1	1	1	1	1	1	1	1	1	1
Dog Park	1	1	1	1	1	1	1	1	1	1
Soccer Fields	3	3	3	3	3	3	3	3	3	3
Golf Driving Range	1	1	1	1	1	1	1	1	1	1
Water										
Water Mains (miles)	54.6	54.6	54.6	54.6	54.6	54.6	54.5	54.3	54.3	54.3
Storage Capacity (gallons)	965,000	965,000	565,000	565,000	565,000	565,000	565,000	565,000	565,000	565,000
Treatment Capacity (gallons per day)	2,358,000	2,358,000	2,358,000	2,358,000	2,358,000	2,358,000	2,358,000	2,358,000	2,358,000	2,358,000
Fire Hydrants	374	363	363	363	363	363	346	337	327	327
Water Plants	3	3	3	3	3	3	3	3	3	3
Reuse										
Water Mains (miles)	7.5	7.5	7.5	7.5	7.5	7.5	7.4	7.3	7.3	7.3
Storage Capacity (gallons)	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000



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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 the Town Commission
Town of Lady 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, each major fund, and the aggregate remaining fund information of the Town of Lady Lake, 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 March 3, 2025.

Report on Internal Control Over Financial Reporting

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

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

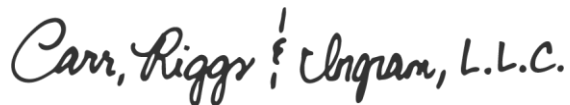
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items 2025-01, 2025-02 and 2025-03 that we consider to be material weaknesses.

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*.

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.



CARR, RIGGS & INGRAM, L.L.C.

Orlando, Florida
March 17, 2026

Town of Lady Lake, Florida
Schedule of Findings

FINANCIAL STATEMENT FINDINGS

2025-01 Internal Control on Financial Reporting (Material Weakness)

Condition: Journal entries were not properly approved. Utility exception reports identifying errors, overbillings or zero-meter reads were not reviewed or evidenced of corrective actions taken. Transfers between funds were not reconciled and reviewed.

Criteria: All internal control processes should be evidenced for review and approval.

Cause: Errors in utility billings were occurring with no corrections. Transfers between funds were incorrectly reported. Journal entries not approved by management prior to posting in the system.

Effect: Four out of twelve selected journal entries tested were not approved by management. Transfers between funds were not reconciled and out of balance by \$100,000. The Town could be over or underbilling customers.

Recommendation: We recommend all processes be documented with evidence of review and approval and reconciliation of accounts be completed at year end.

Management Response: See Corrective Action Plan at page 105.

2025-02 Capital Assets (Material Weakness)

Condition: Current activity on construction in progress were expensed in enterprise funds. Completed construction in progress projects were not classified as depreciable assets. Depreciation was not calculated for completed projects. Capital outlay in general fund had projects and assets not identified as additional capital assets.

Criteria: Following GASB 34, capital outlay should only record expenditures in governmental fund financial statements on the modified accrual basis. All other capital expenditures should be recorded as an asset and depreciated over the useful life. Upon completion of construction in progress, the total project cost should be a capital asset, depreciated over the useful life. Capital outlay expenditures were not identified properly for government wide capital assets.

Cause: Current year construction costs were classified as an expense in the enterprise funds. Upon completion of projects, completed projects were not identified as a depreciable capital asset. Capital outlay in governmental activities were not properly identified for government wide statements as capital asset additions.

Effect: Expenditures in enterprise funds were overstated by approximately \$1,300,000, depreciable capitalized assets were understated by \$22,000,000 and construction in progress was overstated by \$22,000,000. In addition, approximately \$415,000 of capital asset additions were not identified.

Recommendation: We recommend GASB 34 be followed relating to capital assets to ensure proper reporting within the governmental activities and enterprise funds.

Management Response: See Corrective Action Plan at page 106.

2025-03 Accounts Payable and Expenses (Material Weakness)

Condition: Invoices for services or purchases received prior to year end were not properly accrued.

Criteria: Following GASB 34, expenses for goods or services received, even if invoiced after year-end, should be accrued when the liability is incurred.

Cause: Purchases and services received prior to year end were not accrued when incurred.

Effect: Expenses and accounts payable were not properly accrued at year end for approximately \$600,000.

Recommendation: We recommend recording expenses and accrual once the goods or services are received.

Management Response: See Corrective Action Plan at page 107.



Municipal Complex, 409 Fennell Boulevard, Lady Lake, Florida 32159 USA

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March 3, 2026

MANAGEMENT RESPONSE

2025-01 Internal Control on Financial Reporting (Material Weakness)

Management acknowledges the findings related to internal control processes over financial reporting and utility billing procedures. We take these matters seriously and are committed to implementing corrective actions to strengthen oversight, documentation, and reconciliation procedures.

Journal Entry Approvals:

We will implement a formal journal entry review and approval process requiring documented supervisory approval prior to posting in the financial system. Access controls will be reviewed and updated to ensure segregation of duties. A standardized approval form and electronic tracking log will be in place to evidence review and authorization.

Utility Exception Reports:

Procedures have been established requiring monthly review of utility exception reports, including zero-meter reads, overbillings, and other anomalies. Documentation of review and corrective action will be maintained. Staff training will be conducted to ensure billing errors are promptly identified, corrected, and properly documented.

Transfers Between Funds:

A reconciliation process for interfund transfers has will be implemented. All transfers will now be reviewed monthly and formally reconciled at year-end to ensure balances agree across funds. The prior \$100,000 imbalance has been identified, corrected, and properly recorded in the financial system.

Documentation of Internal Controls:

Management is in the process of formalizing written internal control procedures to ensure consistent documentation of review, approval, and reconciliation activities. Year-end reconciliations will be completed and evidenced in writing going forward.

Town of Lady Lake, Florida Corrective Action Plan (Continued)

We believe these corrective actions address the material weakness identified and will significantly improve the reliability and oversight of our financial reporting processes. Management is committed to ongoing monitoring to ensure compliance and effectiveness of these enhanced controls.

2025-02 Capital Assets (Material Weakness)

Management acknowledges the material weakness identified in the accounting and reporting of capital assets and construction in progress. We agree that certain capital expenditures were not recorded in accordance with Governmental Accounting Standards Board Statement No. 34 requirements and that improvements are necessary to ensure proper classification, capitalization, and depreciation of assets.

Enterprise Fund Construction Costs:

Construction costs recorded as expenses in the enterprise funds will be reviewed and reclassified as Construction in Progress (CIP) where appropriate. Procedures have been implemented to ensure that all future capital-eligible expenditures are reviewed prior to posting and recorded as capital assets rather than operating expenses.

Completion and Capitalization of Projects:

Management will conduct a comprehensive review of all completed CIP projects. Projects totaling approximately \$22,000,000 have been identified, reclassified from CIP to depreciable capital assets, and assigned appropriate useful lives. Depreciation schedules will be established and will be calculated and recorded beginning in the current fiscal year.

Governmental Activities and Government-Wide Reporting:

Capital outlay expenditures in the General Fund have been reviewed to identify assets totaling approximately \$415,000 that were not previously captured in the government-wide capital asset records. These assets have will be added to the capital asset ledger. Procedures will be implemented to reconcile capital outlay expenditures to capital asset additions at year-end to ensure completeness and accuracy.

Corrective Measures Implemented:

- A formal capital asset policy will be adopted outlining capitalization thresholds, asset classification, depreciation methods, and documentation requirements.
- A year-end capital asset reconciliation process will be established between the general ledger, CIP schedules, and fixed asset subsidiary ledger.

Town of Lady Lake, Florida Corrective Action Plan (Continued)

- Staff training will be conducted on GASB 34 capital asset reporting requirements.
- Management review and approval of all CIP transfers and depreciation calculations will be documented annually.

Management believes these corrective actions address the deficiencies noted and will ensure compliance with GASB 34 and accurate reporting of capital assets in both fund financial statements and government-wide statements going forward. Ongoing monitoring procedures have been implemented to prevent recurrence of these issues.

2025-03 Accounts Payable and Expenses (Material Weakness)

Management acknowledges the material weakness identified regarding the failure to properly accrue accounts payable and related expenses at fiscal year-end. We agree that certain goods and services received prior to year-end were not recorded in accordance with guidance established under Governmental Accounting Standards Board Statement No. 34.

Corrective Actions Taken:

1. Year-End Accrual Process Implemented

A formal year-end accounts payable accrual procedure will be established. Departments are now required to submit documentation of all goods received and services performed prior to year-end, regardless of invoice date. A standardized accrual form will be implemented to ensure completeness and consistency.

2. Cutoff Procedures Strengthened

Management will implement enhanced cutoff testing procedures at fiscal year-end. This includes a review of subsequent disbursements to identify liabilities incurred prior to year-end that require accrual.

3. Reconciliation and Review Controls

A year-end reconciliation of accounts payable, accrued expenses, and expenditures will be completed and formally reviewed by management. Documentation of review and approval will be maintained as evidence of internal control.

4. Training and Oversight

Finance staff and department heads have been provided with training regarding accrual-based reporting requirements and year-end cutoff procedures to ensure proper identification of liabilities. Management oversight of the year-end closing process has been increased to ensure compliance.

5. Adjustment of Prior-Year Amounts


The approximately \$600,000 in unrecorded liabilities has been identified and appropriately recorded in the financial statements.

Management believes these corrective actions address the deficiency noted and will ensure that expenses and related liabilities are properly recognized in the period in which goods and services

**Town of Lady Lake, Florida
Corrective Action Plan (Continued)**

are received. Ongoing monitoring procedures have been implemented to prevent recurrence of this issue.

Best Regards,

A handwritten signature in black ink, appearing to read "William Lawrence", written in a cursive style.

William Lawrence, Town Manager



CARR, RIGGS & INGRAM, L.L.C.

Carr, Riggs & Ingram, L.L.C.

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MANAGEMENT LETTER REQUIRED BY CHAPTER 10.550, RULES OF THE AUDITOR GENERAL

Honorable Mayor and Members of the Town Commission
Town of Lady Lake, Florida

Report on the Financial Statements

We have audited the financial statements of the Town of Lady Lake, Florida (the Town) as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated March 17, 2026.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, and Independent Accountants' 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 and schedule, which are dated September 30, 2025, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no corrective actions needing to be taken in preceding annual 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. The legal authority of the Town of Lady Lake, Florida and its component unit are disclosed in the footnotes.

Financial Condition and Management

Section 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 of more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific conditions 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. 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

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

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 warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

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

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, L.L.C.

Orlando, Florida
March 17, 2026

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CARR, RIGGS & INGRAM, L.L.C.

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INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES

The Honorable Mayor and Members of the Town Commission
Town of Lady Lake, Florida

We have examined the Town of Lady Lake, Florida's (the Town) compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2025. Management of the Town is responsible for the Town's compliance with the specified requirements. Our responsibility is to express an opinion on the Town's compliance with the specified requirements 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 the Town complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Town 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 obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

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

In our opinion, the Town complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2025, except as noted below:

The Town did not have the designated individual take the required continuing education courses as required by Florida Statute 218.415.

This report is intended solely for the information and use of the Town's Commission, management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

Orlando, Florida

March 17, 2026

Municipal Complex, 409 Fennell Blvd, Lady Lake, FL 32159
352-751-1538 Fax 352-751-0229 www.ladylake.org



AFFIDAVIT

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

1. I am the Finance Director of the Town of Lady Lake, which is a local governmental entity of the State of Florida.
2. The Town of Lady Lake adopted Ordinance Nos. 2008-29, 2008-30, 2009-04, and 2014-01 implementing new and updating existing impact fees.
3. The Town of Lady Lake has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

FURTHER AFFIANT SAYETH NAUGHT.



Joella LeDonne, Finance Director

STATE OF FLORIDA
COUNTY OF LAKE

SWORN TO AND SUBSCRIBED before me this 18th day of December, 2025.



NOTARY PUBLIC
Print Name: Julia Mae Harris

Personally known or produced identification _____

Type of identification produced: _____

My Commission Expires: 6/1/2026

