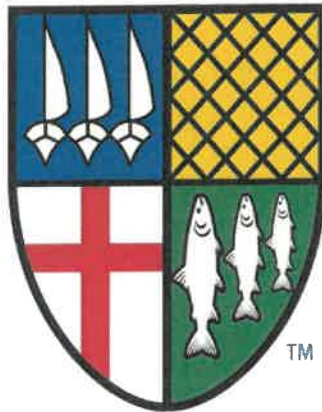


# Annual Financial Report

September 30, 2025

# THE TOWN OF Windermere



## **Introductory Section**

Town of Windermere, Florida  
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Town of Windermere, Florida  
**List of Principal Officials**

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**Elected Officials**

Mayor

Jim O' Brien

Town Council Officials:

Loren Williams

Mandy David

Tony Davit

Tom Stroup

Brandi Haines

**Town Officials**

Town Manager

Robert Smith

Town Attorney

Tom Wilkes

Town Clerk

Dorothy Burkhalter

## **Financial Section**

This section contains the following subsections:

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



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www.mcdermittdavis.com

## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Town Council  
Town of Windermere, Florida

### Report on the Audit of the Financial Statements

#### Opinions

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund, of the Town, as of September 30, 2025, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund and the Stormwater Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinions

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

#### Responsibilities of Management for the Financial Statements

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

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

#### Auditor's Responsibilities for the Audit of the Financial Statements

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

the **trusted** partner

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis beginning on page 5 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### **Supplementary Information**

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2026 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

*McDiernit Davis*

Orlando, Florida

April 28, 2026

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

### **Financial Highlights**

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$13,177,269 (net position). Of this amount, \$164,601 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position increased by \$1,594,562.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$453,690, a decrease of \$1,645,070 in comparison with the prior year. Unassigned fund balance for the general fund was \$55,029 or 0.43% of total general fund expenditures.

### **Overview of the Financial Statements**

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

### **Government-Wide Financial Statements**

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

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

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

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

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

### **Fund Financial Statements**

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

#### *Governmental Funds*

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

Town of Windermere, Florida  
**Management's Discussion and Analysis**

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

The Town adopts an annual appropriated budget for the General Fund and Stormwater Fund. A budgetary comparison statement has been provided for the General Fund and Stormwater Special Revenue Fund on pages 15-16 to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 12 - 16 of this report.

**Government-Wide Financial Analysis**

*Statement of Net Position*

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by \$13,177,269 at the close of the most recent fiscal year. The following table reflects the condensed Statement of Net Position for the current year. For more detail see the Statement of Net Position on page 10.

**Net Position as of September 30:**

	<b>Governmental Activities 2025</b>	<b>Governmental Activities 2024</b>
	<u>2025</u>	<u>2024</u>
<b>Assets:</b>		
Current and other assets	\$ 2,242,455	\$ 4,274,639
Capital assets, net of depreciation	<u>17,185,972</u>	<u>14,296,659</u>
<b>Total assets</b>	<u>19,428,427</u>	<u>18,571,298</u>
<b>Liabilities:</b>		
Long-term liabilities	4,412,852	4,662,349
Other liabilities	<u>1,838,306</u>	<u>2,225,378</u>
<b>Total liabilities</b>	<u>6,251,158</u>	<u>6,887,727</u>
<b>Net Position:</b>		
Net investment in capital assets	12,976,893	9,744,091
Restricted for public safety	35,775	43,171
Unrestricted	<u>164,601</u>	<u>1,896,309</u>
<b>Total net position</b>	<u>\$ 13,177,269</u>	<u>\$ 11,683,571</u>

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

Town of Windermere, Florida  
**Management's Discussion and Analysis**

The balance of unrestricted net position, \$164,601, may be used to meet the Town's ongoing obligations to citizens and creditors.

**Statement of Activities**

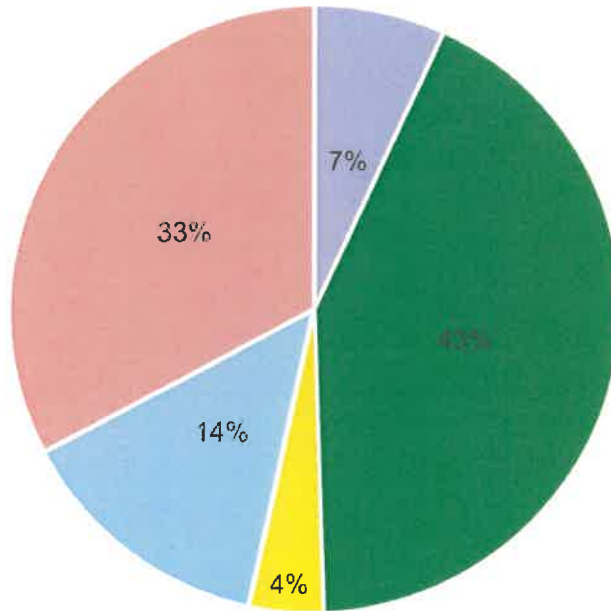
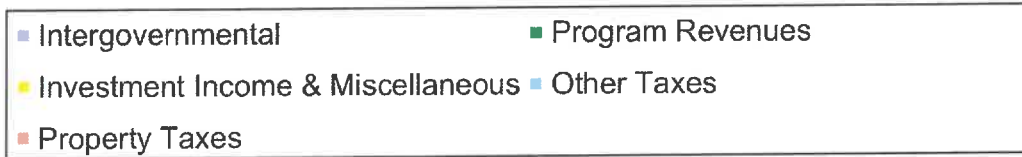
The following table reflects the condensed Statement of Activities for the current year. For more detailed information see the Statement of Activities on page 11.

Governmental activities increased the Town's net position by \$1,594,562. Key elements of this increase are as follows:

**Changes in Net Position**

	<b>Governmental Activities 2025</b>	<b>Governmental Activities 2024</b>
<b>Revenues:</b>		
<b>Program Revenues:</b>		
Charges for services	\$ 2,676,319	\$ 2,261,391
Operating grants and contributions	761,896	158,738
Capital grants and contributions	1,478,119	10,000
<b>Total program revenues</b>	<b>4,916,334</b>	<b>2,430,129</b>
<b>General Revenues:</b>		
Property taxes	3,777,575	3,468,993
Franchise and utility taxes	1,591,816	1,330,973
Intergovernmental	751,722	745,771
Gain on sale of capital asset	-	58,557
Investment income and miscellaneous	294,813	229,038
<b>Total revenues</b>	<b>11,332,260</b>	<b>8,263,461</b>
<b>Expenses:</b>		
General government	3,153,239	2,347,450
Public safety	2,997,065	2,624,872
Physical environment	3,143,479	2,398,745
Culture and recreation	350,539	291,649
Interest on long-term debt	93,376	103,117
<b>Total expenses</b>	<b>9,737,698</b>	<b>7,765,833</b>
<b>Change in net position</b>	<b>1,594,562</b>	<b>497,628</b>
Net position - October 1, as previously presented	11,683,571	11,185,943
Restatements (Note 14)	(100,864)	-
<b>Net position - end of year</b>	<b>\$ 13,177,269</b>	<b>\$ 11,683,571</b>

**Revenues by Source - Governmental Activities**



**Financial Analysis of the Government's Funds**

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

*Governmental Funds*

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

As of September 30, 2025, the Town governmental funds reported combined ending fund balances of \$453,690.

The General Fund is the chief operating fund of the Town. At September 30, 2025, the total fund balance of the General Fund was \$447,868 and the unassigned fund balance of the General Fund was \$55,029. The fund balance of the General Fund decreased by \$(1,746,670).

**General Fund Budgetary Highlights**

Actual revenues were \$5,320,245 less than budget primarily due to grant revenues not recognized and expenditures for the year ended September 30, 2025 were \$3,614,662 less budgeted amounts primarily due to grant expenditures not incurred. Total general fund balance decreased by \$1,746,670.

Town of Windermere, Florida  
**Management's Discussion and Analysis**

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**Capital Asset and Debt Administration**

**Capital Assets**

The Town's investment in capital assets for its governmental activities as of September 30, 2025 amounts to \$17,185,972, net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements, equipment and machinery, infrastructure, and intangibles.

**Town of Windermere Capital Assets (Net of Depreciation)**

	<b>Governmental Activities 2025</b>	<b>Governmental Activities 2024</b>
Land	\$ 510,317	\$ 510,317
Buildings	5,990,453	6,130,220
Improvements other than buildings	1,369,818	755,782
Equipment and machinery	684,763	591,609
Infrastructure	3,997,761	4,604,658
Intangibles	421	118,225
Construction in progress	4,632,439	1,585,848
<b>Total</b>	<b>\$ 17,185,972</b>	<b>\$ 14,296,659</b>

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

**Long-Term Debt**

At the end of the current fiscal year, the Town had total debt outstanding of \$4,209,079. This debt includes notes payable related to equipment and construction of the new town administrative facility and subscription liabilities. Additional information on long-term debt can be found in Note 10 of this report.

	<b>Governmental Activities 2025</b>	<b>Governmental Activities 2024</b>
Revenue notes payable	3,955,000	\$ 4,190,000
Promissory notes payable	254,079	243,510
Subscription liabilities	-	119,058
	<b>\$ 4,209,079</b>	<b>\$ 4,552,568</b>

**Next Year's Budget and Rates**

During the current fiscal year, the unassigned fund balance in the General Fund decreased to \$55,029.

**Requests for Information**

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

## **Basic Financial Statements**

Town of Windermere, Florida  
**Statement of Net Position**  
September 30, 2025

	<b>Governmental Activities</b>
<b>Assets:</b>	
Cash	\$ 1,582,623
Receivables	151,105
Prepays	36,175
Due from other governments	472,552
Capital assets not being depreciated	5,142,756
Capital assets being depreciated, net	12,043,216
<b>Total assets</b>	<b>19,428,427</b>
<b>Liabilities:</b>	
Accounts payable	963,038
Accrued liabilities	37,860
Retainage payable	139,069
Accrued interest payable	49,541
Unearned revenues	465,392
Customer deposits	183,406
Noncurrent Liabilities:	
Due within one year	320,285
Due in more than one year	4,092,567
<b>Total liabilities</b>	<b>6,251,158</b>
<b>Net Position:</b>	
Net investment in capital assets	12,976,893
Restricted for:	
Building permits	35,775
Unrestricted	164,601
<b>Total net position</b>	<b>\$ 13,177,269</b>

The accompanying Notes to Financial Statements are an integral part of this statement.

Town of Windermere, Florida  
**Statement of Activities**  
Year Ended September 30, 2025

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	
<b>Primary Government</b>				
Governmental Activities:				
General government	\$ 3,153,239	\$ 722,571	\$ -	\$ (2,430,668)
Public safety	2,997,065	1,060,953	-	(1,926,112)
Physical environment	3,143,479	858,040	761,896	(55,424)
Culture and recreation	350,539	34,755	-	(315,784)
Interest on long-term debt	93,376	-	-	(93,376)
<b>Total governmental activities</b>	<b>\$ 9,737,698</b>	<b>\$ 2,676,319</b>	<b>\$ 761,896</b>	<b>(4,821,364)</b>
<b>General Revenues and Special Item:</b>				
Property taxes				3,777,575
Franchise and utility taxes				1,591,816
Intergovernmental				751,722
Investment income and miscellaneous				294,813
<b>Total general revenues and special item</b>				<b>6,415,926</b>
<b>Change in net position</b>				<b>1,594,562</b>
Net position, beginning, as previously presented				11,683,571
Restatement (Note 14)				(100,864)
Net position - beginning, as restated				11,582,707
<b>Net position, ending</b>				<b>\$ 13,177,269</b>

The accompanying Notes to Financial Statements are an integral part of this statement.

Town of Windermere, Florida  
**Balance Sheet**  
**Governmental Funds**  
September 30, 2025

	<u>General</u>	<u>Stormwater Special Revenue</u>	<u>Total Governmental Funds</u>
<b>Assets</b>			
Cash	\$ 1,168,904	\$ 413,719	\$ 1,582,623
Receivables	151,105	-	151,105
Due from other governments	472,552	-	472,552
Due from other funds	382,462	-	382,462
Prepays	36,175	-	36,175
<b>Total assets</b>	<u><u>\$ 2,211,198</u></u>	<u><u>\$ 413,719</u></u>	<u><u>\$ 2,624,917</u></u>
<b>Liabilities</b>			
Accounts payable	938,042	24,996	963,038
Accrued liabilities	37,421	439	37,860
Retainage payable	139,069	-	139,069
Due to other funds	-	382,462	382,462
Customer deposits	183,406	-	183,406
Unearned revenue	465,392	-	465,392
<b>Total liabilities</b>	<u><u>1,763,330</u></u>	<u><u>407,897</u></u>	<u><u>2,171,227</u></u>
<b>Fund Balances</b>			
Nonspendable	36,175	-	36,175
Restricted	35,775	5,822	41,597
Assigned	320,889	-	320,889
Unassigned	55,029	-	55,029
<b>Total fund balances</b>	<u><u>447,868</u></u>	<u><u>5,822</u></u>	<u><u>453,690</u></u>
<b>Total liabilities and fund balances</b>	<u><u>\$ 2,211,198</u></u>	<u><u>\$ 413,719</u></u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	17,185,972
Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the funds.	
Accrued interest payable	(49,541)
Notes payable	(4,209,079)
Compensated absences	(203,773)
<b>Net position of governmental activities</b>	<u><u>\$ 13,177,269</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

Town of Windermere, Florida  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Governmental Funds**  
Year Ended September 30, 2025

	General	Stormwater Special Revenue	Total Governmental Funds
<b>Revenues:</b>			
Taxes:			
Property	\$ 3,777,575	\$ -	\$ 3,777,575
Franchise and utility	1,591,816	-	1,591,816
Impact fees	47,000	-	47,000
Licenses and permits	364,543	-	364,543
Intergovernmental revenues	2,944,737	-	2,944,737
Charges for services	1,858,511	355,304	2,213,815
Fines and forfeitures	97,961	-	97,961
Investment income	65,165	6,950	72,115
Miscellaneous	222,698	-	222,698
<b>Total revenues</b>	<b>10,970,006</b>	<b>362,254</b>	<b>11,332,260</b>
<b>Expenditures:</b>			
Current:			
General government	3,034,420	-	3,034,420
Public safety	2,961,341	-	2,961,341
Physical environment	6,094,647	251,908	6,346,555
Culture and recreation	326,300	-	326,300
Debt Service:			
Principal	274,899	7,982	282,881
Interest and other charges	92,570	764	93,334
<b>Total expenditures</b>	<b>12,784,177</b>	<b>260,654</b>	<b>13,044,831</b>
<b>Excess (Deficit) of revenues over expenditures</b>	<b>(1,814,171)</b>	<b>101,600</b>	<b>(1,712,571)</b>
<b>Other Financing Sources (Uses):</b>			
Notes payable issued	58,450	-	58,450
Sale of general capital assets	9,051	-	9,051
<b>Total other financing sources (uses)</b>	<b>67,501</b>	<b>-</b>	<b>67,501</b>
<b>Net change in fund balances</b>	<b>(1,746,670)</b>	<b>101,600</b>	<b>(1,645,070)</b>
Fund balance, beginning of year	2,194,538	(95,778)	2,098,760
<b>Fund balance, end of year</b>	<b>\$ 447,868</b>	<b>\$ 5,822</b>	<b>\$ 453,690</b>

The accompanying Notes to Financial Statements are an integral part of this statement.

Town of Windermere, Florida

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities**

Year Ended September 30, 2025

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

Net change in fund balances - total governmental funds: \$ (1,645,070)

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

Capital outlay	\$ 4,090,046	
Current year depreciation	<u>(1,025,128)</u>	3,064,918

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position (56,547)

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

Debt repayments	282,881
Notes payable issued	(58,450)

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when paid. (42)

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. 6,872

<b>Change in Net Position of Governmental Activities</b>	<b>\$ 1,594,562</b>
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The accompanying Notes to Financial Statements are an integral part of this statement.

Town of Windermere, Florida  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual - General Fund**  
Year Ended September 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
<b>Taxes:</b>				
Property	\$ 3,662,906	\$ 3,662,906	\$ 3,777,575	\$ 114,669
Franchise and utility	1,324,000	1,324,000	1,591,816	267,816
Impact fees	-	-	47,000	47,000
Licenses and permits	264,130	264,130	364,543	100,413
Intergovernmental revenues	8,987,295	8,987,295	2,944,737	(6,042,558)
Charges for services	1,846,670	1,846,670	1,858,511	11,841
Fines and forfeitures	22,500	22,500	97,961	75,461
Investment income	60,000	60,000	65,165	5,165
Miscellaneous	122,750	122,750	222,698	99,948
<b>Total revenues</b>	<b>16,290,251</b>	<b>16,290,251</b>	<b>10,970,006</b>	<b>(5,320,245)</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government:				
Finance & administrative	1,715,235	1,715,235	1,689,322	25,913
Other	924,173	924,173	1,345,098	(420,925)
<b>Total general government</b>	<b>2,639,408</b>	<b>2,639,408</b>	<b>3,034,420</b>	<b>(395,012)</b>
Public safety	3,234,838	3,234,838	3,328,810	(93,972)
Physical environment:				
Streets & buildings	9,933,548	9,933,548	5,719,802	4,213,746
Solid waste	397,545	397,545	389,739	7,806
<b>Total physical environment</b>	<b>10,331,093</b>	<b>10,331,093</b>	<b>6,109,541</b>	<b>4,221,552</b>
Culture and recreation	193,500	193,500	311,406	(117,906)
<b>Total expenditures</b>	<b>16,398,839</b>	<b>16,398,839</b>	<b>12,784,177</b>	<b>3,614,662</b>
<b>Excess of revenues over expenditures</b>	<b>(108,588)</b>	<b>(108,588)</b>	<b>(1,814,171)</b>	<b>(1,705,583)</b>
<b>Other Financing Sources (uses):</b>				
Transfers in	101,088	101,088	-	(101,088)
Notes payable issued	-	-	58,450	58,450
Sale of capital assets	7,500	7,500	9,051	1,551
<b>Total other financing sources (uses)</b>	<b>108,588</b>	<b>108,588</b>	<b>67,501</b>	<b>(41,087)</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>(1,746,670)</b>	<b>(1,746,670)</b>
Fund balance, beginning	2,194,538	2,194,538	2,194,538	-
<b>Fund balance, ending</b>	<b>\$ 2,194,538</b>	<b>\$ 2,194,538</b>	<b>\$ 447,868</b>	<b>\$ (1,746,670)</b>

The accompanying Notes to Financial Statements are an integral part of this statement.

Town of Windermere, Florida  
**Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**Stormwater Special Revenue Fund**  
Year Ended September 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Charges for services	\$ 363,619	\$ 363,619	\$ 355,304	\$ (8,315)
Investment income	-	-	6,950	6,950
<b>Total revenues</b>	<b>363,619</b>	<b>363,619</b>	<b>362,254</b>	<b>(1,365)</b>
<b>Expenditures:</b>				
Current:				
Physical environment	363,619	363,619	260,654	102,965
<b>Total expenditures</b>	<b>363,619</b>	<b>363,619</b>	<b>260,654</b>	<b>102,965</b>
<b>Excess (deficit) of revenues over expenditures</b>	<b>-</b>	<b>-</b>	<b>101,600</b>	<b>101,600</b>
Fund balance, beginning of year	(95,778)	(95,778)	(95,778)	-
<b>Fund balance, end of year</b>	<b>\$ (95,778)</b>	<b>\$ (95,778)</b>	<b>\$ 5,822</b>	<b>\$ 101,600</b>

The accompanying Notes to Financial Statements are an integral part of this statement.

**Notes to Financial Statements**

**NOTE 1            SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

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

**Government-Wide and Fund Financial Statements**

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

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

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

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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

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

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

**NOTE 1            SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The Town reports the following major governmental funds:

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

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

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

**Assets, Liabilities, and Net Position or Equity**

*Deposits and Investments*

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

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

*Receivables*

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

*Prepaid Items*

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

*Capital Assets*

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

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

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

**NOTE 1                   SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

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

*Contributions*

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

*Restricted Assets*

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

*Compensated Absences*

The Town recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example, paid in cash to the employee) during or upon separation of employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences- vacation and sick leave. The liability for compensated absences is reported as incurred in the government-wide financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Vacation

Town policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment at the employee's current pay rate upon separation from employment.

Sick Leave

Town policy permits employees to accumulate earned but unused sick leave. Employees with more than 10 years of service are paid 50% of their sick time upon termination. In addition to the amount estimated to be paid at termination, a liability for the estimated value of sick leave that will be used by employees as time off is also included in the liability for compensated absences.

**NOTE 1            SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Subscription Based Information Technology Arrangements*

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

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

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

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

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

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

*Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town does not have any item that qualifies for reporting in this category for the year ended September 30, 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 Town 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 Town will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

**NOTE 1            SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Fund Balance Flow Assumptions*

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

*Fund Balance Policies*

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

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

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

*Use of Estimates*

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

*New Accounting Standards*

In fiscal year 2025, the Town implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. This statement will result in a liability for compensated absences that more appropriately reflects when the Town incurs an obligation, which will enhance the relevance and reliability of information. As a result, the Town's changes in beginning balances and net position are further described in Note 14.

**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 balances - total governmental funds and net position of governmental activities as reported in the government-wide statement of net position.

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

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

**NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgetary Information**

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

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

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

**Expenditures in Excess of Appropriations**

For the year ended September 30, 2025, expenditures in various departments of the General Fund were in excess of appropriations. These over expenditures were offset by under expenditures in the streets and building departments. The Town formally amended the budget in January 2026, and that amendment is not reflected in these financial statements.

**NOTE 3            STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

**Appropriations in Excess of Estimated Revenues and Funds Available**

For the year ended September 30, 2025, appropriations in the Stormwater Special Revenue Fund were in excess of anticipated revenue and available fund balance due to a beginning fund balance deficit.

**NOTE 4            CASH AND INVESTMENTS**

**Deposits**

At year-end, the carrying amount of the Town's deposits was \$1,582,623 and the bank balance was \$1,702,440. All bank deposits were fully covered by federal depository insurance or by collateral held in banks that are members of the State of Florida's Collateral Pool as specified under Florida law.

**Investments**

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

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

Investments are presented at fair value, which is based on available market values. Per GASB No. 72, *Fair Value Measurement and Application*, the Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. As of September 30, 2025, the Town has no investments as defined by GASB 72.

The Town's investment policy limits credit risk by restricting authorized investments to those described above. These policies also control concentration of credit risk by setting limits on the maximum percentage that certain investments may comprise in the portfolio. Since the Town has no investments at September 30, 2025, it has no exposure to credit risk, concentration of credit risk, custodial credit risk, or interest rate risk. However, all deposits are potentially subject to custodial credit risk. The Town's investment policy requires that bank deposits be secured as provided by Chapter 280, Florida Statutes. This law requires local governments to deposit funds only in financial institutions designated as qualified public depositories by the Chief Financial Officer of the State of Florida, and creates the Public Deposits Trust Fund, a multiple financial institution pool with the ability to assess its member financial institutions for collateral shortfalls if a default or insolvency has occurred. At September 30, 2025, all the Town's bank deposits were in qualified public depositories.

**NOTE 5 PROPERTY TAXES**

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

The Town is permitted by the Municipal Finance Law of the State to levy taxes up to \$10 per \$1,000 of assessed valuation for general governmental services other than the payment of principal and interest on long-term debt and in unlimited amounts for the payment of principal and interest on long-term debt. The combined tax rate to finance general governmental services for the year ended September 30, 2025 was \$3.7425 per \$1,000 which means the Town has a tax margin of \$6.2575 per \$1,000 and could raise up to \$6,383,855 (before discount) additional per year from the present assessed valuation of \$1,020,192,622 before the limit is reached.

**NOTE 6 CAPITAL ASSETS**

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

	<u>Beginning Balance</u>	<u>Increases / Transfers</u>	<u>Decreases / Transfers</u>	<u>Ending Balance</u>
<b>Primary Government</b>				
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 510,317	\$ -	\$ -	\$ 510,317
Construction in progress	1,585,848	3,652,042	(605,451)	4,632,439
<b>Total capital assets not being depreciated</b>	<u>2,096,165</u>	<u>3,652,042</u>	<u>(605,451)</u>	<u>5,142,756</u>
Capital assets, being depreciated:				
Buildings	7,395,530	-	-	7,395,530
Improvements	1,709,519	816,994	(103,477)	2,423,036
Equipment & machinery	1,886,436	226,461	-	2,112,897
Infrastructure	11,998,954	-	-	11,998,954
Intangibles	150,474	-	-	150,474
Intangibles - software	144,254	-	(144,254)	-
<b>Total capital assets being depreciated</b>	<u>23,285,167</u>	<u>1,043,455</u>	<u>(247,731)</u>	<u>24,080,891</u>
Less accumulated depreciation for:				
Buildings	(1,265,310)	(139,767)	-	(1,405,077)
Improvements	(953,737)	(99,481)	-	(1,053,218)
Equipment & machinery	(1,294,827)	(133,307)	-	(1,428,134)
Infrastructure	(7,394,296)	(606,897)	-	(8,001,193)
Intangibles	(128,419)	(21,634)	-	(150,053)
Intangibles - software	(48,084)	(24,042)	72,126	-
<b>Total accumulated depreciation</b>	<u>(11,084,673)</u>	<u>(1,025,128)</u>	<u>72,126</u>	<u>(12,037,675)</u>
<b>Total capital assets being depreciated, net</b>	<u>12,200,494</u>	<u>18,327</u>	<u>(175,605)</u>	<u>12,043,216</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 14,296,659</u>	<u>\$ 3,670,369</u>	<u>\$ (781,056)</u>	<u>\$ 17,185,972</u>

**NOTE 6 CAPITAL ASSETS (CONTINUED)**

Depreciation Allocation:		
General government	\$	172,331
Public safety		110,337
Physical environment		683,704
Culture and recreation		58,756
		<hr/>
	\$	<u>1,025,128</u>

**NOTE 7 INTERFUND RECEIVABLES AND PAYABLES**

At September 30, 2025, the Stormwater Special Revenue Fund owed the General Fund \$382,462 mainly due to the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

**NOTE 8 RETIREMENT PLAN**

The Town adopted the Town of Windermere Employee Retirement Plan effective October 1, 2001. The plan is a money purchase defined contribution plan that was established and can be amended by the Town Council. The plan covers all full time employees. The Town is required to contribute 19% of eligible employee compensation for sworn police officers, and 10% for remaining employees each year. Employees may not make contributions to the plan. At September 30, 2025, there were 24 active participants. Total contributions made by the Town during the year ended September 30, 2025 amounted to \$267,510.

The Town adopted the Town of Windermere Deferred Compensation Plan effective March 20, 2002. The plan is a deferred compensation defined contribution plan that was established and can be amended by the Town Council. The plan covers all full time employees who may elect to make contributions. The Town does not match employee contributions or otherwise contribute to the plan. At September 30, 2025, the plan had 16 active participants.

**NOTE 9 OTHER POST-EMPLOYMENT BENEFITS**

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

**NOTE 10            LONG-TERM DEBT**

A summary of long-term debt activity for the year ended September 30, 2025 follows:

	Beginning Balance, Restated	Additions	Deductions	Ending Balance	Due Within One Year
Promissory notes payable- Private Placement	\$ 243,510	\$ 58,450	\$ (47,881)	\$ 254,079	\$ 69,908
Revenue notes payable- Private Placement	4,190,000	-	(235,000)	3,955,000	230,000
Subscription liabilities	119,058	-	(119,058)	-	-
Compensated absences*	210,645	-	(6,872)	203,773	20,377
	<u>\$ 4,763,213</u>	<u>\$ 58,450</u>	<u>\$ (408,811)</u>	<u>\$ 4,412,852</u>	<u>\$ 320,285</u>

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

**Notes Payable**

Notes payable outstanding at September 30, 2025, are as follows:

	Sale Date	Original Borrowing	Outstanding 9/30/2025	Final Maturity	Interest Rates to Maturity
<u>Note Payable:</u>					
CIRN Note, Series 2019	12/20/2019	\$ 5,200,000	\$ 3,955,000	10/1/2039	2.13%
<u>Promissory Notes:</u>					
Promissory Note 802856-7	12/13/2016	148,493	33,388	12/13/2026	3.05%
Promissory Note 802856-14	11/25/2019	39,634	-	11/25/2024	3.65%
Promissory Note 802856-16	12/10/2020	35,495	7,444	12/10/2025	2.40%
Promissory Note 802856-17	4/23/2021	25,000	5,240	4/23/2026	2.40%
Promissory Note 802856-18	5/31/2024	60,586	49,558	6/1/2029	4.71%
Promissory Note 802856-19	9/26/2024	99,999	99,999	10/1/2029	4.05%
Promissory Note 802856-20	3/25/2025	58,450	58,450	4/1/2030	4.01%

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

**NOTE 10 LONG-TERM DEBT (CONTINUED)**

Debt service requirements of notes payable are as follows:

<u>Note Payable:</u>	<u>Maximum Annual Debt Service</u>	<u>Fiscal Year Principal &amp; Interest Paid</u>	<u>Principal and Interest Remaining</u>	<u>Payment Schedule</u>
CIRN Note, Series 2019	\$ 323,361	\$ 323,022	\$ 4,618,178	Annual
<u>Promissory Notes:</u>				
Promissory Note 802856-7	17,492	17,492	34,955	Annual
Promissory Note 802856-14	8,817	8,817	-	Annual
Promissory Note 802856-16	7,626	7,626	7,625	Annual
Promissory Note 802856-17	5,366	5,366	5,366	Annual
Promissory Note 802856-18	13,892	13,892	55,527	Annual
Promissory Note 802856-19	22,550	-	112,526	Annual
Promissory Note 802856-20	13,076	-	65,376	Annual

Annual debt service requirements to maturity are as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2026	\$ 299,908	\$ 93,099
2027	304,472	85,506
2028	289,317	77,980
2029	301,167	70,858
2030	284,215	63,498
2031 - 2035	1,370,000	226,153
2036 - 2040	1,360,000	73,380
	<u>\$ 4,209,079</u>	<u>\$ 690,474</u>

**Subscription Based Information Technology Arrangements**

During a prior year, the Town entered into a six-year subscription contract for police software. During the year, the Town terminated the contract, and disposed of the subscription assets.

**NOTE 11 RISK MANAGEMENT**

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

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

**NOTE 12 LITIGATION CONTINGENCIES, AND COMMITMENTS**

**Litigation**

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

**NOTE 13 FUND BALANCES**

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

Fund Balances:	General	Stormwater Special Revenue	Total
<b>Nonspendable:</b>			
Prepaid expenses	\$ 36,175	\$ -	\$ 36,175
<b>Spendable:</b>			
Restricted	35,775	5,822	41,597
<b>Assigned to:</b>			
Parks & recreation	36,571	-	36,571
Capital improvements	100,000	-	100,000
Other	184,318	-	184,318
<b>Unassigned:</b>			
Unassigned	55,029		55,029
<b>Total Fund Balances</b>	\$ 447,868	\$ 5,822	\$ 453,690

**NOTE 14 ADJUSTMENTS AND RESTATEMENTS OF BEGINNING BALANCES**

During the year, the Town implemented GASB Statement No. 101, *Compensated Absences*. In addition to the value of unused vacation time owed to employees upon separation of employment, the Town now recognizes an estimated amount of sick leave earned as of year-end that will be used by employees as time off in future years as part of the liability for compensated absences. The effects of the change in accounting principle are summarized below in the "Restatement - GASB 101 implementation" column below.

	Net position 9/30/24 as previously reported	Restatement- GASB 101 implementation	Net position 9/30/24 as restated
Governmental activities	\$ 11,683,571	\$ (100,864)	\$ 11,582,707

## **Other Reports**



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

Honorable Mayor and Town Council  
*Town of Windermere, Florida*

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund, of the Town as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated April 28, 2026.

### **Report on Internal Control over Financial Reporting**

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

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

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

### **Report on Compliance and Other Matters**

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

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**Town of Windermere's Response to Findings**

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

**Purpose of this Report**

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

*McDiarmid Davis*

Orlando, Florida  
April 28, 2026



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**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 Town Council  
*Town of Windermere, Florida*

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

We have audited the *Town of Windermere’s* (the Town) 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 Town’s major federal programs for the year ended September 30, 2025. The Town’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 Town 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 Town 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 Town’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 Town’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 Town’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

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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 Town'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 Town'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 Town'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 Town'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.

*McDiarmid Davis*

Orlando, Florida  
April 28, 2026

Town of Windermere, Florida  
**Schedule of Expenditures of Federal Awards**  
Year Ended September 30, 2025

Award type Grantor	Assistance Listing Number	Agency or Pass-through Entity Grant Number	Expenditures
Pass-through grantor Grantor program title			
<b>Federal Awards</b>			
<b>United States Department of Homeland Security</b>			
Passed through State of Florida, Division of Emergency Management			
Hazard Mitigation Grant Program *	97.039	H1024	\$ 1,532,042
Disaster Grants- Public Assistance (Presidentially Declared Disasters)	97.036	04641	6
Disaster Grants- Public Assistance (Presidentially Declared Disasters)	97.036	Z2953	78,290
Disaster Grants- Public Assistance (Presidentially Declared Disasters)	97.036	Z4580	<u>567,727</u>
Total U.S. Department of Homeland Security			<u>2,178,065</u>
<b>United States Department of Treasury</b>			
Coronavirus State and Local Fiscal Recovery Funds *	21.027		<u>1,026,474</u>
Total U.S. Department of Treasury			<u>1,026,474</u>
<b>United States Department of Justice</b>			
Passed through Florida Department of Law Enforcement			
Edward Byrne Memorial Justice Assistance Grant	16.738	6N189	<u>10,000</u>
<b>Total federal awards</b>			<u><u>\$ 3,214,539</u></u>

\* Denotes a major program

See accompanying Notes to Schedule of Expenditures of Federal Awards

**NOTE 1 BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Town of Windermere (the Town) 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 Town, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town.

**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 the 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 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 4 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 Town. In the opinion of the Town's management, all grant expenditures included on the Schedule complied with the terms of the grant agreements and applicable federal laws and regulations.

**A. Summary of Independent Auditor's Results**

*Financial Statements*

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with generally accepted accounting principles: Unmodified Opinion

Internal control over financial reporting:

- Material weakness(es) identified?        Yes   X   No
- Significant deficiency(ies) identified?   X   Yes        None reported

Noncompliance material to financial statements noted?        Yes   X   No

*Federal Awards*

Internal control over major federal programs:

- Material weakness(es) identified?        Yes   X   No
- Significant deficiency(ies) identified?        Yes   X   None reported

Type of auditor's report issued on compliance for major federal programs: Unmodified Opinion

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?        Yes   X   No

Identification of major federal programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
97.039	Hazard Mitigation Grant Program
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 low-risk auditee        Yes   X   No

**B. Financial Statement Findings**

None reported

**C. Federal Award Findings and Questioned Costs**

None reported

**D. Federal Award Summary Schedule of Prior Year Findings**

No prior year findings



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

Honorable Mayor and Town Council  
*Town of Windermere, Florida*

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

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

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

*McDermitt Davis*

Orlando, Florida  
April 28, 2026



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**MANAGEMENT LETTER**

Honorable Mayor and Town Council  
 Town of Windermere, Florida

**Report on the Financial Statements**

We have audited the financial statements of the Town of Windermere, Florida, as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated April 28, 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* 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 April 28, 2026, should be considered in conjunction with this management letter.

**Prior Audit Findings**

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

Tabulation of Uncorrected Audit Findings		
FY 2025 Finding #	FY 2024 Finding #	FY 2023 Finding #
ML 25-01	ML 24-01	ML 23-01

**Official Title and Legal Authority**

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

**Financial Condition and Management**

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

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

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

**Properly Assessed Clean Energy (PACE) Programs (Unaudited)**

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

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

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

Not applicable, no PACE programs.

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

Not applicable, no PACE programs.

**Additional Matters**

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

**Purpose of this Letter**

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

*McDiernit Davis*

Orlando, Florida  
April 28, 2026

**25-01 - INTERNAL CONTROLS OVER THE PREPARATION OF FINANCIAL STATEMENTS**

**Criteria**

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

**Condition**

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

**Cause**

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

**Effect**

Errors in financial reporting could go undetected by management.

**Recommendation**

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

Mayor  
LOREN "ANDY" WILLIAMS



Town Manager  
ROBERT SMITH

Clerk  
DOROTHY BURKHALTER

614 Main Street, Windermere, FL 34786  
Office: (407) 876-2563

April 28, 2026

RE: Comments and Recommendations from Auditor FY 24/25

Mayor and Council,

For FY 24/25, the auditors had one finding relative to internal controls. The following is my response to that finding:

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

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

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

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

**Effect:** Errors in financial reporting could go undetected by management.

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

Regards,



Town Manager