

Financial Report

September 30, 2025

City of Mascotte, Florida

Introductory Section

	<u>Page</u>
I. Introductory Section:	
Table of Contents	i-ii
List of Principal Officials	iii
II. Financial Section:	
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-10
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements:	
Balance Sheet - Governmental Funds	13
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	14
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	17
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Infrastructure Special Revenue Fund	18
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Community Redevelopment Fund	19
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - American Rescue Plan Act	20
Statement of Net Position - Proprietary Funds	21
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	22
Statement of Cash Flows - Proprietary Funds	23-24
Notes to Financial Statements	25-38

	<u>Page</u>
II. Financial Section - Continued:	
Combining and Individual Fund Statements and Schedules:	
Nonmajor Governmental Funds:	
Combining Balance Sheet - Other Governmental Funds	39
Combining Statement of Revenues, Expenditures and Changes In Fund Balances - Other Governmental Funds	40
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual: Special Revenue Funds	41-45
III. Other Reports:	
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 <i>Government Auditing Standards</i>	46
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance with the Uniform Guidance	47-48
Schedule of Expenditures of Federal Awards	49
Notes to Schedule of Expenditures of Federal Awards	50
Schedule of Findings and Questioned Costs	51
Management Letter	52-53
Independent Accountant's Report on Compliance with the Requirements of Section 218.415, Florida Statutes	54

MAYOR

Steven Sheffield

CITY COUNCIL

Jessica Bruno, Mayor Pro-Tem

Robin Hughes, Council Member

Meghan Desoto, Council Member

Randy Brasher, Council Member

CITY MANAGER

Annamarie Reno

CITY FINANCE DIRECTOR

Dolly Miller

Financial Section

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Mascotte, Florida

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison statements for the General Fund, Infrastructure Special Revenue Fund, Community Redevelopment Fund and the American Rescue Plan Act Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (GAS)*, 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 City 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 City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City'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 City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on page 3 through 10 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 City's basic financial statements. The combining and individual fund financial statements and schedules and schedule of expenditures of federal awards are presented for purposes of additional analysis and are not a required part of the 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 information 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 section, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements does 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 6, 2026 on our consideration of the City'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 City'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 the City's internal control over financial reporting and compliance.

McDiernit Davis

Orlando, Florida
March 6, 2026

As management of the *City of Mascotte, Florida* we offer readers of the *City of Mascotte's* financial statements this narrative overview and analysis of the financial activities of the *City of Mascotte* 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.

Financial Highlights

- The assets of the *City of Mascotte* exceeded its liabilities at the close of the current fiscal year by \$53,667,843 (net position). Of this amount, \$20,523,687 represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$12,019,403.
- As of the close of the current fiscal year, the *City of Mascotte's* governmental funds reported combined ending fund balances of \$18,569,609 an increase of \$4,003,649 in comparison with the prior year. Approximately 56% of this total amount, \$10,320,524, is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$10,320,524 or 167% of total general fund expenditures.

Overview of the Financial Statements

The financial statements focus on both the City as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year-to-year or government-to-government) and enhance the City's accountability.

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

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the *City of Mascotte's* financial position, in a manner similar to a private-sector business. They include a *Statement of Net Position* and a *Statement of Activities*.

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

The *Statement of Activities* presents information showing how the government's net position changed during the current 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 of the government-wide financial statements distinguish functions of the *City of Mascotte* that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the *City of Mascotte* include general government, public safety, public works, sanitation and recreation services. The business-type activities of the *City of Mascotte* include Water, Sewer and Stormwater management.

The government-wide financial statements include only the *City of Mascotte* itself (known as the *primary government*) and one blended component unit (The Community Redevelopment Fund).

The government-wide financial statements can be found on pages 11 - 12 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 *City of Mascotte*, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the *City of Mascotte* can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The *City of Mascotte* maintains nine individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, the Infrastructure Special Revenue Fund, the Community Redevelopment Fund, and American Rescue Plan Act Fund which are considered to be major funds. Data from the other five governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The *City of Mascotte* adopts an annual appropriated budget for all of its governmental funds. Budgetary comparison statements have been provided for the General Fund, the Infrastructure Special Revenue Fund, the Community Redevelopment Fund, and American Rescue Plan Act Fund to demonstrate compliance with this budget at pages 17 - 20. Budgetary comparison schedules have been provided for the nonmajor funds at pages 41 - 45.

The basic governmental fund financial statements can be found on pages 13 - 16 of this report.

Proprietary Funds

City of Mascotte maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The *City of Mascotte* uses enterprise funds to account for Water, Sewer and Stormwater Management.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for Water, Sewer and Stormwater Management.

The basic proprietary fund financial statements can be found on pages 21 - 24 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 25 - 38 of this report.

Other Information

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the Notes to Financial Statements. Combining and individual fund statements and schedules can be found on pages 39 - 45 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 *City of Mascotte*, assets exceeded liabilities by \$53,667,843 at the close of the current fiscal year. The following table reflects the condensed statement of net position for the current and prior year. For more detail see the Statement of Net Position on page 11.

Statement of Net Position as of September 30:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Assets:						
Current and other assets	\$ 19,378,692	\$ 18,373,010	\$ 19,717,549	\$ 13,551,500	\$ 39,096,241	\$ 31,924,510
Capital assets	8,143,461	4,292,254	13,743,641	13,390,715	21,887,102	17,682,969
Total Assets	27,522,153	22,665,264	33,461,190	26,942,215	60,983,343	49,607,479
Liabilities:						
Long term liabilities	570,957	422,717	1,866,437	816,202	2,437,394	1,238,919
Other liabilities	809,083	3,807,050	4,069,023	2,913,070	4,878,106	6,720,120
Total Liabilities	1,380,040	4,229,767	5,935,460	3,729,272	7,315,500	7,959,039
Net Position:						
Net investment in capital assets	8,011,726	4,234,973	12,023,984	12,694,850	20,035,710	16,929,823
Restricted	7,406,767	5,896,687	5,701,679	4,307,548	13,108,446	10,204,235
Unrestricted	10,723,620	8,303,837	9,800,067	6,210,545	20,523,687	14,514,382
Total Net Position	\$ 26,142,113	\$ 18,435,497	\$ 27,525,730	\$ 23,212,943	\$ 53,667,843	\$ 41,648,440

\$20,035,710 (37%) of the City's net position reflects its investment in capital assets (e.g., land, buildings, improvements, infrastructure and equipment). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Net position that are subject to external restrictions as to how they may be used total \$13,108,446 (24%). The remaining balance of *unrestricted net position* (\$20,523,687 or 39%) may be used to meet the government's ongoing obligations to citizens and creditors.

The City's net position increased by \$12,019,403 during the current fiscal year. The following table reflects the condensed Statement of Activities for the current year. For more detail see the Statement of Activities on page 12.

City of Mascotte, Florida
Management's Discussion and Analysis

Changes in Net Position as of September 30:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program Revenues:						
Charges for services	\$ 4,119,536	\$ 3,341,092	\$ 4,513,071	\$ 3,450,880	\$ 8,632,607	\$ 6,791,972
Operating grants and contributions	263,949	150,309	-	-	263,949	150,309
Capital grants and contributions	3,824,883	401,396	2,083,673	2,397,370	5,908,556	2,798,766
General Revenues:						
Property taxes	2,868,690	2,128,167	-	-	2,868,690	2,128,167
Franchise and utility taxes	939,868	762,496	-	-	939,868	762,496
Intergovernmental	2,217,406	2,094,125	-	-	2,217,406	2,094,125
Investment income and miscellaneous	550,742	441,948	172,544	93,438	723,286	535,386
Total revenues	14,785,074	9,319,533	6,769,288	5,941,688	21,554,362	15,261,221
Expenses:						
General government	2,753,280	2,380,523	-	-	2,753,280	2,380,523
Public safety	2,453,836	2,149,106	-	-	2,453,836	2,149,106
Public works	742,342	636,653	-	-	742,342	636,653
Sanitation	893,425	769,706	-	-	893,425	769,706
Culture and recreation	187,622	104,916	-	-	187,622	104,916
Interest on long-term debt	247	92	-	-	247	92
Water and sewer	-	-	2,270,656	1,796,959	2,270,656	1,796,959
Stormwater	-	-	233,551	222,224	233,551	222,224
Total expenses	7,030,752	6,040,996	2,504,207	2,019,183	9,534,959	8,060,179
Increase (decrease) in net position before transfers	7,754,322	3,278,537	4,265,081	3,922,505	12,019,403	7,201,042
Transfers	(47,706)	90,000	47,706	(90,000)	-	-
Increase (decrease) in Net position	7,706,616	3,368,537	4,312,787	3,832,505	12,019,403	7,201,042
Net position, October 1	18,435,497	15,066,960	23,212,943	19,380,438	41,648,440	34,447,398
Net position, September 30	\$ 26,142,113	\$ 18,435,497	\$ 27,525,730	\$ 23,212,943	\$ 53,667,843	\$ 41,648,440

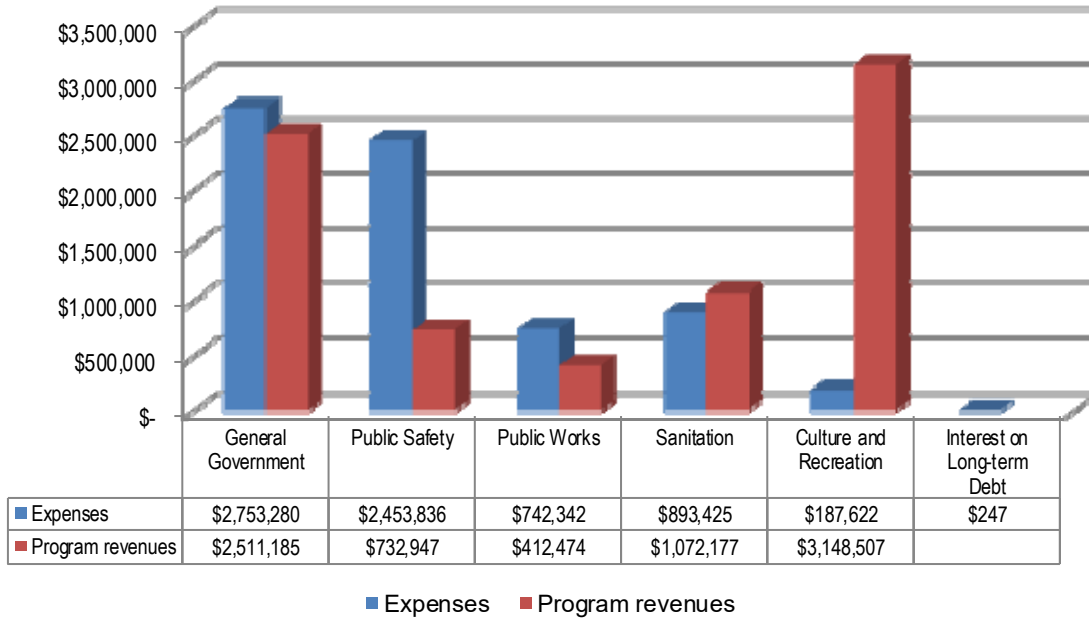
Governmental Activities

Governmental activities increased the City of Mascotte's net position by \$7,706,616. This was due to increases in property tax revenue and capital grants for the recognition of the remaining ARPA funds.

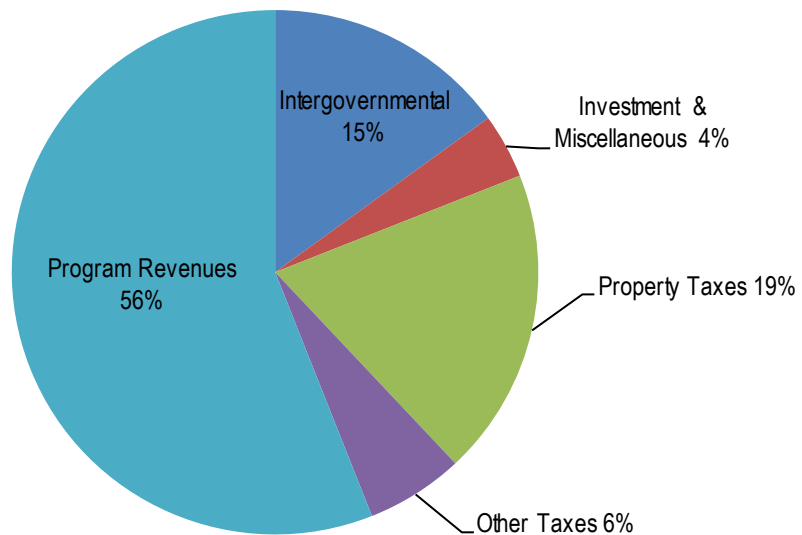
Business-Type Activities

Business-type activities increased the City of Mascotte's net position by \$4,312,787 primarily due to increased collections of sewer services.

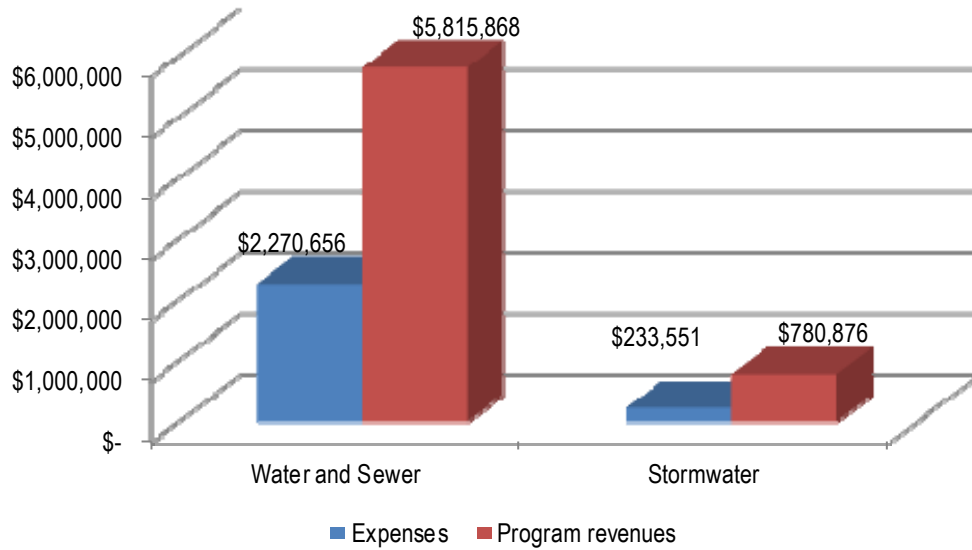
Expenses and Program Revenues - Governmental Activities



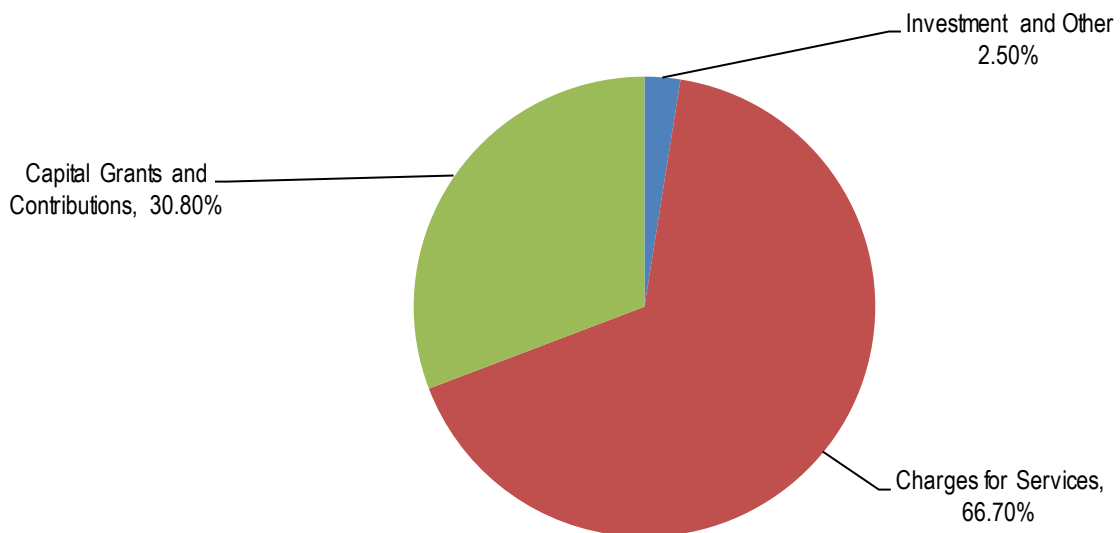
Revenue by Source - Governmental Activities



Expenses and Program Revenues - Business-Type Activities



Revenue by Source - Business-Type Activities



Financial Analysis of the Government's Funds

As noted earlier, the *City of Mascotte* uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

Governmental Funds

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

As of the end of the current fiscal year, the *City of Mascotte's* governmental funds reported combined ending fund balances of \$18,569,609, an increase of \$4,003,649 in comparison with the prior year. Approximately 56% or \$10,320,524 of this total amount constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is restricted, committed, or assigned to indicate that it is not available for new spending because it has already been committed for such purposes as debt service, capital projects, inventories and prepaid costs.

The general fund is the chief operating fund of the *City of Mascotte*. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$10,320,524 while total fund balance was \$11,328,992. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned and total fund balance represent 167% and 183% respectively, of total General Fund expenditures.

The fund balance of the general fund increased by \$2,493,569 during the current fiscal year due to an increase in property tax revenues and license and permit revenues.

The fund balance of the infrastructure special revenue fund increased by \$469,159 during the current fiscal year due to projects related to the recreational sports complex that did not occur in the 24-25 fiscal year but were carried over to the 25-26 fiscal year.

The fund balance of the community redevelopment fund increased \$243,041 due to the increase in taxable value within the redevelopment area.

The fund balance of the American rescue plan act fund decreased due to the recognition of the remaining ARPA revenues and expenditures.

Proprietary Funds

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

Unrestricted net position of the proprietary funds at the year-end amounted to \$9,800,067. The total increase in net position for these funds was \$4,312,787. Other factors concerning the finances of these two funds have already been addressed in the discussion of the *City of Mascotte's* business-type activities.

General Fund Budgetary Highlights

During the year, actual revenues were \$1,059,247 more than budgeted revenues and actual expenditures were \$1,363,484 less than budgeted expenditures. The original budget was amended to increase licenses and permits, and charges for services revenue. Appropriations for general government, public works, and sanitation were also increased in the final budget.

Capital Asset and Debt Administration

Capital Assets

The *City of Mascotte's* investment in capital assets for its governmental and business-type activities as of September 30, 2025, amounts to \$21,887,102 (net of accumulated depreciation), for an increase of \$4,204,133 from the prior year. This investment in capital assets includes land, buildings, improvements, machinery and equipment and infrastructure. The total increase in the City's investment in capital assets for the current fiscal year was 23.78% (an 89.72% increase for governmental activities, and 2.64% increase for business-type activities).

Capital Assets (Net of Depreciation) as of September 30:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Land	\$ 928,017	\$ 928,017	\$ 1,680,689	\$ 1,680,689	\$ 2,608,706	\$ 2,608,706
Construction in progress	3,789,944	680,256	653,240	2,990,450	4,443,184	3,670,706
Buildings	869,654	933,860	1,044	2,619	870,698	936,479
Improvements / infrastructure	1,716,378	1,035,124	10,587,939	7,868,210	12,304,317	8,903,334
Machinery and equipment	839,468	714,997	364,696	382,244	1,204,164	1,097,241
Intangibles	-	-	456,033	466,503	456,033	466,503
Total	\$ 8,143,461	\$ 4,292,254	\$ 13,743,641	\$ 13,390,715	\$ 21,887,102	\$ 17,682,969

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

Long-Term Debt

At the end of the current fiscal year, the *City of Mascotte* had total debt outstanding of \$1,851,392. Additional information on long-term debt can be found in Note 7 of this report.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Notes payable	\$ 131,735	\$ 57,281	\$ 1,719,657	\$ 695,865	\$ 1,851,392	\$ 753,146
	<u>\$ 131,735</u>	<u>\$ 57,281</u>	<u>\$ 1,719,657</u>	<u>\$ 695,865</u>	<u>\$ 1,851,392</u>	<u>\$ 753,146</u>

The City's total debt increased by \$1,098,246 during the current fiscal year.

Next Year's Budget and Rates

During the current fiscal year, the unassigned fund balance in the General Fund totaled \$10,320,524. None of the unassigned fund balance is budgeted for appropriations in the 2025 budget. The City is expecting to incur enough revenues in 2025 to cover expenditures to mitigate any need to draw on 2024 unassigned fund balance.

Requests for Information

This financial report is designed to provide a general overview of the *City of Mascotte's* finances for all those with an interest in the government's finances. Questions concerning any of the information should be addressed to the office of the Finance Director, *City of Mascotte*, 100 East Myers Boulevard, Mascotte, Florida 34753.

Basic Financial Statements

City of Mascotte, Florida
Statement of Net Position
September 30, 2025

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and cash equivalents	\$ 9,324,425	\$ 10,000,439	\$ 19,324,864
Investments	9,775,000	8,300,000	18,075,000
Receivables, net	121,479	728,023	849,502
Due from other governments	153,350	527,888	681,238
Inventories	4,438	96,199	100,637
Restricted investments	-	65,000	65,000
Capital assets:			
Capital assets not being depreciated	4,717,961	2,333,929	7,051,890
Capital assets being depreciated, net of accumulated depreciation	3,425,500	11,409,712	14,835,212
Total assets	27,522,153	33,461,190	60,983,343
Liabilities:			
Accounts payable and accrued expenses	745,420	133,879	879,299
Due to other governments	-	3,404,584	3,404,584
Accrued interest	-	6,965	6,965
Deposits payable	63,663	523,595	587,258
Noncurrent Liabilities:			
Due within one year	88,803	193,995	282,798
Due in more than one year	482,154	1,672,442	2,154,596
Total liabilities	1,380,040	5,935,460	7,315,500
Net Position:			
Net investment in capital assets	8,011,726	12,023,984	20,035,710
Restricted for:			
Infrastructure	3,002,191	-	3,002,191
Capital improvements	-	5,701,679	5,701,679
Community redevelopment	1,907,031	-	1,907,031
Public safety	1,145,172	-	1,145,172
Culture and recreation	1,019,148	-	1,019,148
Physical Environment	333,225	-	333,225
Unrestricted	10,723,620	9,800,067	20,523,687
Total net position	\$ 26,142,113	\$ 27,525,730	\$ 53,667,843

City of Mascotte, Florida
Statement of Activities
For the Year Ended September 30, 2025

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary Government							
Governmental Activities:							
General government	\$ 2,753,280	\$ 2,506,185	\$ 5,000	\$ -	\$ (242,095)	\$ -	\$ (242,095)
Public safety	2,453,836	361,714	24,093	347,140	(1,720,889)	-	(1,720,889)
Public works	742,342	177,618	234,856	331,078	1,210	-	1,210
Sanitation	893,425	1,072,177	-	-	178,752	-	178,752
Culture and recreation	187,622	1,842	-	3,146,665	2,960,885	-	2,960,885
Interest on long-term debt	247	-	-	-	(247)	-	(247)
Total governmental activities	7,030,752	4,119,536	263,949	3,824,883	1,177,616	-	1,177,616
Business-type Activities:							
Water	2,270,656	4,204,595	-	1,611,273	-	3,545,212	3,545,212
Stormwater	233,551	308,476	-	472,400	-	547,325	547,325
Total business-type activities	2,504,207	4,513,071	-	2,083,673	-	4,092,537	4,092,537
Total primary government	\$ 9,534,959	\$ 8,632,607	\$ 263,949	\$ 5,908,556	1,177,616	4,092,537	5,270,153
General Revenues:							
Property taxes					2,868,690	-	2,868,690
Franchise and utility taxes					939,868	-	939,868
Intergovernmental					2,217,406	-	2,217,406
Unrestricted investment earnings					364,317	172,544	536,861
Miscellaneous					139,231	-	139,231
Gain on sale of assets					47,194	-	47,194
Transfers					(47,706)	47,706	-
Total general revenues and transfers					6,529,000	220,250	6,749,250
Change in Net position					7,706,616	4,312,787	12,019,403
Net position, beginning					18,435,497	23,212,943	41,648,440
Net position, ending					\$ 26,142,113	\$ 27,525,730	\$ 53,667,843

City of Mascotte, Florida
Balance Sheet - Governmental Funds
September 30, 2025

	General Fund	Infrastructure Special Revenue Fund	Community Redevelopment Fund	American Rescue Plan Act Fund	Other Governmental Funds	Total Governmental Funds
Assets:						
Cash and cash equivalents	\$ 5,383,470	\$ 1,200,110	\$ 901,634	\$ 110,760	\$ 1,728,451	\$ 9,324,425
Investments	6,175,000	2,000,000	1,000,000	-	600,000	9,775,000
Due from other governments	91,984	61,366	-	-	-	153,350
Other receivables	99,095	9,987	9,097	-	3,300	121,479
Inventories	4,438	-	-	-	-	4,438
Total assets	\$ 11,753,987	\$ 3,271,463	\$ 1,910,731	\$ 110,760	\$ 2,331,751	\$ 19,378,692
Liabilities:						
Accounts payable	\$ 269,285	\$ 269,272	\$ 3,700	\$ 110,760	\$ 356	\$ 653,373
Deposits payable	63,663	-	-	-	-	63,663
Other accrued expenses	92,047	-	-	-	-	92,047
Total liabilities	424,995	269,272	3,700	110,760	356	809,083
Fund Balances:						
Nonspendable	4,438	-	-	-	-	4,438
Restricted	166,150	3,002,191	1,907,031	-	2,331,395	7,406,767
Assigned	837,880	-	-	-	-	837,880
Unassigned	10,320,524	-	-	-	-	10,320,524
Total fund balances	11,328,992	3,002,191	1,907,031	-	2,331,395	18,569,609
Total liabilities and fund balances	\$ 11,753,987	\$ 3,271,463	\$ 1,910,731	\$ 110,760	\$ 2,331,751	\$ 19,378,692

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

September 30, 2025

Total Fund Balance, Governmental Funds	\$ 18,569,609
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	8,143,461
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Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the funds	
Long-term liabilities	(570,957)

Net position of governmental activities in the statement of net position	<u><u>\$ 26,142,113</u></u>
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City of Mascotte, Florida
Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
Year Ended September 30, 2025

	General Fund	Infrastructure Special Revenue Fund	Community Redevelopment Fund	American Rescue Plan Act Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes:						
Property	\$ 1,764,791	\$ -	\$ 1,103,899	\$ -	\$ -	\$ 2,868,690
Franchise and utility	939,868	-	-	-	-	939,868
Fees and fines	310,032	-	-	-	2,881	312,913
Impact fees/special assessments	-	-	-	-	939,821	939,821
Licenses and permits	2,057,654	-	-	-	-	2,057,654
Intergovernmental	1,419,753	1,061,602	-	2,885,062	-	5,366,417
Charges for services	1,748,969	-	-	-	-	1,748,969
Investment earnings	240,449	65,534	31,737	-	26,597	364,317
Miscellaneous	139,231	-	-	-	-	139,231
Total revenues	8,620,747	1,127,136	1,135,636	2,885,062	969,299	14,737,880
Expenditures:						
Current:						
General government	2,400,754	97,038	892,337	-	-	3,390,129
Public safety	2,133,588	247,585	-	-	86,485	2,467,658
Public works	634,896	137,475	-	-	-	772,371
Sanitation	893,425	-	-	-	-	893,425
Culture and recreation	135,353	256,597	-	2,885,322	64,328	3,341,600
Debt service:						
Principal	-	49,223	-	-	6,264	55,487
Interest and other charges	-	-	-	-	247	247
Total expenditures	6,198,016	787,918	892,337	2,885,322	157,324	10,920,917
Excess (deficiency) of revenues over expenditures	2,422,731	339,218	243,299	(260)	811,975	3,816,963
Other Financing Sources (Uses):						
Transfers in	14,093	-	-	258	-	14,351
Transfers out	-	-	(258)	(14,093)	-	(14,351)
Loans Issued	-	129,941	-	-	-	129,941
Sale of general capital assets	56,745	-	-	-	-	56,745
Total other financing sources (uses)	70,838	129,941	(258)	(13,835)	-	186,686
Net change in fund balances	2,493,569	469,159	243,041	(14,095)	811,975	4,003,649
Fund balances, beginning	8,835,423	2,533,032	1,663,990	14,095	1,519,420	14,565,960
Fund balances, ending	\$ 11,328,992	\$ 3,002,191	\$ 1,907,031	\$ -	\$ 2,331,395	\$ 18,569,609

City of Mascotte, Florida
**Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities**
Year Ended September 30, 2025

\$ 4,003,649

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

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

This is the amount by which capital outlays exceeded depreciation in the current period. 3,860,758

Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities report only the gain on the sale of the assets. Thus, the change in net assets differs from the change in fund balance by the cost of the asset sold. (9,551)

Governmental funds report note proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. (74,454)

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds. (73,786)

Change in net position of governmental activities \$ 7,706,616

**Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund**

Year Ended September 30, 2025

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property taxes	\$ 1,782,018	\$ 1,782,018	\$ 1,764,791	\$ (17,227)
Franchise and utility	774,982	774,982	939,868	164,886
Fees and fines	18,000	18,000	310,032	292,032
Licenses and permits	1,635,000	1,970,000	2,057,654	87,654
Intergovernmental	1,333,600	1,333,600	1,419,753	86,153
Charges for services	1,461,400	1,576,400	1,748,969	172,569
Investment earnings	10,000	10,000	240,449	230,449
Miscellaneous	96,500	96,500	139,231	42,731
Total revenues	7,111,500	7,561,500	8,620,747	1,059,247
Expenditures:				
Current:				
General government	2,280,100	2,630,100	2,400,754	229,346
Public safety	3,076,400	3,076,400	2,133,588	942,812
Public works	654,900	746,000	634,896	111,104
Sanitation	800,000	900,000	893,425	6,575
Culture and recreation	209,000	209,000	135,353	73,647
Total expenditures	7,020,400	7,561,500	6,198,016	1,363,484
Excess (deficiency) of revenues over expenditures	91,100	-	2,422,731	2,422,731
Other Financing Sources (Uses):				
Transfers in	-	-	14,093	14,093
Sale of assets	-	-	56,745	56,745
Total other financing sources (uses)	-	-	70,838	70,838
Net change in fund balances	91,100	-	2,493,569	2,493,569
Fund balance, beginning	8,835,423	8,835,423	8,835,423	-
Fund balance, ending	\$ 8,926,523	\$ 8,835,423	\$ 11,328,992	\$ 2,493,569

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Infrastructure Special Revenue Fund

Year Ended September 30, 2025

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 850,000	\$ 850,000	\$ 1,061,602	\$ 211,602
Investment earnings	1,000	1,000	65,534	64,534
Total revenues	851,000	851,000	1,127,136	276,136
Expenditures:				
Current:				
General Government	95,000	95,000	97,038	(2,038)
Public safety	276,000	276,000	247,585	28,415
Public works	266,000	266,000	137,475	128,525
Culture and recreation	-	503,500	256,597	246,903
Debt:				
Principal	50,000	50,000	49,223	777
Total expenditures	687,000	1,190,500	787,918	402,582
Excess (deficiency) of revenues over expenditures	164,000	(339,500)	339,218	678,718
Other Financing Sources (Uses):				
Notes issued	130,000	130,000	129,941	(59)
Total other financing sources (uses)	130,000	130,000	129,941	(59)
Net change in fund balances	294,000	(209,500)	469,159	678,659
Fund balance, beginning	2,533,032	2,533,032	2,533,032	-
Fund balance, ending	\$ 2,827,032	\$ 2,323,532	\$ 3,002,191	\$ 678,659

**Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual - Community Redevelopment Fund**

Year Ended September 30, 2025

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 1,110,500	\$ 1,110,500	\$ 1,103,899	\$ (6,601)
Investment earnings	2,000	2,000	31,737	29,737
Total revenues	1,112,500	1,112,500	1,135,636	23,136
Expenditures:				
Current:				
General government	526,100	1,151,500	892,337	259,163
Total expenditures	526,100	1,151,500	892,337	259,163
Excess (deficiency) of revenues over expenditures	586,400	(39,000)	243,299	282,299
Other Financing Sources (Uses):				
Transfers out	-	-	(258)	(258)
Total other financing sources (uses)	-	-	(258)	(258)
Net change in fund balances	586,400	(39,000)	243,041	282,041
Fund balance, beginning	1,663,990	1,663,990	1,663,990	-
Fund balance, ending	\$ 2,250,390	\$ 1,624,990	\$ 1,907,031	\$ 282,041

**Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - American Rescue Plan Act**

For the Year Ended September 30, 2025

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 2,885,062	\$ 2,885,062
Total revenues	-	-	2,885,062	2,885,062
Expenditures:				
Current:				
Culture and recreation	2,817,400	2,817,400	2,885,322	(67,922)
Total expenditures	2,817,400	2,817,400	2,885,322	(67,922)
Excess (deficiency) of revenues over expenditures	(2,817,400)	(2,817,400)	(260)	2,817,140
Other Financing Sources (Uses):				
Transfer out	-	-	(14,093)	(14,093)
Transfer in	-	-	258	258
Total other financing sources (uses)	-	-	(13,835)	(13,835)
Net change in fund balances	(2,817,400)	(2,817,400)	(14,095)	2,803,305
Fund balance, beginning	14,095	14,095	14,095	-
Fund balance, ending	\$ (2,803,305)	\$ (2,803,305)	\$ -	\$ 2,803,305

City of Mascotte, Florida
Statement of Net Position - Proprietary Funds
September 30, 2025

	Enterprise Funds		Total
	Water and Sewer	Stormwater	
Assets:			
Current Assets:			
Cash and cash equivalents	\$ 9,501,512	\$ 498,927	\$ 10,000,439
Investments	8,000,000	300,000	8,300,000
Accounts receivable, net	639,045	47,208	686,253
Due from other governments	203,988	323,900	527,888
Other receivables	40,122	1,648	41,770
Inventories	96,199	-	96,199
Restricted investments	35,000	30,000	65,000
Total current assets	18,515,866	1,201,683	19,717,549
Noncurrent Assets:			
Capital Assets:			
Land	1,680,689	-	1,680,689
Construction in progress	184,490	468,750	653,240
Infrastructure	15,027,444	1,655,149	16,682,593
Intangible assets	537,653	766	538,419
Buildings	15,752	-	15,752
Machinery and equipment	738,185	249,646	987,831
Less accumulated depreciation	(5,900,450)	(914,433)	(6,814,883)
Total noncurrent assets	12,283,763	1,459,878	13,743,641
Total assets	30,799,629	2,661,561	33,461,190
Liabilities:			
Current Liabilities:			
Accounts payable	91,199	1,205	92,404
Salaries payable	26,104	3,542	29,646
Other accrued expenses	11,829	-	11,829
Due to other governments	3,404,584	-	3,404,584
Customer deposits payable	523,595	-	523,595
Unearned revenue	-	-	-
Interest payable	5,783	1,182	6,965
Compensated absences	11,257	3,421	14,678
Notes payable	157,783	21,534	179,317
Total current liabilities	4,232,134	30,884	4,263,018
Noncurrent Liabilities:			
Compensated absences	101,309	30,793	132,102
Notes payable	1,190,974	349,366	1,540,340
Total noncurrent liabilities	1,292,283	380,159	1,672,442
Total liabilities	5,524,417	411,043	5,935,460
Net Position:			
Net investment in capital assets	10,935,006	1,088,978	12,023,984
Restricted for capital improvements	5,701,679	-	5,701,679
Unrestricted	8,638,527	1,161,540	9,800,067
Total net position	\$ 25,275,212	\$ 2,250,518	\$ 27,525,730

Statement of Revenues, Expenses and Changes in Fund Net Position -**Proprietary Funds**

Year Ended September 30, 2025

	Enterprise Funds		Total
	Water and Sewer	Stormwater	
Revenues:			
Charges for services	\$ 4,204,595	\$ 308,476	\$ 4,513,071
Total operating revenues	4,204,595	308,476	4,513,071
Operating Expenses:			
Salaries and benefits	807,907	123,040	930,947
Contractual services	218,952	17,764	236,716
Repairs and maintenance	234,282	8,401	242,683
Other supplies and expenses	644,574	17,493	662,067
Depreciation	352,194	66,887	419,081
Total operating expenses	2,257,909	233,585	2,491,494
Operating income	1,946,686	74,891	2,021,577
Nonoperating Revenues (Expenses):			
Interest and investment income	161,703	10,841	172,544
Interest expense	(12,747)	34	(12,713)
Total nonoperating revenue (expenses)	148,956	10,875	159,831
Income before capital contributions and transfers	2,095,642	85,766	2,181,408
Impact fees	1,380,565	-	1,380,565
Capital grants and contributions	278,414	472,400	750,814
Change in net position	3,754,621	558,166	4,312,787
Total net position, beginning	21,520,591	1,692,352	23,212,943
Total net position, ending	\$ 25,275,212	\$ 2,250,518	\$ 27,525,730

City of Mascotte, Florida
Statement of Cash Flows - Proprietary Funds
Year Ended September 30, 2025

	Enterprise Funds		
	Water and Sewer	Stormwater	Total
Cash Flows from Operating Activities:			
Receipts from customers	\$ 5,188,618	\$ 303,456	\$ 5,492,074
Payments to suppliers	(1,116,363)	(81,112)	(1,197,475)
Payments to employees	(780,893)	(119,914)	(900,807)
Net cash provided (used) by operating activities	3,291,362	102,430	3,393,792
Cash Flows from Capital and Related Financing Activities:			
Purchase of capital assets	(447,733)	(276,568)	(724,301)
Impact fees	1,380,565	-	1,380,565
Capital grants	1,463,426	181,834	1,645,260
Notes issued	970,757	124,200	1,094,957
Payments on notes payable	(71,165)	-	(71,165)
Interest paid on notes payable	(9,726)	100	(9,626)
Net cash provided (used) by capital and related financing activities	3,286,124	29,566	3,315,690
Cash Flows from Investing Activities:			
Purchase of investments	(6,750,000)	(200,000)	(6,950,000)
Investment income	130,500	10,091	140,591
Net cash provided (used) by investing activities	(6,619,500)	(189,909)	(6,809,409)
Net increase in cash and cash equivalents	(42,014)	(57,913)	(99,927)
Cash and cash equivalents, beginning	9,543,526	556,840	10,100,366
Cash and cash equivalents, ending	\$ 9,501,512	\$ 498,927	\$ 10,000,439

City of Mascotte, Florida
Statement of Cash Flows - Proprietary Funds
Year Ended September 30, 2025

	Enterprise Funds		
	Water and Sewer	Stormwater	Total
Reconciliation of Operating Income to Net Cash			
Provided (Used) By Operating Activities:			
Operating income	\$ 1,946,686	\$ 74,891	\$ 2,021,577
Adjustments Not Affecting Cash:			
Depreciation and amortization	352,194	66,887	419,081
Change in Assets and Liabilities:			
Decrease (increase) in accounts receivable	(187,340)	(5,020)	(192,360)
Decrease (increase) in inventory	(34,872)	-	(34,872)
Decrease (increase) in prepaids	1,057	-	1,057
Increase (decrease) in accounts payable	15,260	(37,454)	(22,194)
Increase (decrease) in accrued liabilities	3,929	(232)	3,697
Increase (decrease) in unearned revenue	(83,017)	-	(83,017)
Increase (decrease) in due to other governments	1,162,103	-	1,162,103
Increase (decrease) in compensated absences	23,085	3,358	26,443
Increase (decrease) in customer deposits	92,277	-	92,277
Total adjustments	1,344,676	27,539	1,372,215
Net cash provided (used) by operating activities	\$ 3,291,362	\$ 102,430	\$ 3,393,792
Schedule of non-cash capital and related financing activities:			
Contributions of capital assets	\$ 47,706	\$ -	\$ 47,706

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The *City of Mascotte*, Florida ("the City") is a political subdivision of the State of Florida located in Lake County. The *City of Mascotte* was originally incorporated under the laws of the State of Florida on November 23, 1925. The City is governed by a City Manager form of government. The legislative branch of the City is composed of a Mayor and a four (4) member elected Council. The City Council is responsible for the establishment and adoption of policy. The execution of such policy is the responsibility of the Council appointed City Manager.

In evaluating how to define the government, for financial reporting purposes, the City has considered all potential component units. The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body, and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organizations' resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization. In applying the above criteria, the City has one blended component unit as follows:

The City of Mascotte Community Redevelopment Fund

The *City of Mascotte* created the Community Redevelopment Agency in April of 2005. This is a dependent taxing district established in accordance with Chapter 163, Part III, Florida Statutes. Notification to affected taxing agency was done in compliance with Chapter 163.346, Part III, Florida Statutes. The incremental annual increase in tax over the base years will be used to fund projects designed to enhance and improve the described area. The City Council, being the duly elected governmental body for the designated area, passed Resolution 2005-03-350, which established the *City of Mascotte* as the Redevelopment Agency for the purpose of carrying out the community redevelopment programs and plans within the area. The Council adopted a community development redevelopment plan through Resolution 2005-06-352. Through Ordinance 2005-06-380 the City established the Community Redevelopment Trust Fund to account for all transactions generated by this special revenue fund.

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 City. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

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. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. 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 requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the 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.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The government reports the following funds:

Major Governmental Funds

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

The *Infrastructure Special Revenue Fund* is a special revenue fund established to account for the accumulation of proceeds of the local government infrastructure surtax to be received by the City until December 2032. The proceeds and interest accrued thereto, by law, are only to be used to finance, plan and construct infrastructure.

The *Community Redevelopment Fund* was established as a dependent taxing district. The incremental annual increase in tax over the base years will be used to fund projects designed to enhance and improve the described area.

The *American Rescue Plan Act ("ARPA") Fund* was established as a special revenue fund account for the receipts and spending of the grant funds related to the American Rescue Plan Act.

Nonmajor Governmental Fund Types

Special Revenue Funds account for specific revenue sources that are restricted by law or administrative action to expenditures for specific purposes.

Major Proprietary Funds

The *Water and Sewer Fund* is used to account for the operations of the City's water and sewer system, which are financed in a manner similar to private business enterprises, where the costs, including depreciation, of providing services to the general public on an ongoing basis are financed primarily through user charges.

The *Stormwater Fund* is used to account for the operation and maintenance of the City's stormwater system.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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 City's water and sewer and sanitation funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. 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.

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

Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance

Deposits and Investments

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

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Advances between funds, as reported in the fund financial statements, are offset by a non-spendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All receivables are shown net of an allowance for uncollectibles. The County bills and collects property taxes and remits them to the City. City property tax revenues are recognized when levied to the extent that they result in current receivables.

All property is reassessed according to its fair value on the lien date, or January 1 of each year. Taxes are levied on October 1 of each year. 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 without discount. All unpaid taxes become delinquent on April 1 following the year in which they are assessed. On or around May 31 following the tax year, certificates are sold for all delinquent taxes on real property.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures 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 government-wide and fund financial statements.

Restricted Assets

The use of certain assets of the Water and Sewer fund may be restricted by specific provisions of bond resolutions, city ordinances and/or agreements with various parties. Assets so designated are identified as restricted assets on the balance sheet.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City's capitalization policy as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings	10-50
Improvements	15-50
Infrastructure	30-50
Equipment	3-15
Intangible Assets	3-15

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused paid time off (PTO). Since the City's policy is to pay all PTO when employees separate from service, these amounts are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. For governmental activities, compensated absences are generally liquidated by the general fund.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City does not have any item that qualifies for reporting in this category for the year ended September 30, 2025.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City does not have any item that qualifies for reporting in this category for the year ended September 30, 2025.

Net Position Flow Assumptions

Sometimes the City 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 City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City'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 City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Standards

In fiscal year 2025, the City has implemented GASB Statement No. 101, *Compensated Absences*. This statement will ensure a liability for compensated absences reflects when the City incurs the obligation, which enhances the relevance and reliability of the information. There were no changes in beginning net position as a result of implementation.

NOTE 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net position - governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this difference are as follows:

Notes payable	\$ (131,735)
Compensated absences	<u>(439,222)</u>
Net adjustment to increase <i>fund balance, total governmental funds</i> to arrive at <i>net position, governmental activities</i>	<u><u>\$ (570,957)</u></u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net positions of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "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." The details of this difference are as follows:

Capital outlay	\$ 4,402,225
Depreciation expense	<u>(541,467)</u>
Net adjustment to increase net changes in fund balances, <i>total governmental funds</i> to arrive at changes in <i>net position of governmental activities</i>	<u><u>\$ 3,860,758</u></u>

Another element of that reconciliation states that "the issuance of long-term debt (e.g., notes, leases) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position." The details of this difference are as follows:

Notes issued	\$ (129,941)
Principal repayment	<u>55,487</u>
Net Adjustment to decrease Net Changes in Fund Balances - <i>total governmental funds</i> to arrive at changes in <i>net position of governmental activities</i>	<u><u>\$ (74,454)</u></u>

NOTE 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this difference are as follows:

Compensated absences	<u>\$ (73,786)</u>
Net adjustment to decrease net changes in fund balances, <i>total governmental funds</i> to arrive at changes in <i>net position of governmental activities</i>	<u>\$ (73,786)</u>

NOTE 3 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- (1) Prior to the end of the fiscal year, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- (2) The general summary of the budget and notice of public hearing is published in the local newspaper. Public hearings are conducted to obtain taxpayer comments. Prior to October 1, budgets are legally enacted through passage of a resolution.
- (3) The City Manager is authorized to transfer budgeted amounts within and between divisions and departments; however, any revisions that alter the total appropriations of any fund must be approved by the City Council. The level of classification detail at which expenditures may not legally exceed appropriations is the fund level.
- (4) Appropriations lapse at the close of the fiscal year to the extent they have not been expended.
- (5) Budgets are adopted for the general fund and special revenue funds on a basis consistent with accounting principles generally accepted in the United States of America. Budgets are also adopted for the enterprise funds; however, this data is not presented under generally accepted accounting principles.
- (6) The City Council, by ordinance or resolution, may make supplemental appropriations in excess of those originally estimated for the year up to the amount of available revenues. Budgeted amounts presented in the accompanying financial statements have been adjusted for legally authorized revisions.

Expenditures in Excess of Appropriations

Expenditures in the American Rescue Plan Act (ARPA) fund exceeded the final budgeted appropriations. These over expenditures were funded by greater than anticipated revenues and available fund balance.

NOTE 4 DEPOSITS AND INVESTMENTS

Deposits

All bank deposits were covered by Federal Depository Insurance or by collateral held in banks that are members of the State of Florida’s Collateral Pool as specified under Florida law. Florida Statutes provide for collateral pooling by banks and savings and loans. This limits local government deposits to “authorized depositories”.

Investments

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The City uses a market approach in measuring fair value that uses prices and other relevant information generated by market transactions involving identical or similar assets, liabilities, or groups of assets and liabilities.

NOTE 4 DEPOSITS AND INVESTMENTS (CONTINUED)

Assets or liabilities are classified into one of three levels. Level 1 is the most reliable and is based on quoted prices for identical assets, or liabilities, in an active market. Level 2 uses significant other observable inputs when obtaining quoted prices for identical or similar assets, or liabilities, in markets that are not active. Level 3 is the least reliable, and uses significant unobservable inputs that uses the best information available under the circumstances, which includes the City's own data in measuring unobservable inputs.

The City's investment policies are governed by Florida Statutes, which allow the following investments:

- (a) Florida Local Government Surplus Funds Trust Fund Investment Pool (SBA LGIP)
- (b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency
- (c) Interest bearing time deposit or savings accounts in qualified public depositories
- (d) Direct obligations of the U.S. Treasury

Investments made by the City at September 30, 2025 are summarized below.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Weighted Average Maturity</u>
Certificate of deposit	\$ 18,140,000	Not rated	111 days

The City does not have an investment policy that addresses credit risk, concentration of credit risk, custodial credit risk, or interest rate risk. However, all deposits are potentially subject to custodial credit risk. The City policy requires that bank deposits be secured as provided by Chapter 280, Florida Statutes. This law requires local governments to deposit funds only in financial institutions designated as qualified public depositories by the Chief Financial Officer of the State of Florida, and creates the Public Deposit Trust Fund, a multiple financial institution pool with the ability to assess its member financial institutions for collateral shortfalls if a default or insolvency has occurred. At September 30, 2025, all of the City's bank deposits were in qualified public depositories.

NOTE 5 RECEIVABLES

Receivables as of year end for the City's individual major funds and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Infrastructure Special Revenue Fund</u>	<u>Community Redevelopment Fund</u>	<u>Other Governmental Funds</u>	<u>Water and Sewer Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>
Receivables:							
Accounts	\$ 70,870	\$ -	\$ 4,104	\$ 304	\$ 675,649	\$ 50,055	\$ 800,982
Accrued interest	30,834	9,987	4,993	2,996	40,122	1,648	90,580
Less allowance for uncollectible accounts	(2,609)	-	-	-	(36,604)	(2,847)	(42,060)
	<u>\$ 99,095</u>	<u>\$ 9,987</u>	<u>\$ 9,097</u>	<u>\$ 3,300</u>	<u>\$ 679,167</u>	<u>\$ 48,856</u>	<u>\$ 849,502</u>

NOTE 6 CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 928,017	\$ -	\$ -	\$ 928,017
Construction in progress	680,256	3,910,023	(800,335)	3,789,944
Total capital assets, not being depreciated	<u>1,608,273</u>	<u>3,910,023</u>	<u>(800,335)</u>	<u>4,717,961</u>
Capital Assets, Being Depreciated:				
Buildings	2,200,240	-	-	2,200,240
Improvements/infrastructure	3,533,764	869,034	-	4,402,798
Machinery and equipment	2,673,560	423,503	(128,593)	2,968,470
Intangible assets	27,081	-	-	27,081
Total capital assets, being depreciated	<u>8,434,645</u>	<u>1,292,537</u>	<u>(128,593)</u>	<u>9,598,589</u>
Less Accumulated Depreciation For:				
Buildings	(1,266,380)	(64,206)		(1,330,586)
Improvements/infrastructure	(2,498,640)	(187,780)		(2,686,420)
Machinery and equipment	(1,958,563)	(289,481)	119,042	(2,129,002)
Intangible assets	(27,081)			(27,081)
Total accumulated depreciation	<u>(5,750,664)</u>	<u>(541,467)</u>	<u>119,042</u>	<u>(6,173,089)</u>
Total capital assets, being depreciated, net	<u>2,683,981</u>	<u>751,070</u>	<u>(9,551)</u>	<u>3,425,500</u>
Government activities capital assets, net	<u>\$ 4,292,254</u>	<u>\$ 4,661,093</u>	<u>\$ (809,886)</u>	<u>\$ 8,143,461</u>

NOTE 6 CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,680,689	\$ -	\$ -	\$ 1,680,689
Construction in progress	2,990,450	369,733	(2,706,943)	653,240
Total capital assets, not being depreciated	<u>4,671,139</u>	<u>369,733</u>	<u>(2,706,943)</u>	<u>2,333,929</u>
Capital Assets, Being Depreciated:				
Buildings	15,752	-	-	15,752
Improvements/Infrastructure	13,621,082	3,061,511	-	16,682,593
Machinery and equipment	940,125	47,706	-	987,831
Intangible assets	538,419	-	-	538,419
Total capital assets, being depreciated	<u>15,115,378</u>	<u>3,109,217</u>	<u>-</u>	<u>18,224,595</u>
Less Accumulated Depreciation For:				
Buildings	(13,133)	(1,575)	-	(14,708)
Improvements/Infrastructure	(5,752,872)	(341,782)	-	(6,094,654)
Machinery and equipment	(557,881)	(65,254)	-	(623,135)
Intangible assets	(71,916)	(10,470)	-	(82,386)
Total accumulated depreciation	<u>(6,395,802)</u>	<u>(419,081)</u>	<u>-</u>	<u>(6,814,883)</u>
Total capital assets, being depreciated, net	<u>8,719,576</u>	<u>2,690,136</u>	<u>-</u>	<u>11,409,712</u>
Business-type activities capital assets, net	<u>\$ 13,390,715</u>	<u>\$ 3,059,869</u>	<u>\$ (2,706,943)</u>	<u>\$ 13,743,641</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
General government	\$ 140,394
Public safety	238,139
Transportation/public works	113,647
Culture and recreation	49,287
Total depreciation expense, governmental activities	<u>\$ 541,467</u>
Business-type Activities:	
Water and sewer	\$ 352,194
Stormwater	66,887
Total depreciation expense, business type activities	<u>\$ 419,081</u>

NOTE 7 LONG-TERM DEBT

Notes Payable - Direct Borrowing

In 2018, the City entered into an interlocal agreement with Lake County to purchase for radio equipment. The agreement provides for total funding of \$149,349 to be paid over ten years. In 2020, the agreement was modified for radio equipment returned to the County. Total principal and interest remaining to be paid under this agreement is \$19,716.

In 2022, the City entered into an installment purchase for police department equipment. The agreement provides for total funding of \$81,605 to be paid over five years.

In 2025, the City entered into an installment purchase for police department in-car cameras. The agreement provides for total funding of \$129,941 to be paid over five years.

In October 2020, the City executed the Clean Water State Revolving Fund Loan agreement WW351200. This agreement provides for total funding of \$375,000, \$187,500 is estimated to be repaid with a related grant. The loan period is for 20 years with zero interest rate. The note is secured by gross revenues from the water and sewer systems net of operations and maintenance costs. Principal and interest remaining to be paid on this series is \$160,875. During the year, \$9,750 of principal was paid. Pledged revenue was \$3,841,148.

In October 2020, the City executed the Drink Water State Revolving Fund Loan agreement DW-351210. This agreement provides for total funding of \$390,000 which includes principal forgiveness of \$195,000. The loan period is for 10 years at a 1.17% annual interest rate. The note is secured by gross revenues from the water and sewer systems net of operations and maintenance costs. Principal and interest remaining to be paid on this series is \$137,238. During the year, \$21,114 of principal and interest was paid. Pledged revenue was \$3,841,148.

In November 2022, the City executed the Clean Water State Revolving Fund Loan agreement SW351220. This agreement provides for total funding of \$450,500. The loan period is for 20 years at a 1.19% annual interest rate. The note is secured by gross revenues from the utility system net of operations and maintenance costs. During the year the City received funding of \$124,200. Principal and interest remaining to be paid on this series is \$407,871. Pledged revenue was \$152,619.

In June 2023, the City executed the Clean Water State Revolving Fund Loan agreement CW351202. This agreement provides for total funding of \$1,682,640 which includes principal forgiveness of \$1,346,112. The loan period is for 10 years at a 1.23% annual interest rate. The note is secured by gross revenues from the water and sewer systems net of operations and maintenance costs. During the year the City received funding of \$31,840. Principal and interest remaining to be paid on this series is \$163,772. Pledged revenue was \$3,841,148.

In February 2023, the City executed the Drink Water State Revolving Fund Loan agreement DW351211. This agreement provides for total funding of \$1,757,800 which includes principal forgiveness of \$878,900. The loan period is for 10 years an interest rate of 1.62 percent. The note is secured by gross revenues from the utility system net of operations and maintenance costs. During the year the City received funding of \$853,900. Principal and interest remaining to be paid on this series is \$876,489. Principal and interest paid was \$50,026 and pledged revenue was \$3,841,148 for the fiscal year.

In April 2025, the City executed the Drink Water State Revolving Fund Loan agreement LS351230. This agreement provides for total funding of \$264,000 which includes principal forgiveness of \$129,360. The loan period is for 10 years with zero interest rate. The note is secured by gross revenues from the utility system net of operations and maintenance costs. During the year the City received funding of \$85,017. Principal and interest remaining to be paid on this series is \$85,017. Pledged revenue was \$3,841,148.

NOTE 7 LONG-TERM DEBT (CONTINUED)

In the event of default on the state revolving fund notes, the Florida Department of Environmental Protection may cause to establish rates and collect fees, require the City to account for all moneys received and used, appoint a receiver to manage the water and sewer systems, intercept delinquent amounts plus a penalty due to the City under State Revenue Sharing, recover all amounts due including costs of collection and attorney fees, and accelerate the repayment schedule to increase the interest rate by a factor of up to 1.667.

Debt service requirements for notes payable at September 30, 2025 are as follows:

Year Ending September 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2026	\$ 44,881	\$ 39	\$ 179,317	\$ 20,493
2027	31,043	26	188,625	18,179
2028	31,252	-	190,972	15,832
2029	24,559	-	193,353	13,451
2030	-	-	160,829	11,127
2031-2035	-	-	599,567	27,110
2036-2040	-	-	172,912	5,258
2041-2042	-	-	34,082	155
Total	<u>\$ 131,735</u>	<u>\$ 65</u>	<u>\$ 1,719,657</u>	<u>\$ 111,605</u>

Changes in Long-Term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Notes Payable	\$ 57,281	\$ 129,941	\$ (55,487)	\$ 131,735	\$ 44,881
Compensated absences *	365,436	73,786	-	439,222	43,922
Governmental activity long-term liabilities	<u>\$ 422,717</u>	<u>\$ 203,727</u>	<u>\$ (55,487)</u>	<u>\$ 570,957</u>	<u>\$ 88,803</u>
Business-Type Activities:					
Notes payable	\$ 695,865	\$1,094,957	\$ (71,165)	\$1,719,657	\$ 179,317
Compensated absences *	120,337	26,443	-	146,780	14,678
Business-type activity long-term liabilities	<u>\$ 816,202</u>	<u>\$1,121,400</u>	<u>\$ (71,165)</u>	<u>\$1,866,437</u>	<u>\$ 193,995</u>

*The change in compensated absences above is a net change for the year.

NOTE 8 RETIREMENT PLAN

The City has adopted a Defined Contribution Retirement Plan to provide certain benefits for its employees upon their retirement from active service and for their beneficiaries in the event of death.

Eligibility

The plan covers all employees of the City who on the effective date of the plan has attained age 18.

Funding Policy

The City contributes 10% of the compensation of each participant. Forfeitures are used to reduce the City's contributions. Employer contributions on behalf of participants are made on each payroll period. Each participant may make voluntary contributions to the plan which are immediately vested. Voluntary contributions may not exceed 5% of the annual compensation paid by the employer to the participant in the plan year.

During the year ended September 30, 2025, the City's total payroll was \$2,740,228. The City contributed \$265,322 to the plan for the year ended September 30, 2025. Of this total, \$92,030 was contributed from the forfeiture account. As of September 30, 2025, participation in the plan consisted of 37 active members.

As defined by the plan, normal retirement age is 65.

Vesting Schedule

All voluntary contributions are fully vested to participant. The City's contributions are 100% vested to the individual participants' accounts after 5 or more years of service.

The assets of the plan are held by an independent party acting as investment custodian and plan administrator, and are invested in mutual funds selected by the participant.

Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is administered by ICMA Retirement Corporation. The plan permits participants to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Because the Plan Assets are held in trust for the exclusive benefit of plan participants and their beneficiaries, the Plan is not accounted for in the City's fund financials.

NOTE 9 OTHER POST-EMPLOYMENT BENEFITS

Pursuant to Resolution 2017-11-630, the City has elected not to make continuation of group health insurance through the City's current provider available to retirees and eligible dependents.

NOTE 10 COMMITMENTS AND CONTINGENCIES

Litigation

The City is engaged in various liability claims incidental to the conduct of its general government operations at September 30, 2025. While the ultimate outcome of the litigation cannot be determined at this time, management believes that any amounts not covered by insurance, if any, resulting from these lawsuits would not materially affect the financial position of the City.

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. There have been no significant reductions in insurance coverage from the prior year and settlements have not exceeded insurance coverage during the past three years.

NOTE 11 FUND BALANCE

At September 30, 2025 the City's governmental fund balances were as follows:

	General Fund	Infrastructure Special Revenue Fund	Community Redevelopment Special Revenue Fund	American Resuce Plan Act Fund	Other Governmental Funds	Total
Fund Balances						
Nonspendable:						
Inventory	\$ 4,438	\$ -	\$ -	\$ -	\$ -	\$ 4,438
Prepays	-	-	-	-	-	-
Spendable:						
Restricted for:						
Public safety	-	-	-	-	1,145,172	1,145,172
Culture and recreation	-	-	-	-	852,998	852,998
Infrastructure	-	3,002,191	-	-	-	3,002,191
Community redevelopment	-	-	1,907,031	-	-	1,907,031
Other purposes	166,150	-	-	-	333,225	499,375
Assigned for:						
Fire services	814,861	-	-	-	-	814,861
Streetlighting	23,019	-	-	-	-	23,019
Unassigned	10,320,524	-	-	-	-	10,320,524
	<u>\$ 11,328,992</u>	<u>\$ 3,002,191</u>	<u>\$ 1,907,031</u>	<u>\$ -</u>	<u>\$ 2,331,395</u>	<u>\$ 18,569,609</u>

NOTE 12 SUBSEQUENT EVENTS

Subsequent to year end, the City drew an additional \$18,832 on existing State Revolving Fund Loans.

Combining and Individual Fund Statements and Schedules

City of Mascotte, Florida
Combining Balance Sheet - Other Governmental Funds
September 30, 2025

	<u>Police Education</u>	<u>Police Impact</u>	<u>Police Forefeitures</u>	<u>Parks and Recreation Impact</u>	<u>Road Impact</u>	<u>Total Other Governmental Funds</u>
Assets:						
Cash and cash equivalents	\$ 12,248	\$ 625,096	\$ 5,383	\$ 852,998	\$ 232,726	\$ 1,728,451
Investments	-	500,000	-	-	100,000	600,000
Other receivables	304	2,497	-	-	499	3,300
Total assets	<u>\$ 12,552</u>	<u>\$ 1,127,593</u>	<u>\$ 5,383</u>	<u>\$ 852,998</u>	<u>\$ 333,225</u>	<u>\$ 2,331,751</u>
Liabilities and Fund Balances:						
Liabilities:						
Accounts payable	\$ -	\$ 356	\$ -	\$ -	\$ -	\$ 356
Total liabilities	<u>-</u>	<u>356</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>356</u>
Fund Balances:						
Restricted	12,552	1,127,237	5,383	852,998	333,225	2,331,395
Total fund balances	<u>12,552</u>	<u>1,127,237</u>	<u>5,383</u>	<u>852,998</u>	<u>333,225</u>	<u>2,331,395</u>
Total liabilities and fund balances	<u>\$ 12,552</u>	<u>\$ 1,127,593</u>	<u>\$ 5,383</u>	<u>\$ 852,998</u>	<u>\$ 333,225</u>	<u>\$ 2,331,751</u>

City of Mascotte, Florida
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
Year Ended September 30, 2025

	<u>Police Education</u>	<u>Police Impact</u>	<u>Police Forefeitures</u>	<u>Parks and Recreation Impact</u>	<u>Road Impact</u>	<u>Total Other Governmental Funds</u>
Revenues:						
Fees and fines	\$ 2,881	\$ -	\$ -	\$ -	\$ -	\$ 2,881
Impact fees/special assessments	-	347,140	-	261,603	331,078	939,821
Investment earnings	31	22,079	-	2,340	2,147	26,597
Total revenues	<u>2,912</u>	<u>369,219</u>	<u>-</u>	<u>263,943</u>	<u>333,225</u>	<u>969,299</u>
Expenditures:						
Current:						
Public safety	2,583	83,902	-	-	-	86,485
Culture and recreation	-	-	-	64,328	-	64,328
Debt service:						
Principal	-	6,264	-	-	-	6,264
Interest	-	247	-	-	-	247
Total expenditures	<u>2,583</u>	<u>90,413</u>	<u>-</u>	<u>64,328</u>	<u>-</u>	<u>157,324</u>
Excess (deficiency) of revenues over expenditures	<u>329</u>	<u>278,806</u>	<u>-</u>	<u>199,615</u>	<u>333,225</u>	<u>811,975</u>
Net change in fund balances	<u>329</u>	<u>278,806</u>	<u>-</u>	<u>199,615</u>	<u>333,225</u>	<u>811,975</u>
Fund balances, beginning	<u>12,223</u>	<u>848,431</u>	<u>5,383</u>	<u>653,383</u>	<u>-</u>	<u>1,519,420</u>
Fund balances, ending	<u>\$ 12,552</u>	<u>\$ 1,127,237</u>	<u>\$ 5,383</u>	<u>\$ 852,998</u>	<u>\$ 333,225</u>	<u>\$ 2,331,395</u>

City of Mascotte, Florida
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Police Education
Year Ended September 30, 2025

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Fees and fines	\$ 1,300	\$ 1,300	\$ 2,881	\$ 1,581
Investment earnings	100	100	31	(69)
Total revenues	<u>1,400</u>	<u>1,400</u>	<u>2,912</u>	<u>1,512</u>
Expenditures:				
Current:				
Public safety	6,000	6,000	2,583	3,417
Total expenditures	<u>6,000</u>	<u>6,000</u>	<u>2,583</u>	<u>3,417</u>
Excess (deficiency) of revenues over expenditures	<u>(4,600)</u>	<u>(4,600)</u>	<u>329</u>	<u>4,929</u>
Net change in fund balance	<u>(4,600)</u>	<u>(4,600)</u>	<u>329</u>	<u>4,929</u>
Fund balance, beginning	12,223	12,223	12,223	-
Fund balance, ending	<u><u>\$ 7,623</u></u>	<u><u>\$ 7,623</u></u>	<u><u>\$ 12,552</u></u>	<u><u>\$ 4,929</u></u>

City of Mascotte, Florida
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Police Impact
Year Ended September 30, 2025

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Impact fees/special assessments	\$ 310,000	\$ 310,000	\$ 347,140	\$ 37,140
Investment earnings	1,000	1,000	22,079	21,079
Total revenues	311,000	311,000	369,219	58,219
Expenditures:				
Current:				
Public safety	210,800	210,800	83,902	126,898
Debt service:				
Principal	6,500	6,500	6,264	236
Interest	300	300	247	53
Total expenditures	217,600	217,600	90,413	127,187
Excess (deficiency) of revenues over expenditures	93,400	93,400	278,806	185,406
Net change in fund balance	93,400	93,400	278,806	185,406
Fund balance, beginning	848,431	848,431	848,431	-
Fund balance, ending	\$ 941,831	\$ 941,831	\$ 1,127,237	\$ 185,406

City of Mascotte, Florida
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Police Forfeitures
Year Ended September 30, 2025

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures:				
Current:				
Public safety	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
Other Financing Sources (Uses):				
Transfers out	(5,900)	(5,900)	-	5,900
Total other financing sources (uses)	(5,900)	(5,900)	-	5,900
Net change in fund balance	(5,900)	(5,900)	-	5,900
Fund balance, beginning	5,383	5,383	5,383	-
Fund balance, ending	\$ (517)	\$ (517)	\$ 5,383	\$ 5,900

City of Mascotte, Florida
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Parks and Recreation Impact
Year Ended September 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, Budgetary Basis	Final Budget - Positive (Negative)
Revenues:				
Impact fees/special assessments	\$ 255,000	\$ 255,000	\$ 261,603	\$ 6,603
Investment earnings	1,000	1,000	2,340	1,340
Total revenues	256,000	256,000	263,943	7,943
Expenditures:				
Current:				
Culture and recreation	-	500,000	64,328	435,672
Total expenditures	-	500,000	64,328	435,672
Excess (deficiency) of revenues over expenditures	256,000	(244,000)	199,615	443,615
Net change in fund balance	256,000	(244,000)	199,615	443,615
Fund balance, beginning	653,383	653,383	653,383	-
Fund balance, ending	\$ 909,383	\$ 409,383	\$ 852,998	\$ 443,615

City of Mascotte, Florida
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Road Impact
Year Ended September 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, Budgetary Basis	Final Budget - Positive (Negative)
Revenues:				
Impact fees/special assessments	\$ 1,063,000	\$ 1,063,000	\$ 331,078	\$ (731,922)
Investment earnings	1,000	1,000	2,147	1,147
Total revenues	1,064,000	1,064,000	333,225	(730,775)
Expenditures:				
Current:				
Public works	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	1,064,000	1,064,000	333,225	(730,775)
Net change in fund balance	1,064,000	1,064,000	333,225	(730,775)
Fund balance, beginning	-	-	-	-
Fund balance, ending	\$ 1,064,000	\$ 1,064,000	\$ 333,225	\$ (730,775)

Other Reports

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

The Honorable Mayor and City Council
City of Mascotte, 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 (Government Auditing Standards), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of *City of Mascotte, Florida* (the "City"), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 6, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 City'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McDermitt Davis

Orlando, Florida
March 6, 2026

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

Honorable Mayor and City Council
City of Mascotte, Florida

Report on Compliance for Each Major Federal Program Opinion on Each Major Federal Program

We have audited the *City of Mascotte's* (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2025. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have direct and material effect on each of its major federal programs for the year ended September 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (Government Auditing Standards); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

McDiernit Davis

Orlando, Florida
March 6, 2026

City of Mascotte, Florida
**Schedule of Expenditures of
Federal Awards**
Year Ended September 30, 2025

Award type	Assistance	Agency of Pass-through	Expenditures
Grantor	Listing	Entity Grant Number	
Pass-through grantor	Number		
Grantor project title			
Federal Awards			
U.S Department of Treasury			
Coronavirus State and Local Fiscal Recovery Funds *	21.027		\$ 2,885,061
Total U.S. Department of Treasury			<u>2,885,061</u>
U.S Department of Justice			
Passed through Florida Department of Law Enforcement			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	6N036	2,126
Edward Byrne Memorial Justice Assistance Grant Program	16.738	6N116	4,666
Total U.S. Department of Justice			<u>6,792</u>
U.S. Environmental Protection Agency			
Passed through Florida Department of Environmental Protection			
Capitalization Grants for Drinking Water State Revolving Funds	66.468	DW351211	53,800
Capitalization Grants for Drinking Water State Revolving Funds	66.468	LS351230	33,300
Capitalization Grants for Drinking Water State Revolving Funds	66.468	DW351250	184,490
Total Capitalization Grants for Drinking Water State Revolving Funds			<u>271,590</u>
Passed through Florida Department of Environmental Protection			
Capitalization Grants for State Revolving Funds	66.458	WW351240	323,000
Total U.S. Environmental Protection Agency			<u>594,590</u>
U.S. Department of Homeland Security			
Passed through Florida Division of Emergency Management			
Disaster Grants-Public Assistance	97.036	Z4795	91,115
Total federal awards			<u><u>\$ 3,577,558</u></u>

* Denotes a major program

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Mascotte (the City) under programs of the federal government for the year ended September 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Therefore, amounts reported on the Schedule are based on expenditures incurred as of September 30, 2025, even if a grant or loan was received subsequent to that date. Federal expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

NOTE 3 LOANS AND LOAN GUARANTEES

In 2023, the City executed State Revolving Fund Loan agreement DW351211 for the City's Drinking Water Design and improvement projects. Loan balance as of September 30, 2025 is \$811,886. Loan expenditures reported in the current year Schedule are \$26,900.

In 2024, the City executed State Revolving Fund Loan agreement LS351230 for the City's Drinking Water Planning, Design and Construction projects. Loan balances as of September 30, 2025 is \$85,017. Loan expenditures reported in the current year Schedule are \$16,317.

NOTE 4 INDIRECT COST RATE

Indirect cost rate is dictated by its federal contract terms. The 15-percent de minimis indirect rate as allowed under the Uniform Guidance is not in effect nor is available under its contracts.

NOTE 5 CONTINGENCIES

Grant expenditure amounts are subject to audit and adjustment. If any expenditures are disallowed by a Grantor agency as a result of such an audit, any claim for reimbursement to the Grantor agency would become a liability of the City. In the opinion of the City's management, all grant expenditures included on the Schedule complied with the terms of the grant agreements and applicable federal laws and regulations.

City of Mascotte, Florida
Schedule of Findings and Questioned Costs
Federal Awards
Year Ended September 30, 2025

Section I - Summary of Independent Auditor's Results:

Financial Statements

Type of auditors' report issued:	Unmodified Opinion	
Internal control over financial reporting:		
• Material weakness identified?	___ Yes	<u> X </u> No
• Significant deficiency identified	___ Yes	<u> X </u> None reported
Noncompliance material to financial Statements noted?	___ Yes	<u> X </u> No

Federal Awards

Type of auditors' report issued on compliance for major programs:	Unmodified Opinion	
Internal control over major programs:		
• Material weakness identified?	___ Yes	<u> X </u> No
• Significant deficiency identified	___ Yes	<u> X </u> None reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) of the Uniform Guidance?	___ Yes	<u> X </u> No

Identification of Major Federal Programs

Assistance Listing 21.027	Coronavirus State and Local Fiscal Recovery Funds
Dollar threshold used to distinguish between type A and type B programs	\$1,000,000
Auditee qualified as a low-risk auditee?	<u> X </u> Yes ___ No
Section II - Financial Statement Findings:	None
Section III – Federal Award Findings and Questioned Costs:	None
Section IV – Federal Award Summary Schedule of Prior Year Findings:	No Prior Year Findings

MANAGEMENT LETTER

Honorable Mayor and City Council
City of Mascotte, Florida

Report on the Financial Statements

We have audited the financial statements of the *City of Mascotte, Florida*, as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated March 6, 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Florida Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 6, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no such findings in the 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. This information has been disclosed in the notes to the financial statements.

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 *City of Mascotte, Florida* has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the *City of Mascotte, Florida* did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

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

Property Assessed Clean Energy (PACE) Programs

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

The City did not have a PACE program operate within the City.

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

Not applicable, no PACE programs

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

Not applicable, no PACE programs

Special District Component Units

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audit financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Additional Matters

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

Purpose of this Letter

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

McDiarmid Davis

Orlando, Florida
March 6, 2026



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

The Honorable Mayor and City Council
City of Mascotte, Florida

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

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

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

McDermitt Davis

Orlando, Florida
March 6, 2026