Town of Howey-in-the-Hills, Florida

Audit Report

For the Year Ended September 30, 2024

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TOWN OF HOWEY-IN-THE-HILLS, FLORIDA
ANNUAL FINANCIAL REPORT
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Binney Accounting & Assurance Services, PLLC.

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of
The Town Council
Howey-In-The-Hills, Florida

Report on the Audit of the Financial Statements

Opinions
We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Howey-In-The-Hills, Florida (the "Town"), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town as of September 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof, and the applicable budgetary comparison statements for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

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

INDEPENDENT AUDITORS' REPORT
(Continued)

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, 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.

INDEPENDENT AUDITORS' REPORT
(Continued)

Required Supplementary Information-(continued)
We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's financial statements. The other supplementary information section, as listed in the table of contents, and the schedule of expenditures of state financial assistance as required by the audit requirements of Section 215.97, Florida Statutes, *Florida Single Audit Act;* and Chapter 10.550, Rules of the State of Florida, Office of the Auditor General, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Other Supplementary Information is the responsibility of management and is derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 other supplementary information and the schedule of expenditures of state financial assistance 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 comprehensive financial report. The other information comprises the introductory section but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

INDEPENDENT AUDITORS' REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2025, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town'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 Town's internal control over financial reporting and compliance.

Binney Accounting and
Assurance Services, PLLC

Clermont, FL
June 25, 2025

The Town of Howey-in-the-Hills, Florida's (the "Town") Management's Discussion and Analysis (the "MD&A") presents an overview of the Town's financial activities for the fiscal year ended September 30, 2024. Please read it in conjunction with the letter of transmittal in the introductory section, and the Town's financial statements following the MD&A.

Financial Highlights

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2024 by $10,837,057 (net position). Of this amount, $1,132,791 represents unrestricted net position.

- The Town's net position increased by $1,300,167. Governmental activities contributed 103% of the increase.

- The Town's total governmental fund balances decreased $(549,667) from the prior year.

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*, which consist of the following two 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, deferred outflows of resources, liabilities, and deferred inflows 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 Town is improving or deteriorating. Additionally, nonfinancial factors, such as a change in the Town's property tax base or the condition of Town facilities and infrastructure, should be considered to assess the overall financial health of the Town.
>
> The *statement of activities* presents information showing how the government's net position changed during the 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 but earned revenue and unused vacation leave).

Both of these financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities)* from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities)*. The governmental activities of the Town include general government, public safety, physical environment, transportation, and culture/recreation. The business-type activities of the Town include water and sanitation services, and storm water services. The government-wide financial statements can be found immediately following the MD&A.

Fund financial statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

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

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

The Town maintains several individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Infrastructure Surtax Fund, Water Impact Fees Fund and Building Services Fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation noted as Nonmajor Governmental Funds. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* in the other supplemental information section of this report.

The Town adopts an annual appropriated budget for its general fund and most special revenue funds. Budgetary comparison schedules have been provided for the major funds to demonstrate budgetary compliance.

Proprietary Funds

The Town maintains one type of proprietary fund. The *enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for the fiscal activities relating to water/sanitation, and storm water operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Utility Fund (major fund) and the Stormwater Fund (nonmajor fund).

Fiduciary Fund

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is similar to proprietary funds. The Town has one pension trust fund to account for the police officers' pension plan.

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.

Other information

In addition to the basic financial statements and accompanying notes, *required supplementary information* is included which presents budgetary comparison schedules for the Town's General Fund, Infrastructure Surtax Fund, Water Impact Fees Fund and Building Services Fund; and required pension schedules for the Town's pension plan. Required supplementary information can be found following the notes to the financial statements.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented in the other supplemental information section of this report.

Government-wide Financial Analysis

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 and deferred outflows exceeded liabilities and deferred inflows by $10,837,057 at the close of the fiscal year ended September 30, 2024.

The largest portion of the Town's net position (70%) reflects its net investment in capital assets (land, buildings, infrastructure and equipment less any related outstanding debt used to acquire those assets). The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town's net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. The Town has restricted net position ($2,089,782) for public works projects, public safety programs, building code enforcement, pension asset, and other purposes. The unrestricted net position ($1,132,791) is available for future spending. At the end of fiscal year 2024, the Town is able to report positive balances in all three categories of net position for governmental and business-type activities.

Governmental activities capital assets increased by $1,691,659 from the prior year primarily from the water treatment plant upgrade project paid from water impact fee funds. Deferred outflows decreased by $62,532 due to police pension related changes reflected in the current year's actuarial valuation.

There was a net increase of $1,300,167 in the Town's net position over fiscal year 2023. There was a net increase of $1,345,179 in net position reported in connection with the Town's governmental activities and net decrease of $(45,012) in business-type activities. Key reasons for these changes are presented in the following pages for governmental and business-type activities.

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Assets						
Non-capital assets	$ 2,765,336	$ 3,220,188	$ 1,023,453	$ 1,145,302	$ 3,788,789	$ 4,365,490
Capital assets	5,501,905	3,810,246	3,326,330	3,268,400	8,828,235	7,078,646
Total assets	8,267,241	7,030,434	4,349,783	4,413,702	12,617,024	11,444,136
Deferred outflows of resources						
Pension related	153,240	215,772	-	-	153,240	215,772
Liabilities						
Current liabilities	136,161	290,668	182,782	95,166	318,943	385,834
Long-term liabilities	158,712	209,575	1,130,290	1,236,813	1,289,002	1,446,388
Total liabilities	294,873	500,243	1,313,072	1,331,979	1,607,945	1,832,222
Deferred inflows of resources						
Pension related	325,262	290,796	-	-	325,262	290,796
Net position						
Net investment in capital assets	5,388,385	3,644,572	2,226,099	2,051,398	7,614,484	5,695,970
Restricted	2,089,782	2,429,278	-	-	2,089,782	2,429,278
Unrestricted	322,179	381,317	810,612	1,030,325	1,132,791	1,411,642
Total net position	$ 7,800,346	$ 6,455,167	$ 3,036,711	$ 3,081,723	$ 10,837,057	$ 9,536,890

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Program revenues						
Charges for services	$ 787,143	$ 1,096,171	$ 1,663,209	$ 1,551,722	$ 2,450,352	$ 2,647,893
Operating grants & contributions	177,957	72,365	-	-	177,957	72,365
Capital grants & contributions	1,075,734	731,002	-	-	1,075,734	731,002
General revenues						
Property taxes	1,376,679	1,103,451	-	-	1,376,679	1,103,451
Franchise fees and utility taxes	494,649	405,200	-	71,115	494,649	476,315
Infrastructure surtax	207,264	208,627	-	-	207,264	208,627
Other taxes	60,677	59,683	-	-	60,677	59,683
Shared revenues	199,011	197,214	-	-	199,011	197,214
Other	109,338	18,921	30,781	7,905	140,119	26,826
Total revenues	4,488,452	3,892,634	1,693,990	1,630,742	6,182,442	5,523,376
Program expenses						
General government	758,077	740,343	-	-	758,077	740,343
Public safety	1,746,428	1,854,121	-	-	1,746,428	1,854,121
Physical environment	188,104	202,330	-	-	188,104	202,330
Transportation	140,593	160,774	-	-	140,593	160,774
Culture and recreation	307,126	301,845	-	-	307,126	301,845
Interest on long-term debt	2,945	5,232	-	-	2,945	5,232
Utility	-	-	1,735,087	1,428,178	1,735,087	1,428,178
Stormwater	-	-	3,915	3,915	3,915	3,915
Total expenses	3,143,273	3,264,645	1,739,002	1,432,093	4,882,275	4,696,738
Change in net position	1,345,179	627,989	(45,012)	198,649	1,300,167	826,638
Beginning net position	6,455,167	5,827,178	3,081,723	2,883,074	9,536,890	8,710,252
Ending net position	$ 7,800,346	$ 6,455,167	$ 3,036,711	$ 3,081,723	$ 10,837,057	$ 9,536,890

Governmental activities

Governmental activities accounted for an increase of $1,345,179 from the prior year net position. The largest factor in this increase was a $344,732 increase in capital grants and contributions revenues from the prior year, primarily for impact fees associated with an increase in local construction. Additionally, property tax revenues increased by $273,228 due to increased property values. Public safety expenses decreased by $107,693 over the prior year for decreased spending on supplies, and effective budgeting measures. The remaining expenses were in line with the prior year.

Business-type activities

Business-type activities decreased the Town's net position by $(45,012). Utility Fund expenses were $306,909 greater than the prior year. Personnel costs and operating expenses increased as more citizens were added to the existing Utility system in the last couple years. Stormwater expenses remained the same as the prior year.

Financial Analysis of the Town's Funds

Governmental funds

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

As of the end of fiscal year 2024, the Town's governmental funds reported combined ending fund balances of $1,976,620, a decrease of $549,667 in comparison with the prior year. This decrease was largely the result of spending the water impact fees for the water treatment plant project. Components of fund balance are comprised of nonspendable, restricted, committed, assigned, and unassigned. The components of committed, assigned and unassigned are considered spendable unrestricted fund balance. The total spendable unrestricted fund balance of governmental funds in fiscal year 2024 was $539,393 compared to $470,242 for fiscal year 2023, an increase of $69,151 for all governmental funds. The main cause of this increase in spendable unrestricted fund balance was from increased property tax revenues in the current year.

Major Funds

General Fund

The General Fund is the chief operating fund of the Town. At the end of fiscal year 2024, the spendable unassigned fund balance of the General Fund totaled $570,418 compared to $470,242 in fiscal year 2023, an increase of $100,176. As a measure of the General Fund's liquidity, it may be useful to compare the spendable unassigned fund balance of $570,418 to the total fund's expenditures of $2,553,099. This represents 22% of total expenditures compared to 18% in the prior fiscal year. The Town was able to increase liquidity available to meet upcoming expenditures in its chief operating fund.

The fund balance in the General Fund increased by $70,176 during the current fiscal year. The General Fund reported decreased expenditures of $(106,762) from the prior year in all functions except for general government and public safety. The differences within the different functions was minimal and attained by effective budgeting in the current year. These decreases were offset by increased revenues of $372,835 from the prior year. Taxes increased by $375,414 due to increasing property values.

The Infrastructure Surtax Fund

The Infrastructure Surtax Fund total fund balance increased by $248,362 from the prior year. Revenues were in line with the prior year and expenditures were minimal for the year. The Town is currently assessing projects to use these funds.

The Water Impact Fees Fund

The Water Impact Fees Fund total fund balance decreased by $(522,811) from the prior year. The water impact fee receipts were in line with prior year; however, significant expenditures of $1,473,791 were for the water treatment plant project. A portion of the project was reimbursed by a capital grant.

The Building Services Fund

The Building Services Fund total fund balance decreased by $(18,596) from the prior year. Permits and fees decreased by $283,664 from the prior year due to decreased construction projects within the Town. Expenditures were in line with the prior year for operating costs to provide those review and permitting services.

Enterprise funds

The Town's enterprise funds provide the same type of information found in the government-wide financial statements, but in more detail. The Town has one major enterprise fund – the Utility Fund, and one nonmajor fund – the Stormwater Fund. For the current fiscal year, unrestricted net position in the Utility Fund decreased by $(219,713) and the Stormwater Fund had no change over the prior year.

Utility Fund

The Utility Fund had a decrease in net position of $(41,097). Utility and sanitation user fees were $101,967 greater than the prior year due to additional users on the Town's system. Operating expenses were $309,830 greater than the prior year due to increased personnel and operating costs related to servicing additional system users.

General Fund Budgetary Highlights

The General Fund original budgeted revenues increased by $297,402 and original budgeted expenditures increased by $424,131 during the current fiscal year. The largest factor in the increase in budgeted revenues was $245,695 for miscellaneous revenues. The largest factor in the increase in budgeted expenditures was $201,748 for general government for projects carried to the next year.

Total revenues were less than the final amended budget by $230,065. Total expenditures were less than the final amended budget by $426,970 mostly from projects carried to the next year.

Capital Assets and Long-term Debt

Capital Assets

The Town's investment in capital assets for its governmental and business-type activities as of September 30, 2024 amounts to $8,828,235 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, infrastructure, intangibles, equipment, vehicles, and construction in progress. The total increase in the Town's investment in capital assets for the current fiscal year was $1,749,589. Governmental activities increased capital assets by $1,691,659 from the water treatment plant project. Business-type activities increased capital assets by $57,930 due to a well improvement project. Additional information on the Town's capital assets can be found in Note 3 of this report.

Long-term Debt

At the end of fiscal year 2024, the Town had total debt outstanding of $1,210,001. This is a decrease of $(165,675) from the prior year, primarily due to scheduled principal payments. Of the total outstanding, $109,770 is related to governmental activities and $1,100,231 is related to business-type activities. Additional information on the Town's debt can be found in Note 4 of this report.

Economic Factors and Next Year's Budgets and Rates

The ad valorem tax rate for the General Fund remained the same at 7.50 for the 2025 fiscal year budget.

Requests for Information

This financial report is designed to present users with a general overview of the Town's finances and to demonstrate the Town's accountability. If you have questions concerning any of the information provided in this report or need additional financial information, contact the Town's Clerk, 101 N Palm Avenue, Howey-in-the-Hills, Florida 34737.

BASIC FINANCIAL STATEMENTS

Town of Howey-in-the-Hills, Florida
Statement of Net Position
September 30, 2024

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and equivalents	$ -	$ 902,035	$ 902,035
Investment in state pool	21,339	-	21,339
Due from other governments	128,591	-	128,591
Prepaids	-	-	-
Accounts receivable	3,877	100,843	104,720
Pension asset	652,555	-	652,555
Restricted assets:			
Cash and equivalents	1,958,974	20,575	1,979,549
Capital assets:			
Non-depreciable	2,506,587	261,682	2,768,269
Depreciable, net	2,995,318	3,064,648	6,059,966
Total assets	8,267,241	4,349,783	12,617,024
Deferred outflows of resources			
Pension related	153,240	-	153,240
Total assets and deferred outflows of resources	8,420,481	4,349,783	12,770,264
Liabilities			
Accounts payable	68,528	80,435	148,963
Contracts payable	3,750	-	3,750
Accrued liabilities	63,883	23,080	86,963
Interest payable	-	13,041	13,041
Customer deposits	-	66,226	66,226
Noncurrent liabilities:			
Due within one year	68,178	131,847	200,025
Due in more than one year	90,534	998,443	1,088,977
Total liabilities	294,873	1,313,072	1,607,945
Deferred inflows of resources			
Pension related	325,262	-	325,262
Total liabilities and deferred inflows of resources	620,135	1,313,072	1,933,207
Net position			
Net investment in capital assets	5,388,385	2,226,099	7,614,484
Restricted:			
Public safety projects	281,498	-	281,498
Public works projects	347,161	-	347,161
Building	414,886	-	414,886
Pension asset	652,555	-	652,555
Other purposes	391,867	-	391,867
Tree replenishment program	1,815	-	1,815
Unrestricted	322,179	810,612	1,132,791
Total net position	$ 7,800,346	$ 3,036,711	$ 10,837,057

See accompanying notes.

Town of Howey-in-the-Hills, Florida
Statement of Activities
Year ended September 30, 2024

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities							
General government	$ 758,077	$ 46,753	$ 40	$ -	$ (711,284)	$ -	$ (711,284)
Public safety	1,746,428	716,179	101,869	74,926	(853,454)	-	(853,454)
Physical environment	188,104	50	-	939,183	751,129	-	751,129
Transportation	140,593	12,797	-	-	(127,796)	-	(127,796)
Culture and recreation	307,126	11,364	76,048	61,625	(158,089)	-	(158,089)
Interest on long-term debt	2,945	-	-	-	(2,945)	-	(2,945)
Total governmental activities	3,143,273	787,143	177,957	1,075,734	(1,102,439)	-	(1,102,439)
Business-type activities							
Utility	1,735,087	1,663,209	-	-	-	(71,878)	(71,878)
Stormwater	3,915	-	-	-	-	(3,915)	(3,915)
Total business-type activities	1,739,002	1,663,209	-	-	-	(75,793)	(75,793)
Total	$ 4,882,275	$ 2,450,352	$ 177,957	$ 1,075,734	(1,102,439)	(75,793)	(1,178,232)
General revenues							
Property taxes					1,376,679	-	1,376,679
Franchise and utility taxes					494,649	-	494,649
Infrastructure surtax					207,264	-	207,264
Local option tax					44,778	-	44,778
Shared revenues - unrestricted					199,011	-	199,011
Other taxes					15,899	-	15,899
Miscellaneous					109,338	30,781	140,119
Total general revenues					2,447,618	30,781	2,478,399
Change in net position					1,345,179	(45,012)	1,300,167
Net position - beginning of year					6,455,167	3,081,723	9,536,890
Net position - end of year					$ 7,800,346	$ 3,036,711	$ 10,837,057

See accompanying notes.

Town of Howey-in-the-Hills, Florida
Balance Sheet
Governmental Funds
September 30, 2024

	General Fund	Infrastructure Surtax Fund	Water Impact Fees Fund	Building Services Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and equivalents	$ 508,989	$ 386,377	$ 347,161	$ 433,134	$ 283,313	$ 1,958,974
Investment in state pool	21,339	-	-	-	-	21,339
Account receivable, net	3,877	-	-	-	-	3,877
Due from other funds	27,275	-	-	-	-	27,275
Due from other governments	123,101	5,490	-	-	-	128,591
Total assets	$ 684,581	$ 391,867	$ 347,161	$ 433,134	$ 283,313	$ 2,140,056
Liabilities						
Accounts payable	58,839	-	-	9,689	-	68,528
Contracts payable	-	-	-	-	3,750	3,750
Accrued liabilities	55,324	-	-	8,559	-	63,883
Due to other funds	-	-	-	-	27,275	27,275
	114,163	-	-	18,248	31,025	163,436
Fund balances						
Restricted:						
Capital projects	-	391,867	-	-	-	391,867
Public safety	-	-	-	414,886	281,498	696,384
Physical environment	-	-	347,161	-	1,815	348,976
Unassigned (Deficit)	570,418	-	-	-	(31,025)	539,393
Total fund balances	570,418	391,867	347,161	414,886	252,288	1,976,620
Total liabilities, deferred inflows of resources and fund balances	$ 684,581	$ 391,867	$ 347,161	$ 433,134	$ 283,313	$ 2,140,056

See accompanying notes.

Town of Howey-in-the-Hills, Florida
Reconciliation of the Balance Sheet to the Statement of Net Position
September 30, 2024

Fund balances - total governmental funds	$ 1,976,620
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.	
Capital assets - net	5,501,905
The net pension liability/asset is not reported in governmental funds.	652,555
Deferred inflows and outflows of resources related to pensions are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.	
Deferred outflows of resources pensions	153,240
Deferred inflows of resources pensions	(325,262)
Long-term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities--both current and long-term--are reported in the statement of net position. Long-term liabilities at year-end consist of:	
SBITA payable	(10,931)
Leases payable	(53,396)
Lake County loan	(45,443)
Compensated absences	(48,942)
Net position of governmental activities	$ 7,800,346

See accompanying notes.

Town of Howey-in-the-Hills, Florida
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year ended September 30, 2024

	General Fund	Infrastructure Surtax Fund	Water Impact Fees Fund	Building Services Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Taxes	$ 1,711,468	$ 264,364	$ -	$ -	$ -	$ 1,975,832
Permits, fees and special assessments	203,926	-	195,352	497,718	127,268	1,024,264
Intergovernmental	266,320	-	743,833	-	-	1,010,153
Charges for services	233,370	-	-	-	-	233,370
Judgments, fines and forfeits	6,778	-	-	-	885	7,663
Miscellaneous	201,413	7,373	11,795	11,060	5,529	237,170
Total revenues	2,623,275	271,737	950,980	508,778	133,682	4,488,452
Expenditures						
Current:						
General government	733,915	-	-	-	-	733,915
Public safety	1,306,146	-	-	526,714	7,862	1,840,722
Physical environment	147,119	-	1,473,791	-	-	1,620,910
Transportation	78,546	23,375	-	-	-	101,921
Culture and recreation	236,184	-	-	-	452,618	688,802
Debt service:						
Principal retirement	48,277	-	-	627	-	48,904
Interest	2,912	-	-	33	-	2,945
Total expenditures	2,553,099	23,375	1,473,791	527,374	460,480	5,038,119
Excess of revenues over (under) expenditures	70,176	248,362	(522,811)	(18,596)	(326,798)	(549,667)
Fund balances - beginning of year, as originally reported	500,242	-	869,972	433,482	722,591	2,526,287
Restatement - Change in major fund	-	143,505	-	-	(143,505)	-
Fund balances - beginning of year, as restated	500,242	143,505	869,972	433,482	579,086	2,526,287
Fund balances - end of year	$ 570,418	$ 391,867	$ 347,161	$ 414,886	$ 252,288	$ 1,976,620

See accompanying notes.

Town of Howey-in-the-Hills, Florida
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities
Year ended September 30, 2024

Net change in fund balances	$	(549,667)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is depreciated over their estimated useful lives.		
Acquisitions of capital assets		2,076,869
Current year depreciation expense		(385,210)
The issuance of bonds and similar long-term debt provides current financial resources to governmental funds and thus contributes to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability in the statement of net position. The amounts of the items that make up these differences in the treatment of long-term debt and related items are:		
Financed purchase repayments		-
SBITA payable repayments		10,596
Lease payable repayments		27,460
Lake County loan repayments		10,848
The accounting for pension costs differs between governmental funds and governmental activities		
Change in net pension liability or asset		249,322
Change in deferred outflows related to pensions		(62,532)
Change in deferred inflows related to pensions		(34,466)
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		
Compensated absences		1,959
Change in net position of governmental activities	$	1,345,179

See accompanying notes.

Town of Howey-in-the-Hills, Florida
Statement of Net Position
Proprietary Funds
September 30, 2024

	Business-type Activities Enterprise Funds		
	Utility Fund	Nonmajor Stormwater Fund	Total Enterprise Funds
Current assets			
Cash and equivalents	$ 890,139	$ 11,896	$ 902,035
Accounts receivable, net	100,843	-	100,843
Total current assets	990,982	11,896	1,002,878
Noncurrent assets			
Restricted cash and equivalents	20,575	-	20,575
Capital assets, net	3,265,258	61,072	3,326,330
Total noncurrent assets	3,285,833	61,072	3,346,905
Total assets	4,276,815	72,968	4,349,783
Current liabilities			
Accounts payable	80,435	-	80,435
Accrued liabilities	23,080	-	23,080
Interest payable	13,041	-	13,041
Customer deposits	66,226	-	66,226
Current portion of long-term liabilities	131,847	-	131,847
Total current liabilities	314,629	-	314,629
Noncurrent liabilities	998,443	-	998,443
Total liabilities	1,313,072	-	1,313,072
Net position			
Net investment in capital assets	2,165,027	61,072	2,226,099
Unrestricted	798,716	11,896	810,612
Total net position	$ 2,963,743	$ 72,968	$ 3,036,711

See accompanying notes.

Town of Howey-in-the-Hills, Florida
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year ended September 30, 2024

	Business-type Activities Enterprise Funds		
	Utility Fund	Nonmajor Stormwater Fund	Total Enterprise Funds
Operating revenues			
User fees - water	$ 1,308,196	$ -	$ 1,308,196
User fees - sanitation	336,131	-	336,131
Miscellaneous revenues	18,882	-	18,882
Total operating revenues	1,663,209	-	1,663,209
Operating expenses			
Personal services	584,328	-	584,328
Operating expenses	950,479	-	950,479
Depreciation and amortization	171,090	3,915	175,005
Total operating expenses	1,705,897	3,915	1,709,812
Operating (loss)	(42,688)	(3,915)	(46,603)
Nonoperating revenues (expenses)			
Interest income	30,781	-	30,781
Interest (expense)	(29,190)	-	(29,190)
Total nonoperating revenues (expenses)	1,591	-	1,591
Change in net position	(41,097)	(3,915)	(45,012)
Net position - beginning of year	3,004,840	76,883	3,081,723
Net position - end of year	$ 2,963,743	$ 72,968	$ 3,036,711

See accompanying notes.

Town of Howey-in-the-Hills, Florida
Statement of Cash Flows
Proprietary Funds
Year ended September 30, 2024

	Utility Fund	Nonmajor Stormwater Fund	Total Enterprise Funds
Operating activities			
Receipts from customers	$ 1,671,533	$ -	$ 1,671,533
Payments to suppliers	(882,816)	-	(882,816)
Payments to employees	(564,817)	-	(564,817)
Net cash provided by operating activities	223,900	-	223,900
Capital and related financing activities			
Principal paid on debt	(116,771)	-	(116,771)
Interest paid on debt	(30,544)	-	(30,544)
Acquisition of capital assets	(232,935)	-	(232,935)
Net cash used by capital and related financing activities	(380,250)	-	(380,250)
Investment Activities			
Interest on investments	30,781	-	30,781
Net cash provided by investment activities	30,781	-	30,781
Change in cash and equivalents	(125,569)	-	(125,569)
Cash and equivalents - beginning of year	1,036,283	11,896	1,048,179
Cash and equivalents - end of year	$ 910,714	$ 11,896	$ 922,610
Operating (loss)	$ (42,688)	$ (3,915)	(46,603)
Depreciation	171,090	3,915	175,005
Change in:			
Receivables	(3,720)	-	(3,720)
Accounts payable	67,663	-	67,663
Accrued liabilities	9,263	-	9,263
Customer deposits	12,044	-	12,044
Compensated absences	10,248	-	10,248
Net cash provided by operating activities	$ 223,900	$ -	$ 223,900

There were no noncash activities.

See accompanying notes.

Town of Howey-in-the-Hills, Florida
Statement of Fiduciary Net Position
September 30, 2024

		Pension Trust Fund
Assets		
Short Term Cash and Investments	$	40,779
Investments		2,872,019
Total assets		2,912,798
Net position		
Restricted for pension benefits	$	2,912,798

See accompanying notes.

Town of Howey-in-the-Hills, Florida
Statement of Changes in Fiduciary Net Position
Year ended September 30, 2024

		Pension Trust Fund
Additions		
Contributions:		
Employer	$	133,847
Member		26,916
State		31,305
Total contributions		192,068
Investment income:		
Investment income		470,490
Net investment income		470,490
Total additions		662,558
Deductions		
Member benefits		68,770
Administrative costs		18,808
Change in net position		574,980
Net position restricted for pension benefits		
Beginning of year		2,337,818
Net position restricted for pension benefits		
End of year	$	2,912,798

See accompanying notes.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Howey-in-the-Hills, Florida (the "Town"), have been prepared in conformity with generally accepted accounting principles ("GAAP"), as applied to governmental units, which were promulgated by the Governmental Accounting Standards Board ("GASB"). A summary of the Town's significant accounting policies applied in the preparation of these financial statements follows.

A. REPORTING ENTITY

The Town of Howey-in-the-Hills is a political subdivision of the state of Florida established under the Laws of Florida, Chapter 10675 (1925). The Town was originally incorporated on May 8, 1925. The Town provides a wide range of services that include police protection, recreation services, public works services, and general administration. The Town also operates enterprise activities, including: water, sewer, sanitation and stormwater.

The Town is a municipal corporation governed by an elected mayor and four-member council. As required by GAAP, these financial statements present the Town as a primary government. Component units are entities for which a primary government is considered financially accountable or entities that would be misleading to exclude. Blended component units, although legally separate entities, are in substance part of the government's operations and so data from these units would be combined with data of the primary government. The Town has no blended component units. Discretely presented component units, on the other hand, would be reported in separate columns to emphasize that they are legally separate from the Town. There are no discretely presented component units included in the Town's financial reporting entity. The Town has included the Police Officers Retirement Plan as a fiduciary component unit. It is included in the financial statements as a pension trust fund.

B. BASIC FINANCIAL STATEMENTS

The basic financial statements include both government-wide (based on the Town as a whole) and fund financial statements. The government-wide statements (statement of net position and statement of activities) are presented using a full accrual, economic resource basis, which incorporates long-term assets and receivables, deferred outflows of resources, long-term liabilities, and deferred inflows of resources. The Town's fiduciary funds are not included in the government-wide statements since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the Town.

The government-wide statement of activities reports the gross and net cost for the various functional categories (general government, public safety, physical environment, transportation, and culture and recreation) of the Town that are otherwise supported by general government revenues (property, sales and use tax, and certain intergovernmental revenues, etc.). For the most part, the effect of interfund activity has been removed from this statement. Direct expenses are those that are clearly identifiable with a specific function. Program revenues are defined as charges for services, and operating and capital grants and contributions that specifically relate to a specific program function. Charges for services include revenue arising from charges to customers or applicants who purchase, use or directly benefit from the goods, services, or privileges provided. Operating and capital grants and contributions consist of revenues received from governments, organizations, or individuals that are specifically attributable to an activity program for either operating expenses or capital expenses associated with the specific program.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. All non-major funds are summarized into a single column. The Town has reported the General Fund, Water Impact Fees Fund, Infrastructure Surtax Fund, and Building Services Fund as major funds. In addition, the Town's Utility Fund is a major fund. The governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

C. MEASUREMENT FOCUS AND BASIS OF PRESENTATION

The Town uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities. The minimum number of funds is maintained consistent with legal and managerial requirements. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into three fund types: governmental, proprietary, and fiduciary. Each fund type is described below:

1. **Governmental Funds:**

   The focus of governmental fund measurement is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources), rather than upon net income. The following is a description of the governmental funds that the Town has presented:

   a) **General Fund** - This fund is the general operating fund of the Town. It is used to account for all financial resources, except those required to be accounted for in another fund.

   b) **Special Revenue Funds** - These funds are used to account for and report the proceeds of specific revenue sources (other than debt service or major capital projects) that are legally restricted or committed to expenditures for specified purposes. The Town has nine special revenue funds consisting of the Water Impact Fees Fund to account for water impact fees, the Parks Impact Fees Fund to account for parks impact fees, the Police Impact Fees Fund to account for police impact fees, the Building Fund to account for Florida building code revenues and expenditures, the Infrastructure Surtax Fund to account for tax revenues restricted for capital, the Law Enforcement Trust Fund and Special Law Enforcement Trust Fund to account for forfeiture proceeds restricted in use by Florida Statutes, the Police Automation Fund, and the Tree Fund for proceeds restricted for Town tree planting projects.

2. **Proprietary Funds:**

   These funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

   Enterprise funds – These funds are used to account for those operations (1) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where the governing body has decided that a periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purpose. The Utility Fund is used to account for water and refuse system, and the Stormwater Fund is used to account for the Town's stormwater activities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

C. MEASUREMENT FOCUS AND BASIS OF PRESENTATION *(Continued)*

2. Proprietary Funds: *(Continued)*

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in conjunction with a proprietary fund's principal ongoing operations. Operating expenses for proprietary funds include the cost of personnel, contractual services, supplies, maintenance, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

3. Fiduciary Fund:

The fiduciary fund accounts for assets held by the Town in a trustee capacity. A trust fund accounts for assets held by the government under the terms of a formal trust agreement.

Pension Trust Fund - These funds are accounted for in essentially the same manner as the proprietary funds, using the same measurement focus and basis of accounting. The pension trust fund accounts for the assets of the Town's police officers' pension plan.

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in fund balance.

All proprietary funds and pension trust funds are accounted for using the flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net position.

1. Modified Accrual:

All governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available).

"Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Town considers revenues as available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred.

Those revenues susceptible to accrual are utility and franchise taxes, intergovernmental revenues and grants, state revenue sharing, and interest on pooled investments.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING *(Continued)*

2. Accrual:

All proprietary and fiduciary funds are accounted for using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

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

E. ASSETS, LIABILITIES, DEFERRED ELEMENTS, AND FUND EQUITY

Cash 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 are carried at a mixture of fair value measurement and amortized cost because certain investments meet GASB Statement No. 31, as amended by GASB Statement No. 79 *Certain External Investment Pools and Pool Participants*, which establishes criteria for external investment pools to qualify for making the election to measure all of their investments at amortized cost for financial reporting purposes. The Town's investments in the Florida PRIME are similar to money market funds in which units are owned in the fund rather than the underlying investments, and they are reported at amortized cost.

There are no limitations or restrictions on withdrawals from the Florida PRIME. In the occurrence of an event that has a material impact on the liquidity or operations of the PRIME, the fund's executive director may limit contributions to or withdrawals from the PRIME for a period of 48 hours. The Office of the Auditor General of the State of Florida performs the operational audit of the activities and investments of the Florida PRIME.

Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (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."

All accounts receivable are shown net of an allowance for uncollectible accounts receivable. Accounts receivable in excess of 120 days comprise the trade accounts receivable allowance for uncollectible. Receivables of the Utility Fund are reduced by an allowance of $20,053 and receivables in the General Fund are reduced by an allowance of $24,166.

Property taxes, which were levied during fiscal year 2024 and are uncollected as of September 30, 2024, are immaterial and, therefore, not recorded as a receivable.

Interfund receivable and payable of $27,275 between the General Fund and Parks Impact Fees Fund are to cover cash shortfall at yearend from timing of payables.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

E. ASSETS, LIABILITIES, DEFERRED ELEMENTS AND FUND EQUITY *(Continued)*

Inventories and Prepaids

Inventories are valued at cost using the first-in first-out ("FIFO") method and consist of expendable items held for consumption or resale. The cost of these items is recorded as expenditure or expense at the time the inventory item is consumed or sold.

Payments made to vendors for services, as well as to the actuary for pension contributions, that will benefit periods beyond September 30, 2024, are recorded as prepaid items. These payments are recorded as expenditures or expenses when consumed rather than when purchased.

Capital Assets

Capital assets, which include land, buildings, improvements, equipment (including assets acquired by capital lease), and infrastructure assets (i.e., roads, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The Town defines capital assets as assets with an initial individual cost, of more than $1,000 and an estimated useful life beyond one year. Right to use lease and SBITA intangible assets are recorded as capital assets when the lease asset is $5,000 or greater. These assets are recorded at historical cost or estimated historical cost, if purchased, and acquisition value, if contributed or donated. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred and are not capitalized. In accordance with GASB Statement No. 34, as amended, the Town has elected to report general infrastructure prospectively, effective October 1, 2003. Depreciation on all capital assets is provided on a straight-line basis over the following estimated useful lives: buildings 10-50 years; improvements other than buildings, including infrastructure assets, 15-50 years; and furniture, equipment, vehicles and intangibles 3-15 years.

For its business-type activities, it is the Town's policy not to capitalize construction period interest costs on projects funded specifically through debt financing in accordance with GASB Statement No. 89.

Compensated Absences

It is the Town's policy to permit limited vesting of employee earned and unused vacation and compensatory leave benefits. Vested vacation and sick leave that accrues that is expected to be liquidated with expendable available financial resources is reported as an expense and a liability of the appropriate proprietary fund. The portion of the liability expected to be liquidated within the next year has been classified as a current liability. Amounts not expected to be liquidated within the next year are reported as a component of long-term liabilities. Compensated absences are reported in governmental funds only upon the retirement or resignation of a vested employee. The payment of compensated absences is charged to the respective fund and department in which the individual being paid is employed.

Leases and Subscription Software (SBITA) Liabilities

The Town enters into noncancelable contracts for the right to use equipment and subscription software in its operations. When the Town is the lessee or subscriber, the contracts result in recognition of a right to use intangible asset that is offset by a lease or SBITA liability. Lease and SBITA intangible assets are reported with capital assets. Lease and SBITA liabilities are reported with long-term liabilities on the government-wide financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

E. ASSETS, LIABILITIES, DEFERRED ELEMENTS AND FUND EQUITY *(Continued)*

At commencement of a lease or SBITA when the Town is lessee or subscriber, the Town initially measures the liability at present value of total payments over the agreement term. The intangible asset is measured as the value of the lease or SBITA liability, adjusted for any prepayments, plus certain initial direct costs. Estimates and judgments are sometimes made when determining the discount rate and overall term of these transactions. The Town monitors its agreements for significant changes in circumstances that warrant a remeasurement of the liability and associated intangible asset.

Net Pension Liability / Asset

In the government-wide statements, net pension liability or asset represents the present value of projected benefit payments to be provided through the single employer defined benefit pension plan to current active and inactive employees that is attributed to those employees' past periods of service (total pension liability), less the amount of the pension plan's fiduciary net position. For purposes of measuring the net pension liability or asset, deferred outflows of resources and deferred inflows of resources related to pension plans, pension expense, information about the fiduciary net position, and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the plan.

For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension investments are reported at fair value. The Town allocated its net pension liability or asset, deferred outflows for pensions, deferred inflows for pensions, and pension expense to governmental activities and public safety function.

Deferred Outflows of Resources / Deferred Inflows of Resources

In addition to assets and liabilities, the Town reports the financial statement elements of deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to future periods and will not be recognized as an outflow of resources (expenditure or expense) until that applicable time. Deferred inflows of resources represent an acquisition of net assets that applies to future periods and will not be recognized as an inflow of resources (revenue) until that applicable time.

The Town reports one item that qualifies as deferred outflows of resources on its government-wide statement of net position, deferred outflows for pensions. The deferred outflows for pensions are an aggregate of items related to pensions as calculated in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The deferred outflows for pensions will be recognized as pension expense or a reduction of the net pension liability in future reporting years.

The Town reports one item that qualifies as deferred inflows of resources on its government-wide statement of net position, deferred inflows for pensions. The deferred inflows for pensions are an aggregate of items related to pensions as calculated under the same principles as deferred outflows for pensions, and will be recognized as a reduction to pension expense in future reporting years.

The Town sometimes reports deferred inflows of resources on applicable governmental fund statements that represent revenues which are measurable but not available in accordance with the modified accrual basis of accounting. These deferred inflows will be recognized as revenue in the fiscal year they are earned and become available. The majority of these deferred inflows of resources represent intergovernmental receipts and reimbursements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

E. ASSETS, LIABILITIES, DEFERRED ELEMENTS AND FUND EQUITY *(Continued)*

Net Position

The government-wide and business-type activities financial statements utilize a net position presentation. Net position is presented in three components - net investment in capital assets, restricted, and unrestricted.

- **Net Investment in Capital Assets** - This component of net position consists of capital assets, net of accumulated depreciation and capital related debt.
- **Restricted**- This component consists of net position that has constraints placed either externally by third parties (grantors and contributors) or by law, through constitutional provisions of enabling legislation. The Town reports $624,615 of net position restricted by enabling legislation relating to impact fees.
- **Unrestricted** - This component consists of net position that does not meet the definition of “net investment in capital assets” and “restricted.” Allocations or earmarks of net position made by the Town’s management are included in this component because these types of constraints are internal and management can remove or modify them.

Fund Balance

In accordance with GAAP, the Town classified governmental fund balances as follows:

- **Nonspendable Fund Balance** - Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact.
- **Restricted Fund Balance** - Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed Fund Balance** - Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the Town's highest level of decision-making authority, which is an ordinance. Committed amounts cannot be used for any other purpose unless the Town removes those constraints by taking the same type of action. The Council can establish, modify or rescind a fund balance commitment through the formal approval of an ordinance.
- **Assigned Fund Balance** - Assigned fund balances are amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the Council or (b) a body or official to which the Council has delegated the authority to assign amounts to be used for specific purposes. Additionally, this category is used to reflect the appropriation of a portion of existing fund balance to eliminate a projected deficit in the subsequent year’s budget.
- **Unassigned Fund Balance** - Unassigned fund balance is the residual classification for the General Fund and also includes deficit fund balances of other governmental funds.

The Town intends that restricted amounts be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that would prohibit doing this, such as grant agreements with dollar-for-dollar spending. Additionally, the Town would first use committed fund balance, followed by assigned fund balance, and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

F. PROPERTY TAXES

The assessment of all properties and the collection of all county, municipal, and school board property taxes are consolidated in the offices of the Lake County Property Appraiser and Lake County Tax Collector. The laws of the state regulating tax assessment are also designed to assure a consistent property valuation method statewide. State Statutes permit municipalities to levy property taxes at a rate of up to ten mills. The millage rate in effect for the fiscal year ended September 30, 2024 was 7.50 mills. Each assessment roll is submitted to the Executive Director of the State Department of Revenue for review to determine if the roll meets all of the appropriate requirements of State Statutes.

All taxes are due and payable on November 1 of each year or as soon thereafter as the assessment roll is certified and delivered to the Tax Collector. All unpaid taxes become delinquent on April 1 following the year in which they were assessed, and a lien on the property is recorded on Jan 1. 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 Town does not accrue its portion of the county-held certificates due to the immateriality of the amount.

NOTE 2 - CASH, POOLED CASH, AND INVESTMENTS

The Town utilizes a consolidated cash pool to account for cash and investments of all Town funds. The consolidated cash pool concept allows each participating fund to benefit from the economies of scale and improved yield, which are inherent to a larger investment pool. The account balances of each fund are reported as cash and equivalents.

Cash and Pooled Cash

The Town has one cash pool that maintains most of the deposits of all the governmental and enterprise funds of the Town. The trust funds maintain their own cash accounts. Formal accounting records detail the individual equities of the participating funds. The cash pool utilizes a single checking account for all Town receipts and disbursements.

Deposits

At September 30, 2024, the bank balance of the Town’s cash deposit accounts was $2,777,799 and the carrying amount of the demand deposits and cash on hand was $2,881,584. The cash deposits are held by a bank that qualifies as a public depository under the Florida Security and Public Deposits Act, as required by Chapter 280, Florida Statutes, and are considered fully insured.

Investments

Florida Statutes (218.415) authorize municipalities to invest excess funds in time deposits or savings accounts of financial institutions approved by the State Treasurer, obligations of the U.S. Government, U.S. Government Instrumentalities, State of Florida Local Government Surplus Funds Trust Fund, and mutual funds investing in U.S. Government securities.

The Town’s investment in the Florida PRIME of $21,339 exposes it to credit risk. The Town does not have a formal investment policy relating to that risk, which is described as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Florida PRIME is rated by Standard & Poor’s and has a rating at September 30, 2024 of AAAm. The weighted average days to maturity of Florida PRIME at September 30, 2024 is 39 days.

NOTE 2 - CASH, POOLED CASH, AND INVESTMENTS *(Continued)*

The Town is a participating employer in the Florida Municipal Pension Trust Fund (FMPTF), which is sponsored by the Florida League of Cities, Inc. The Town's pension plan assets are invested by the FMPTF through the Florida Municipal Investment Trust (FMIvT), which is an external investment pool. The fair value of the position in the pool is equal to the value of the Town's beneficial interest in the pool's portfolio. The pool is not registered with the Securities and Exchange Commission.

The Town categorizes the fair value measurement of its investments based on the hierarchy established by GASB Statement No. 72 *Fair Value Measurement and Application*. The hierarchy has three levels based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The Town uses quoted prices provided by FMIvT for its pension trust fund.

The Town's beneficial interest in the FMIvT portfolio for the Pension Trust is summarized below:

		Fair Value Hierarchy		
	Fair Value	Level 1	Level 2	Level 3
FMIvT Broad Market High Quality Bond Portfolio	$ 419,443	$ -	$ 419,443	
FMIvT Core Plus	434,007			$ 434,007
FMIvT Large Cap Diversified Value Portfolio	725,287		725,287	
FMIvT Diversified Small to Mid Cap Equity Portfolio	422,356		422,356	
FMIvT International Equity Portfolio	597,123		597,123	
FMIvT Core Real Estate Portfolio	273,803			273,803
Total	$ 2,872,019	$ -	$ 2,164,209	$ 707,810

Credit Risk –The Bond Portfolio is rated by Fitch and has a rating at September 30, 2024 of AAf/S4.

Interest Rate Risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The Town's investment policies do not provide specific restrictions as to maturity length of investments. The weighted average maturity of the Bond Portfolio is 7.10 years and the Core Plus is 6.66 years.

NOTE 3 - CAPITAL ASSETS

Capital assets activity for the fiscal year ended September 30, 2024 was as follows:

Governmental Activities	Balance October 1, 2023	Increases	Decreases	Balance September 30, 2024
Capital assets, not being depreciated:				
Land and improvements	$ 377,790	$ -	$ -	$ 377,790
Construction in Process	269,517	1,915,154	55,874	2,128,797
Total capital assets, not being depreciated	647,307	1,915,154	55,874	2,506,587
Capital assets, being depreciated:				
Buildings and improvements	1,317,054	-	-	1,317,054
Improvements	2,306,974	55,874	-	2,362,848
Equipment and machinery	1,620,977	161,715	-	1,782,692
Right to use subscription software	31,884	-	-	31,884
Right to use equipment	133,760	-	-	133,760
Total capital assets, being depreciated	5,410,649	217,589	-	5,628,238
Less accumulated depreciation for:				
Buildings and improvements	418,450	43,598	-	462,048
Improvements	797,158	99,875	-	897,033
Equipment and machinery	967,076	204,144	-	1,171,220
Right to use subscription software	10,160	10,160	-	20,320
Right to use equipment	54,866	27,433	-	82,299
Total accumulated depreciation	2,247,710	385,210	-	2,632,920
Total capital assets being depreciated, net	3,162,939	(167,621)	-	2,995,318
Governmental activities capital assets, net	$ 3,810,246	$ 1,747,533	$ 55,874	$ 5,501,905

NOTE 3 - CAPITAL ASSETS *(Continued)*

Business-type Activities	Balance October 1, 2023	Increases	Decreases	Balance September 30, 2024
Capital assets, not being depreciated:				
Construction in Process	$ 28,747	$ 232,935	$ -	$ 261,682
Capital assets, being depreciated:				
Buildings and improvements	11,998	-	-	11,998
Machinery and equipment	397,258	-	-	397,258
Right to use subscription software	8,083	-	-	8,083
Improvements - water system	5,418,389	-	-	5,418,389
Total capital assets, being depreciated	5,835,728	-	-	5,835,728
Less accumulated depreciation for:				
Buildings and improvements	7,980	431	-	8,411
Machinery and equipment	291,234	15,516	-	306,750
Right to use subscription software	2,695	2,695	-	5,390
Improvements - water system	2,294,166	156,363	-	2,450,529
Total accumulated depreciation	2,596,075	175,005	-	2,771,080
Total capital assets being depreciated, net	3,239,653	(175,005)	-	3,064,648
Business-type activities capital assets, net	$ 3,268,400	$ 57,930	$ -	$ 3,326,330

Depreciation and amortization was charged to governmental and business-type activities, as follows:

Governmental activities:	
General government	$ 27,969
Public safety	178,712
Physical environment	41,502
Transportation	62,047
Culture and recreation	74,980
Total depreciation expense - governmental activities	$ 385,210
Business-type activities:	
Utility	$ 171,090
Stormwater	3,915
Total depreciation expense - business-type activities	$ 175,005

NOTE 4 - LONG TERM LIABILITIES

The Town's long-term liabilities consist of financed purchases, leases payable, notes from direct borrowing, a loan payable, and accrued compensated absences. The change in long term liabilities is as follows:

Governmental Activities:	Balance October 1, 2023	Additions	Deductions	Balance September 30, 2024	Due Within One Year
Lake County radio loan	$ 56,291	$ -	$ 10,848	$ 45,443	$ 11,050
Leases payable	80,856	-	27,460	53,396	26,620
SBITA payable	21,527	-	10,596	10,931	10,931
Compensated absences	50,901	60,331	62,290	48,942	19,577
Total	$ 209,575	$ 60,331	$ 111,194	$ 158,712	$ 68,178
Business-Type Activities:					
SBITA payable	$ 5,463	$ -	$ 2,686	$ 2,777	$ 2,777
State revolving loan fund *	1,211,539	-	114,085	1,097,454	117,046
Compensated absences	19,811	49,347	39,099	30,059	12,024
Total	$ 1,236,813	$ 49,347	$ 155,870	$ 1,130,290	$ 131,847

** These notes are considered notes from direct borrowing.*

Governmental activities compensated absences will be liquidated in future periods primarily by the General Fund.

Lake County Equipment Loan

In 2019, the Town entered into an interlocal agreement with Lake County to finance the acquisition of new police radios in the amount of $105,983 . The loan is payable over ten years with annual payments originally set at $12,274 at an interest rate of 2.8%. This loan interest rate was renegotiated in 2021 to 1.85% with annual payments of $11,890. Future debt service payments on the loan are as follows:

	Lake County Loan	
Year ending September 30,	Principal	Interest
2025	$ 11,050	$ 841
2026	11,254	636
2027	11,462	428
2028	11,677	216
	$ 45,443	$ 2,121

NOTE 4 - LONG TERM LIABILITIES (*Continued*)

State Revolving Loan
The Town entered into an agreement with the Florida Department of Environmental Protection for a loan of $2,301,053 for planning and construction costs involved in major utility system expansion and improvements. This is funded through the Clean Water State Revolving Fund (SRF) Loan Program protected under the Federal Clean Water Act. The interest rates are 2.71% and 2.12% per year for different segments of the project, and repayment of the loan began after construction was completed.

Under the agreement with the State Revolving Fund, upon occurrence of an event of default, the Department may provide notice to the Florida Auditor General and Chief Financial Officer regarding delinquency of debt service payments, and intercept delinquent amounts from unobligated revenue or tax-sharing funds to the Town. The Department may impose a penalty of 18% annually on the amount due. Additionally, the Department may accelerate the repayment schedule or increase the financing rate up to 1.667 times the current rate.

The Town has pledged future water customer revenues, net of specified operating expenses, to repay the loan. The loan is payable solely from water customer net revenues and is payable through 2033. Rate coverage for the SRF loan requires that the pledged revenues equal or exceed 1.15 times the sum of the semiannual loan payments due in the fiscal year. The total principal and interest to be paid on the SRF loan is $1,229,349. Principal and interest of $144,629 was paid during the current year. Pledged net revenues for the water system were approximately $243,609 for the FY24 year and were sufficient for rate coverage.

Future debt service payments on the SRF Loan are as follows:

	State Revolving Fund Note	
Year ending September 30,	Principal	Interest
2025	$ 117,046	$ 27,583
2026	120,085	24,545
2027	123,203	21,426
2028	126,403	18,226
2029	129,687	14,942
2030 - 2033	481,030	25,173
Totals	$ 1,097,454	$ 131,895

Leases Payable
In September 2019, The Town entered into a lease agreement for an office copier. Monthly rental payments are $169 with an interest rate of 2.5% through December 2024. In September 2021, the Town entered into a lease agreement for police equipment. Annual rental payments are $26,832 with an interest rate of 2.5% through September 2026.

The Town's leases payable at September 30, 2024 is $53,396. Future debt service payments on the leases payable is as follows:

	Leases Payable	
Year ending September 30,	Principal	Interest
2025	$ 26,620	$ 718
2026	26,776	56
	$ 53,396	$ 774

NOTE 4 - LONG TERM LIABILITIES (*Continued*)

SBITAs Payable
In 2023, The Town implemented GASB Statement No. 96, *Subscription-based Information Technology Arrangements* (SBITAs) that resulted in recognition of three existing contracts for subscription services as of the beginning of the fiscal year. Annual payments on the SBITAs are $13,930 through 2025 with interest rates ranging from 2.5 – 3.38%.

The Town's future debt service payments on the SBITAs payable at September 30, 2024 for governmental activities and business-type activities are as follows:

Governmental Activities	SBITA Payable	
Year ending September 30,	Principal	Interest
2025	$ 10,931	$ 171

Business-type Activities	SBITA Payable	
Year ending September 30,	Principal	Interest
2025	$ 2,777	$ 51

NOTE 5 - PENSION PLAN

Summary of Significant Accounting Policies

Basis of Accounting. The Plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments. Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value.

Plan Description

Plan Administration. The Town sponsors a public employee retirement system (the "System") administered by the Town Pension Board of Trustees. The System administers the Police Officers' Retirement Plan (the "Plan"), an employee contributory single-employer defined benefit pension plan. Members of the plan include all sworn police officers, The Plan is maintained as a Pension Trust Fund and reported as a fiduciary fund of the Town. The Council has the authority to establish and amend plan benefits. The Town does not issue a stand-alone financial report for the Plan; however, more information on the plan can be found in this section.

Plan Membership as of October 1, 2023

Active employees	9
Inactive employees receiving benefits	4
Inactive employees entitled to but not yet receiving benefits	-
Total	13

NOTE 5 - PENSION PLAN (*Continued*)

Benefits Provided
Officers attaining the age of 55 who have completed 10 or more years of creditable service or attaining the age of 52 who have completed 25 years of creditable service are entitled to monthly benefits of 3 percent of their average final compensation times years of credited service. The plan permits early retirement at the completion of 10 years of contributing service and attaining the age of 50. Active officers who retire disabled with disability that occurs in the line of duty and have 10 years of credited and contributing service shall receive the greater of 42 percent of average financial compensation or the accrued benefit actuarially reduced. Disability benefits are paid for 10 years certain and life or until recovery from disability. If a non-vested active officer dies before retirement eligibility, his or her beneficiary receives a refund of the officer's contributions to the Plan. If the officer dies prior to retirement but has at least 10 years of contributing service, his or her beneficiary is entitled to either early or normal retirement benefits.

Contributions
The contribution requirements of plan members and the Town are established and approved by the Town Council in accordance with applicable State statute. In addition, State contributions are also made to the Plan on behalf of the Town.

For the year ended September 30, 2024, the active employee contribution rate was 5.0% of pensionable earnings. The Town's contribution rate, actuarially determined, was 25.94% of pensionable earnings, and the State's contribution rate was 0.0%.

Net Pension Liability (Asset) and Actuarial Assumptions

Actuarial Assumptions. The total pension liability (asset) was determined by an actuarial valuation as of October 1, 2023 updated to September 30, 2024 using the following actuarial assumptions applied to all measurement periods.

Inflation	2.62%
Salary increases	4.0%
Cost-of-living increases	None assumed
Investment rate of return	7.0% net of pension plan inv expense, including inflation

Mortality rates were based on sex-distinct rates set forth in the PUB-2010 Headcount-Weighted Healthy Retiree Mortality Table with full generational improvements in mortality using Scale MP-2018 (with ages set forward one year for non-disabled employees). There is no automatic cost of living adjustment.

NOTE 5 - PENSION PLAN (*Continued*)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Investment category	Target Allocation	Expected Long-term Real Return
Core bonds	15%	1.60%
Core plus	15%	2.10%
U.S. large cap equity	25%	4.60%
U.S. small cap equity	14%	5.50%
Non-U.S. equity	21%	6.70%
Core real estate	10%	5.00%
Total or weighted arithmetic average	100%	4.38%

Discount Rate Sensitivity Analysis

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and the Town and State contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table presents the sensitivity of the net pension liability (asset) to changes in the discount rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net pension liability (asset)	$ (390,451)	$ (652,555)	$ (873,590)

For the year ended September 30, 2024, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 19.88%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE 5 - PENSION PLAN (*Continued*)

Net Pension Liability (Asset), Deferred Outflows/Deferred Inflows of Resources, and Pension Expense

The following table presents the change in net pension liability (asset) of the Town's Plan as of the measurement date of September 30, 2024.

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances as of October 1, 2023	$ 1,934,585	$ (2,337,818)	$ (403,233)
Changes for the year:			
Service cost	122,034	-	122,034
Expected interest growth	141,344	(167,243)	(25,899)
Unexpected investment income	-	(303,247)	(303,247)
Demographic experience	131,050	-	131,050
Assumption changes	-	-	-
Employer contributions	-	(165,152)	(165,152)
Employee contributions	-	(26,916)	(26,916)
Benefit payments and refunds	(68,770)	68,770	-
Administrative expenses	-	18,808	18,808
Balances as of September 30, 2024	$ 2,260,243	$ (2,912,798)	$ (652,555)

For the year ended September 30, 2024, the Town recognized pension expense of $12,828 related to the Plan.

At September 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on pension plan investments	$ -	$ 115,368
Differences between expected and actual experience	153,240	196,865
Changes to assumptions	-	13,029
Total	$ 153,240	$ 325,262

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

Year ending September 30,	Net
2025	$ (75,254)
2026	(10,147)
2027	(67,709)
2028	(52,469)
2029	8,182
Thereafter	25,375
Total	$ (172,022)

NOTE 6 - OTHER POSTEMPLOYMENT PLANS

For employees who do not qualify for the Police Pension Plan, the Town offers a deferred compensation plan created in accordance with Section 457, Internal Revenue Code. During the year ended September 30, 2024, employer contributions of $48,206 were made to the 457 plan.

GASB Statement No. 32 eliminates the requirement that the Town report the assets of Internal Revenue Code, Section 457, plans on the statement of net position.

NOTE 7 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to general liability, workers' compensation, public liability, law enforcement liability, health benefits, property damage, and errors and omissions. To manage its risks, the Town purchases insurance coverage. The Town's settled claims have not exceeded coverage in any of the past three fiscal years.

NOTE 8 - CONTINGENCIES

Litigation

The Town is sometimes a party to lawsuits and claims arising out of the normal conduct of its activities. While the results of lawsuits or other proceedings against the Town cannot be predicted with certainty, management does not expect that these matters will have a material adverse effect on the financial condition of the Town.

Grants

The Town receives financial assistance from federal, state, and local agencies in the form of operating and capital grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements, and are subject to audit by the grantor agencies. Disallowed claims, if any, resulting from such audits, may become liabilities of the Town. However, in the opinion of management, disallowed claims, if any, will not have a material effect on the Town's financial statements.

NOTE 9 - FUND DEFICIT

The Parks Impact Fee Fund had a deficit fund balance of $31,025 that will be remedied with future impact fee receipts.

NOTE 10 - FUTURE ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board has issued statements that will become effective in fiscal year 2025. One statement addresses accounting changes related to compensated absences and may have some impact on the Town's future financial reporting.

NOTE 11 - RESTATEMENT

In fiscal year 2024, the Town implemented GASB Statement 100, *Accounting Changes and Error Corrections*. This statement clarified how accounting changes and error corrections should be presented in different areas within the Town's financial report. In fiscal year 2024, the Town reported a change in fund presentation within the governmental fund statements. The table details the restatement.

	Previously Nonmajor Governmental Fund - Infrastructure Surtax Fund	Nonmajor Governmental Funds
Fund Balance - Beginning of Year, as Originally Reported	$ -	$ 722,591
Change within Reporting Statements	143,505	(143,505)
Fund Balance - Beginning of Year, as Restated	$ 143,505	$ 579,086

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedules (GAAP BASIS):

- General Fund
- Major Special Revenue Funds:
  - Infrastructure Surtax Fund
  - Water Impact Fees Fund
  - Building Fund

City Retirement Plan Schedules and Notes:

- Schedule of Changes in Net Pension Liability and Related Ratios
- Schedule of Actuarially Determined Contributions
- Money-weighted Rate of Return

Town of Howey-in-the-Hills, Florida
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
Year ended September 30, 2024

	Budgeted Amounts		Actual	Variance With Final
	Original	Final	Amounts	Budget
Revenues				
Taxes	$ 1,623,757	$ 1,649,757	$ 1,711,468	$ 61,711
Permits, fees and special assessments	283,750	283,890	203,926	(79,964)
Intergovernmental	369,739	396,756	266,320	(130,436)
Charges for services	224,041	224,091	233,370	9,279
Judgments, fines and forfeits	22,300	20,800	6,778	(14,022)
Miscellaneous	32,351	278,046	201,413	(76,633)
Total revenues	2,555,938	2,853,340	2,623,275	(230,065)
Expenditures				
Current:				
General government	620,469	822,217	733,915	88,302
Public safety	1,266,337	1,428,806	1,306,146	122,660
Physical environment	294,176	304,177	147,119	157,058
Transportation	95,900	99,650	78,546	21,104
Culture and recreation	279,056	325,219	236,184	89,035
Debt service:				
Principal retirement	-	-	48,277	(48,277)
Interest	-	-	2,912	(2,912)
Total expenditures	2,555,938	2,980,069	2,553,099	426,970
Excess of revenues over (under) expenditures	-	(126,729)	70,176	(657,035)
Fund balances - beginning of year	-	126,729	500,242	373,513
Fund balances - end of year	$ -	$ -	$ 570,418	$ (283,522)

Town of Howey-in-the-Hills, Florida
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Infrastructure Surtax Fund
Year ended September 30, 2024

	Budgeted Amounts		Actual	Variance With Final
	Original	Final	Amounts	Budget
Revenues				
Taxes	$ 220,422	$ 220,422	$ 264,364	$ 43,942
Miscellaneous	-	-	7,373	7,373
Total revenues	220,422	220,422	271,737	51,315
Expenditures				
Current:				
Transportation	220,422	220,422	23,375	(197,047)
Total expenditures	220,422	220,422	23,375	197,047
Excess of revenues over (under) expenditures	-	-	248,362	(145,732)
Fund balances - beginning of year, as originally reported	-	-	-	-
Restatement - Change in major fund	-	-	143,505	143,505
Fund balances - beginning of year, as restated	-	-	143,505	143,505
Fund balances - end of year	$ -	$ -	$ 391,867	$ (2,227)

Town of Howey-in-the-Hills, Florida
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Water Impact Fees Fund
Year ended September 30, 2024

	Budgeted Amounts		Actual	Variance With Final
	Original	Final	Amounts	Budget
Revenues				
Permits, fees and special assessments	$ 1,162,653	$ 162,653	$ 195,352	$ 32,699
Intergovernmental	-	853,078	743,833	(109,245)
Total revenues	1,162,653	1,015,731	939,185	(76,546)
Expenditures				
Current:				
Physical environment	1,162,653	1,689,000	1,473,791	(215,209)
Total expenditures	1,162,653	1,689,000	1,473,791	215,209
Excess of revenues over (under) expenditures	-	(673,269)	(534,606)	(291,755)
Other financing sources (uses)				
Transfers out	-	-	-	-
Net change in fund balance	-	(673,269)	(534,606)	(291,755)
Fund balances - beginning of year	-	673,269	869,972	196,703
Fund balances - end of year	$ -	$ -	$ 335,366	$ (95,052)

Town of Howey-in-the-Hills, Florida
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Building Services Fund
Year ended September 30, 2024

	Budgeted Amounts		Actual	Variance With Final
	Original	Final	Amounts	Budget
Revenues				
Permits, fees and special assessments	$ 679,565	$ 583,921	$ 497,718	$ (86,203)
Expenditures				
Current:				
Public safety	679,565	583,921	526,714	(57,207)
Debt service:				
Principal retirement	-	-	627	627
Interest	-	-	33	33
Total expenditures	679,565	583,921	527,374	56,547
Excess of revenues over (under) expenditures	-	-	(29,656)	(142,750)
Fund balances - beginning of year	-	-	433,482	433,482
Fund balances - end of year	$ -	$ -	$ 403,826	$ 290,732

The Town's procedures in establishing the budgetary data reflected in the financial statements are generally as follows:

- In July, the Lake County Property Appraiser notifies the Town as to its tentative property tax assessed valuation, from which the Town can estimate the property tax resources available and the limitations thereon.

- During August, budget workshops are held to determine proposed expenditures and the means of financing them. The Council then adopts the proposed property tax millage rate and sets the date, time and place of the first public hearing.

- A public hearing on the tentative budget is held. Within fifteen (15) days of the first public hearing, the Town advertises its intention to finalize its budget and millage rate, and a date, time, and place for a public hearing. The second public hearing is convened several days after the final advertisement, at which time the final budget and millage are adopted.

- Appropriations lapse at year-end.
- The fund is the legal level of control.

Town of Howey-in-the-Hills, Florida
Schedule of Changes in Net Pension Liability and Related Ratios
Police Officers' Plan
Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service cost	$ 122,034	$ 92,729	$ 89,607	$ 67,402	$ 79,129	$ 79,129	$ 61,873	$ 61,873	$ 43,667	$ 9,782
Interest	141,344	135,502	121,356	123,805	115,070	123,888	114,769	107,490	70,706	86,408
Differences between expected and actual experience	131,050	(106,741)	50,643	(129,762)	-	(273,146)	(24,948)	(32,313)	200,034	81,475
Benefit payments, including refunds of employee contributions	(68,770)	(62,610)	(62,610)	(67,987)	(52,990)	(52,946)	(54,670)	(79,800)	(77,149)	(138,134)
Assumption changes	-	-	-	(48,725)	-	-	-	48,246	264,972	-
Net change in total pension liability	325,658	58,880	198,996	(55,267)	141,209	(123,075)	97,024	105,496	502,230	39,531
Total pension liability - beginning of year	1,934,585	1,875,705	1,676,709	1,731,976	1,590,767	1,713,842	1,616,818	1,511,322	1,009,092	969,561
Total pension liability - end of year	$ 2,260,243	$ 1,934,585	$ 1,875,705	$ 1,676,709	$ 1,731,976	$ 1,590,767	$ 1,713,842	$ 1,616,818	$ 1,511,322	$ 1,009,092
Plan fiduciary net position										
Contributions - employer	$ 165,152	$ 122,869	$ 118,507	$ 130,249	$ 81,736	$ 106,904	$ 97,179	$ 81,225	$ 82,122	$ 65,002
Contributions - employee	26,916	26,315	20,722	17,772	15,147	16,698	14,544	13,006	12,605	10,401
Net investment income	470,490	178,672	(315,550)	373,406	119,226	90,347	110,663	173,224	95,228	4,532
Benefit payments, including refunds of employee contributions	(68,770)	(62,610)	(62,610)	(67,987)	(64,734)	(52,946)	(54,670)	(79,800)	(77,149)	(138,134)
Administrative expense	(18,808)	(16,202)	(18,184)	(25,304)	(8,829)	(16,400)	(7,081)	(13,899)	(5,549)	(12,076)
Net change in plan fiduciary net position	574,980	249,044	(257,115)	428,136	142,546	144,603	160,635	173,756	107,257	(70,275)
Plan fiduciary net position - beginning of year	2,337,818	2,088,774	2,345,889	1,917,753	1,775,207	1,630,604	1,469,969	1,296,213	1,188,956	1,259,231
Plan fiduciary net position - end of year	$ 2,912,798	$ 2,337,818	$ 2,088,774	$ 2,345,889	$ 1,917,753	$ 1,775,207	$ 1,630,604	$ 1,469,969	$ 1,296,213	$ 1,188,956
Net pension liability (asset) - end of year	$ (652,555)	$ (403,233)	$ (213,069)	$ (669,180)	$ (185,777)	$ (184,440)	$ 83,238	$ 146,849	$ 215,109	$ (179,864)
Plan fiduciary net position as a percentage of the total pension liability	128.87%	120.84%	111.36%	139.91%	110.73%	111.59%	95.14%	90.92%	85.77%	117.82%
Covered payroll	$ 516,796	$ 423,668	$ 382,668	$ 284,227	$ 330,473	$ 330,473	$ 265,367	$ 265,367	$ 220,740	$ 220,740
Net pension liability (asset) as a percentage of covered payroll	-126.27%	-95.18%	-55.68%	-235.44%	-56.22%	-55.81%	31.37%	55.34%	97.45%	-81.48%

Notes to Schedule:
There were no significant changes in assumptions from the prior year.

Town of Howey-in-the-Hills, Florida
Schedule of Employer Contributions
Police Officers' Plan
Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 139,640	$ 100,313	$ 75,433	$ 81,044	$ 53,355	$ 58,177	$ 100,555	$ 89,926	$ 77,216	$ 57,831
Contributions in relation to the actuarially determined contribution	165,152	122,869	118,507	130,249	81,736	106,904	97,179	81,225	82,122	65,002
Contribution deficiency (excess)	$ (25,512)	$ (22,556)	$ (43,074)	$ (49,205)	$ (28,381)	$ (48,727)	$ 3,376	$ 8,701	$ (4,906)	$ (7,171)
Covered payroll	$ 516,796	$ 423,668	$ 382,668	$ 284,227	$ 330,473	$ 330,473	$ 265,367	$ 265,367	$ 220,740	$ 220,740
Contributions as a percentage of covered payroll	31.96%	29.00%	30.97%	45.83%	24.73%	32.35%	36.62%	30.61%	37.20%	29.45%

Notes to Schedule:

Valuation date: Actuarially determined contribution rates are calculated as of October 1 of each fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Aggregate
Amortization method	Level dollar, open
Remaining amortization period	30 years
Asset valuation method	Market value
Discount rate	7%
Salary increases	4%
Retirement age	Retirement is assummed to occur at the rate of 5% at ages 50 through 54 and 10% at age after 54 if eligible for early retirement. 100% retirement is assumed at age 58 with at least 13 years of service or at age 55 with at least 28 years of service.
Mortality	Sex-distinct rates set forth in the PUB-2010 Headcount-Weighted Healthy Retiree Mortality Table, using scale MP-2018

Town of Howey-in-the-Hills, Florida
Schedule of Investment Returns
Police Officers' Plan
Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Annual money-weighted rate of return, net of investment expense	19.88%	-22.79%	30.09%	52.00%	6.06%	4.82%	7.64%	7.04%	8.18%	0.37%

OTHER SUPPLEMENTAL INFORMATION

Non-Major Governmental Funds:
- Combining Financial Statements for All Non-major Governmental Funds

Town of Howey-in-the-Hills, Florida
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2024

	Parks Impact Fees Fund	Police Impact Fees Fund	Law Enforcement Trust Fund	Police Automation Fund	Special Law Enforcement Trust Fund	Tree Fund	Total Nonmajor Govern-mental Funds
Assets							
Cash and equivalents	$ -	$ 277,454	$ 1,548	$ 62	$ 2,434	$ 1,815	$ 283,313
Total assets	$ -	$ 277,454	$ 1,548	$ 62	$ 2,434	$ 1,815	$ 283,313
Liabilities							
Contracts payable	$ 3,750	$ -	$ -	$ -	$ -	$ -	$ 3,750
Due to other funds	27,275	-	-	-	-	-	27,275
Total liabilities	31,025	-	-	-	-	-	31,025
Fund balances							
Restricted:							
Public safety	-	277,454	1,548	62	2,434	-	281,498
Physical environment	-	-	-	-	-	1,815	1,815
Unassigned (Deficit)	(31,025)	-	-	-	-	-	(31,025)
Total fund balances	(31,025)	277,454	1,548	62	2,434	1,815	252,288
Total liabilities and fund balances	$ -	$ 277,454	$ 1,548	$ 62	$ 2,434	$ 1,815	$ 283,313

Town of Howey-in-the-Hills, Florida
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year ended September 30, 2024

	Infrastructure Surtax Fund	Parks Impact Fees Fund	Police Impact Fees Fund	Law Enforcement Trust Fund	Police Automation Fund	Special Law Enforcement Trust Fund	Tree Fund	Total Nonmajor Govern-mental Funds
Revenues								
Permits, fees and special assessments	$ -	$ 61,624	$ 65,644	$ -	$ -	$ -	$ -	$ 127,268
Judgments, fines and forfeits	-	-	-	885	-	-	-	885
Miscellaneous	-	-	5,529	-	-	-	-	5,529
Total revenues	-	61,624	71,173	885	-	-	-	133,682
Expenditures								
Current:								
Public safety	-	-	7,310	552	-	-	-	7,862
Culture and recreation	-	452,618	-	-	-	-	-	452,618
	-	452,618	7,310	552	-	-	-	460,480
Excess of revenues over (under) expenditures	-	(390,994)	63,863	333	-	-	-	(326,798)
Fund balances - beginning of year, as originally reported	143,505	359,969	213,591	1,215	62	2,434	1,815	722,591
Restatement - Change in major fund	(143,505)	-	-	-	-	-	-	(143,505)
Fund balances - beginning of year, as restated	-	359,969	213,591	1,215	62	2,434	1,815	579,086
Fund balances - end of year	$ -	$ (31,025)	$ 277,454	$ 1,548	$ 62	$ 2,434	$ 1,815	$ 252,288

COMPLIANCE SECTION

TOWN OF HOWEY-IN-THE-HILLS, FLORIDA
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2024

STATE FINANCIAL ASSISTANCE

State Grantor / Pass-Through Grantor / Program Title / Project Title	Identification Number	CSFA Number	Expenditures
Florida Department of Environmental Protection:			
Alternative Water Supply		37.077	782,333
Total Florida Department of Environmental Protection			**782,333**
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			**$ 782,333**

The accompanying notes to the schedule of expenditures of state assistance are an integral part of this schedule

TOWN OF HOWEY-IN-THE-HILLS, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2024

1. Basis of Presentation

The accompanying Schedule of Expenditures of State Financial Assistance (the "Schedule") includes the state financial assistance activity of The Town of Howey-In-The-Hills, Florida, under programs of the state government for the year ended September 30, 2024. The information in this Schedule is presented in accordance with the requirements of Section 215.97, *Florida Single Audit Act*. 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 assets, or cash flows of the Town.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in the Section 215, Florida Statutes, wherein certain types of expenditures are not allowable, or are limited as to reimbursement.

3. Sub recipients

The Town provided no state awards to sub recipients during the fiscal year ended September 30, 2024.

4. Noncash Awards

The Town received no noncash awards in the fiscal year ended September 30, 2024.

5. Contingency

Project expenditures are subject to audit and adjustment. If any expenditures were to be disallowed by the 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 management, all project expenditures included on the accompanying schedule are in compliance with the terms of the project agreements and applicable federal and state laws and regulations.

TOWN OF HOWEY-IN-THE-HILLS, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

A. Summary of Auditors' Results:
Financial Statements:

Type of audit report issued on the financial statements:		*Unmodified*	
Internal control over financial reporting:			
Material weakness(es) identified?	____ yes	X	no
Significant deficiency(ies) identified?	____ yes	X	none reported
Noncompliance material to financial statements noted?	____ yes	X	no

State Financial Assistance:

Internal control over major State projects:			
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 state projects:		*Unmodified*	
Any audit findings disclosed that are required to be reported for state financial assistance projects in accordance with Chapter 10.550?	____ yes	X	none reported
Dollar threshold used to distinguish between type A and type B programs:		$300,000	

Identification of major State projects:

CSFA Number	Project Name
37.077	Alternative Water Supply

B. Financial Statement Findings: None

C. State Financial Assistance Projects Findings and Questioned Costs: None

D. Prior Audit Findings: Not applicable as there were no prior year financial statement or state financial assistance internal control or compliance findings.

E. Corrective Action Plan: Not applicable as there are no financial statement or state financial assistance internal control or compliance findings.

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH CHAPTER 10.550, RULES OF THE AUDITOR GENERAL

Honorable Mayor and Members of
the Town Council
Howey-In-The-Hills, Florida

Report on Compliance for Each Major State Project

Opinion on Each Major State Project

We have audited the Town of Howey-In-The-Hills, Florida's (the "Town") compliance with the types of compliance requirements described in the *Florida Department of Financial Services State Project Compliance Supplement* that could have a direct and material effect on each of the Town's major state projects for the year ended September 30, 2024. The Town's major state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state projects for the year ended September 30, 2024.

Basis for Opinion of Each Major State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and Chapter 10.550, Rules of the Florida Auditor General. 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 opinion on compliance for each major state 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 state programs.

Honorable Mayor and Members of
the Town Council
Howey-In-The-Hills, Florida

Auditors' Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material non-compliance with the compliance requirements referred to above occurred, whether due to fraud or error, and to issue 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material non-compliance 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. Non-compliance 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 state program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material non-compliance, 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 consider necessary in the Town's 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 in accordance with the requirements above, 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 state project 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 state project 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 state project 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal controls over compliance. According, 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 Chapter 10.550, Rules of the Florida Auditor General. Accordingly, this report is not suitable for any other purpose.

Binney Accounting and
Assurance Services, PLLC

Clermont, Florida
June 25, 2025

Binney
Accounting &
Assurance Services, PLLC.

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

Honorable Mayor and Members of the
Town Council
Howey-In-The-Hills, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Howey-In-The-Hills, Florida (the "Town"), as of and for the fiscal year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated June 25, 2025.

Report on Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) as a basis for designing 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 Town'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 may exist that were not identified.

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

Purpose of this Report

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

Binney Accounting and
Assurance Services, PLLC

Clermont, Florida
June 25, 2025

Binney Accounting & Assurance Services, PLLC.

4327 South Hwy 27, Ste 331, Clermont, FL 34711 phone 407-924-5195

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

Honorable Mayor and Members of the
Town Council
Howey-In-The-Hills, Florida

Report on Financial Statements

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 Town of Howie-In-The-Hills, Florida (the "Town") as of and for the fiscal year ended September 30, 2024, and have issued our report thereon dated June 25, 2025.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the audit requirements of Section 215.97, Florida Statutes, *Florida Single Audit* Act 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 Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control over Compliance and Report in accordance with the Uniform Guidance; Schedule of Findings and Questioned Costs; and Independent Accountant's Examination Report on an examination conducted in accordance with *American Institute of Certified Public Accountants Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Florida Auditor General.* Disclosures in those reports, which are dated June 25, 2025, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1, *Rules of the Florida 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 report. In connection with the preceding audit, there were no findings or recommendations.

Official Title and Legal Authority

Section 10.554(1)(i)4, *Rules of the Florida Auditor General,* requires that the name or official title and legal authority for the primary government of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The legal authority of the Town is 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 Florida Auditor General*, require that we 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.

Financial Condition and Management - continued
Pursuant to sections 10.554(1)(i)5.b. and 10.556(8), *Rules of the Florida 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 Florida Auditor General*, require 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.b., Rules of the Auditor General, if a PACE program was operating within the geographical areas of the , a list of all program administrators and third-party administrators that administered the program. The Town did not operate a PACE program within the Town's geographical boundary.

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. The Town did not operate a PACE program within the Town's geographical boundary.

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

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

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

Binney Accounting and
Assurance Services, PLLC

Clermont, Florida
June 25, 2025

Binney Accounting & Assurance Services, PLLC.

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INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

Honorable Mayor and Members of the
Town Council
Howey-In-The-Hills, Florida

We have examined the compliance of the Town of Howey-In-The-Hills, Florida (the "Town") with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies* (the "Statute"), for the year ended September 30, 2024, as required by Section 10.556(10)(a), *Rules of the Auditor General*. Management is responsible for the Town's compliance with those requirements. Our responsibility is to obtain reasonable assurance by evaluating the Town's compliance with the Statute and performing other procedures to obtain sufficient appropriate evidence to express an opinion on the Town's compliance based on our examination.

Our examination was conducted in accordance with attestation standards for a direct examination established by the American Institute of Certified Public Accountants (AICPA). Those standards require that we obtain reasonable by evaluating the Town's compliance with the statute for the year ended September 30, 2024, and performing other procedures to obtain sufficient appropriate evidence to sufficient appropriate evidence to express an opinion that conveys the results of our evaluation of the Town's compliance with the Statute for the year then ended.

The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of that the Town was not in compliance with the Statute in all material respects, whether due to fraud or error. We believe that the evidence is sufficient to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the Town's compliance with specified requirements.

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to the engagement.

In our opinion, the Town complied, in all material respects, with the Statute for the fiscal year ended September 30, 2024.

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

Binney Accounting and
Assurance Services, PLLC

Clermont, Florida
June 25, 2025

IMPACT FEE AFFIDAVIT

BEFORE ME, the undersigned authority, personally appeared Sean O'Keefe, who being duly sworn, deposes and says on oath that:

1. I am the Chief Financial Officer of the Town of Howey-in-the-Hills which is a local governmental entity of the State of Florida;

2. The governing body of the Town of Howey-in-the-Hills adopted Ordinance No. 2004-335, Sec. 2, implementing an impact fee; and

3. The Town of Howey-in-the-Hills has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

FURTHER AFFIANT SAYETH NAUGHT.

S O'Keefe

(Sean O'Keefe)

STATE OF FLORIDA
COUNTY OF LAKE

SWORN TO AND SUBSCRIBED before me by means of [X] physical presence or [ ] online notarization, this 20th day of June, 2025 by Sean O'Keefe.

FLORIDA NOTARY ASSOCIATION · SINCE 1978
JOHN MORGAN BROCK
Notary Public
State of Florida
Comm# HH619914
Expires 1/13/2029

John Morgan Brock

NOTARY PUBLIC
JOHN MORGAN BROCK

Personally known __X__ or produced identification ___

Type of identification produced: ______________________________

My Commission Expires:

1/13/2029