Lake Apopka Natural Gas District

Winter Garden, Florida

September 30, 2025

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Winter Garden, Florida
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Independent Auditor's Report

To the Board of Commissioners
Lake Apopka Natural Gas District
Winter Garden, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Lake Apopka Natural Gas District (the District) as of and for the fiscal year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the District as of September 30, 2025, and the respective change in financial position and its cash flows for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 District, 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District'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 District'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, pension and other postemployment benefit information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated April 20, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control over financial reporting and compliance.

Forvis Mazars, LLP

Orlando, Florida
April 20, 2026

Our discussion and analysis of the Lake Apopka Natural Gas District's (the District) financial performance provides an overview of the District's financial activities for the fiscal year ended September 30, 2025. Please read it in conjunction with the financial statements and disclosures that follow.

Financial Highlights

The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by $63,900,140 (total net position) for the fiscal year 2025. This is consistent with the previous fiscal year when assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $56,718,791, an increase of $7,181,349 or 13%.

Total revenues for fiscal year 2025 were $25,342,640, including interest income, representing an increase of $2,466,053 compared to revenues of $22,876,587 in fiscal year 2024. This growth was driven primarily by higher natural gas consumption and an expanded customer base. Total customer consumption increased from 21,914,383 therms in 2024 to 22,530,421 therms in 2025, while the number of customers rose from 29,504 to 30,682. These factors contributed significantly to overall revenue and net income performance.

Total expenses increased from $18,219,769 in 2024 to $19,860,249 in 2025. The increase was attributable to higher natural gas costs and increased personnel services expenses. Natural gas expense rose by $1,628,782 (38%), from $4,295,439 to $5,924,221, reflecting both a price increase from $0.33 per therm to $0.43 per therm and higher consumption. Personnel services expenses increased by $319,471, from $6,869,389 in 2024 to $7,188,860 in 2025. These expense increases were partially offset by a significant reduction in other non-operating expenses. Such expenses decreased from $1,047,233 in 2024 to $303,643 in 2025, a decline of $743,590 (71%). The reduction was primarily due to lower dividends being accrued for member cities, which decreased from $1,015,758 to $283,582, a decline of $732,176 (72%). No dividends were declared in 2025 based on the Board of Commissioners' decision to delay the declaration of any dividends until the annual audit is presented and approved by the Board. The financials reflected dividends of $284,637 and $731,119, in fiscal year 2024, related to years 2023 and 2024, respectively.

New Customer Highlights

In the 2025 fiscal year, the District executed and recorded eight new residential subdivision developer agreements in Orange and Lake Counties. The builders/developers will build 867 new homes in the District's service area. The District executed residential agreements for the following subdivisions:

County	Lots	Developers/ Home Builders
Orange		
Foothills of Mt. Dora Phase 4-2	101	Pulte Homes
Grassmere	153	MI Homes
Eden Crest Phase 1	77	Hartizen Homes
Briley Farms 1A & 1B	55	Pioneer Builders
Lake		
Del Webb Phase 4	133	Pulte Homes
Mirror Lake	21	Common Oaks Eng
Waterstone Phase 1A	122	LT Langley, LLC
Whispering Winds	205	Stanley Martin
Total	867	

In addition to residential subdivision developer customers, we also added 96 residential and 88 commercial customers within the District.

	Residential	Commercial
1st Quarter	7	37
2nd Quarter	25	6
3rd Quarter	48	18
4th Quarter	16	27
Total	96	88

We remain committed to expanding our presence through strategic development initiatives in underserved areas of our service territory. As we pursue these growth opportunities, we will continue educating developers on the benefits of offering residents energy choices. Currently, we are advocating for municipal ordinances requiring the installation of gas mains in new subdivisions, ensuring homeowners have the option to select their preferred energy source.

The new residential developer agreements and commercial accounts that were placed in service during the 2025 fiscal year increased the District's financial performance with our customer base growing to serve 30,682 customers as of September 30, 2025. Central Florida's tourism and entertainment districts and business are thriving and growing. We consistently receive information on new commercial business developments coming to our service area.

In fiscal year 2025, North Orange and West Lake Counties are experiencing significant development across residential, commercial, and industrial sectors, with potential for new natural gas customers. Apopka is undergoing major growth, highlighted by the $1.2 billion Wyld Oaks mixed-use project, which spans five to six years and includes office, medical, retail, and residential spaces, with multi-family apartments among the first to be built. The city is also revising its Comprehensive Plan, seeking community feedback. Winter Garden/Hamlin real estate market is thriving, with a 9.8% increase in average sale prices and luxury homes selling for over $2 million. The city offers a variety of housing options and continues to grow. Ocoee is seeing transformative changes, including the $1 billion, 159-acre Dynasty Ocoee sports complex, set to open in 2026. This facility will feature indoor sports venues, multiple fields, a pedestrian riverwalk with retail and dining, and two hotels. Clermont is also expanding in the Wellness Way area, alongside new shopping, dining, and entertainment options. Windermere remains a hot housing market in Central Florida, attracting many buyers, while Groveland/Mascotte continues to engage in development. Minneola is expanding with several new subdivisions and commercial projects along the turnpike corridor and the Sugarloaf MTN. area.

The District used $8,632,435 in cash flow to acquire additional capital assets, compared to $4,333,496 for the previous year. We added 40 miles of gas mains and 1,344 service lines to our existing distribution system in fiscal year 2025, along with several major capital expenditures to upgrade and expand the system. For system improvement, the District completed the following projects:

O'Brien Road between SR 19 and US 27 4-Inch H.P. Steel Main Extension (Groveland)
We completed 3,070 feet of 4-inch high-pressure steel main extension on O'Brien Road in Groveland. This project will enhance the system's pressure to serve the new industrial and commercial customers coming into the business park at SR 19 and O'Brien Road. It will also allow us to capture new commercial firms in the area.

Avalon Road from New Independence North to 3121 Avalon Road (Winter Garden)
We completed 16,847 feet of a 6-inch steel main extension on Avalon Road from New Independence Parkway to Schofield Road. This main extension will help provide service for the expected growth in Winter Garden and Clermont.

Wellness Way (Clermont)
We completed 10,840 feet of 6-inch polyethylene main extension on Wellness Way in Clermont. This main extension is one of the five-year plan projects that will provide help to provide service for the expected growth in Clermont.

In addition to the system enhancements, the District replaces legacy polyethene, Aldyl-A, and copper services in the distribution system on an annual basis to reduce liability. The District received $3,125,000 in funding from the Pipeline and Hazardous Materials Safety Modernization Grant (PHMSA) to replace vintage steel, vintage polyethylene, and Aldyl-A pipe in Apopka with modern polyethylene pipe.

PHMSA

- Thompson Road – 4 Inch & 2 Inch Polyethylene Main Replacement.
- Sadler Road – 2 Inch Polyethylene Main Replacement
- Abigail Drive – 2 Inch Polyethylene Main Replacement
- Votaw Road – 4 Inch and 2 Inch Polyethylene Main Replacement
- Thore Avenue – 2 Inch Polyethylene Main Replacement
- Roger Williams Road – 2 Inch Polyethylene Main Replacement

Other capital investments were for system expansions within the District to reach industrial, residential, and commercial customers:

Apopka
- Ocoee Apopka Road – 6 Inch Polyethylene Main Extension

Clermont
- 1110 Hwy 50 – 2 Inch Polyethylene Main Extension

Groveland
- Villa City Road – 4 Inch Polyethylene Main Extension
- Wilson Lake Road – 4 Inch and 2 Inch Polyethylene Main Extension

Minneola
- Keystone Pass – 4 Inch Polyethylene Main Extension Oakland
- Briley Avenue – 4 Inch Polyethylene Main Extension
- Tubb Street – 2 Inch Polyethylene Main Extension
- Vick Avenue and Star Road – 4 Inch and 2 Inch Polyethylene Main Extension
- Nixon Street – 2 Inch Polyethylene Main Extension
- Tubb Street – 2 Inch Polyethylene Main Extension
- Millholland Street – 4 Inch and 2 Inch Polyethylene Main Extension

Ocoee
- Ohio Street & Cumberland Avenue – 2-Inch Polyethylene Main Extension
- Delaware Street – 2-Inch Polyethylene Main Extension
- Clarcona Road and West Avenue – 4 Inch Polyethylene Main Extension

Windermere
- Marquesas Court – 2 Inch Polyethylene Main Extension
- Windermere Road – 4 Inch Polyethylene Main Extension

Winter Garden

- Garden Commerce – 2 Inch Polyethylene Main Extension
- Stoneybrook West - 2 Inch Polyethylene Main Extension
- 3496 Avalon Road – 2 Inch Polyethylene Main Extension
- Bay Street – 2 Inch Polyethylene Main Extension
- Siedel Road – 4 Inch and 2 Inch Polyethylene Main Extension

There were several new subdivisions and new phases opened in existing subdivisions due to the continued resurgence of our homebuilding market. We continued to expand our infrastructure into several new subdivisions and main extensions for commercial customers.

For homebuilders/developers, we added new neighborhoods and phases to our growing list of single-family residential subdivisions:

- Foothills Phase 4-1 (Mount Dora)
- Del Webb Phase 3 (Minneola)
- Del Webb Phase 4 (Minneola)
- Oakview (Apopka)
- Oaks at Kelly Park Phase 3 (Apopka)
- Parkside Trails (Clermont)
- The Grove in Oakland (Oakland)
- Waterstone 1B (Mascotte)
- Eden Crest (Apopka)
- Bella Collina Phase 3 (Montverde)
- Bronsons Peak Phase 2A and B (Apopka)
- Willow Run (Apopka)
- Oaks at Kelly Park Phase 4 (Apopka)

We relocated existing pipelines due to local road work and other municipal improvements that caused the District to expend resources to relocate pipelines. The primary projects to relocate the gas mains in fiscal year 2025 were:

- SR 50 – 798 feet of 8 Inch Steel Main Relocation (Ocoee)
- Ficquette Rd - 1,620 feet of 6 Inch Steel Main Relocation (Winter Garden)

Overview of the Financial Statements

Management's Discussion and Analysis introduces the District's financial statements. The District was established as an independent special district by the Florida legislature on June 20, 1959 to provide natural gas services to potential customers in Orange and Lake Counties. On June 20, 2025, the District celebrated its 66th year of existence. The District accounts for its activities as a single proprietary fund, which is used to report business-type activities. The accompanying notes to the financial statements provide additional information essential to a full understanding of the financial statements.

Financial Analysis of the District

The District's net position at year-end was $63,900,140. This is an increase of $7,181,349 over last year's net position of $56,718,791. Net position measures the difference between the assets the District owns and deferred outflows of resources over the liabilities it owes and deferred inflows of resources. The following table provides a summary of the District's net position.

Summary of Net Position

	2024	2025
Current assets	$ 19,495,042	$ 20,508,107
Noncurrent assets	50,164,848	56,386,617
Total assets	69,659,890	76,894,724
Deferred outflows	1,266,152	1,043,948
Current liabilities	6,967,754	7,826,418
Long-term liabilities	6,731,175	5,311,737
Total liabilities	13,698,929	13,138,155
Deferred inflows	508,322	900,377
Net position		
Invested in capital assets, net of related debt	48,981,074	55,742,390
Unrestricted	7,737,717	8,157,150
Total net position	$ 56,718,791	$ 63,900,140

Comparative data is presented to assist in the analysis of the District's operating performance. The following table provides a summary of the District's changes in net position.

Summary of Changes in Net Position

	2024	2025
Revenues		
Charges for services	$ 21,902,314	$ 24,294,872
Other operating revenues	379,985	545,781
Other non-operating revenues	594,288	501,987
Total revenues	22,876,587	25,342,640
Expenses		
Natural gas costs	4,295,439	5,924,221
Personnel services	6,869,389	7,188,860
Advertising and marketing	574,235	352,491
Repairs and maintenance	856,217	844,178
Other operating expenses	2,381,210	2,836,190
Depreciation	2,196,046	2,410,666
Other non-operating expenses	1,047,233	303,643
Total expenses	18,219,769	19,860,249
Capital contributions	57,380	1,698,958
Change in net position	4,714,198	7,181,349
Net position - beginning of year	52,004,593	56,718,791
Net position - end of year	$ 56,718,791	$ 63,900,140

The District's revenues increased by $2,466,053, while expenses rose by $1,640,480. The $2,392,558 increase in charges for services was driven primarily by the growth in both the customer base and natural gas consumption. Consumption increased from 21,914,383 therms in 2024 to 22,530,421 therms in 2025, a 616,038-therm (2.8%) increase. The number of customers grew from 29,504 to 30,682, adding 1,178 new customers (4%).

Natural gas costs are passed through to consumers and included in both revenues and expenses. As prices fluctuate, revenues rise or fall accordingly. The District utilized its gas stabilization fund to manage over- and under-recovery of gas supply costs, adjusting the fund monthly based on customer collections relative to gas costs.

The overall increase in expenses was primarily due to higher natural gas and Personnel Services costs. Natural gas expense grew from $4,295,439 in 2024 to $5,924,221 in 2025, an increase of $1,628,782 (38%), driven by higher consumption, customer growth, and an increase in the price per therm from $0.33 to $0.43 (30%). Personnel Services expenses rose from $6,869,389 to $7,188,860, an increase of $319,471 (4.7%).

These increases were partially offset by a reduction in non-operating expenses. Dividend expense to member cities decreased from $1,015,758 in 2024 to $283,582 in 2025. The reduction was primarily due to lower dividends being accrued for member cities. No dividends were declared in 2025 based on the Board of Commissioners' decision to delay the declaration of any dividends until the annual audit is presented and approved by the Board. The financials reflected dividends of $284,637 and $731,119 for 2024, which was related to 2023 and 2024, respectively.

The District relies on Gas South for natural gas purchasing and scheduling. The District also works with Energy Vision, which provides market oversight, hedging and risk management to the District.

Capital Assets and Debt Administration

Capital Assets

The District's investment in capital assets, net of accumulated depreciation, on September 30, 2025 was $56,386,617. This represents an increase of $6,221,769 over the previous year, primarily due to the $5,624,868 increased investment in the gas distribution system.

Capital Assets, Net of Accumulated Depreciation

	2024	2025
Non-depreciable assets		
Land	$ 282,229	$ 290,229
Depreciable assets		
Buildings	1,129,479	1,050,054
Gas distribution system	47,348,127	52,972,995
Furniture, machinery, and equipment	1,405,013	2,073,339
Total	$ 50,164,848	$ 56,386,617

Long-Term Debt

On December 14, 2016, the District secured a $5,000,000 note payable at an interest rate of 2.14% for a 10-year period with TD Bank. At the end of the fiscal year, the note payable balance outstanding was $644,227. The District pledged the net revenues of the natural gas system as security for the notes.

	2024	2025
Long-term debt	$ 1,183,774	$ 644,227

The District's other long-term obligations include accrued employee benefits for vacation, sick leave, Other Post-Employment Benefits, and State of Florida pension and health insurance supplemental plans. More detailed information about the District's long-term liabilities is presented in Note 6 of the financial statements.

The District continued improving its Information Systems to support the District's mission to provide safe, reliable, compliant, and competitive natural gas energy services with a commitment to exceptional customer service, employee engagement and improving quality of life throughout the communities we serve. For the District to be safe and reliable, Information Systems must constantly improve our security.

Safety Program and Awards

The District remains proactive in advancing safety and damage prevention through comprehensive training and workplace safety framework. Training operations have returned to primarily in-person delivery, supplemented by virtual platforms as needed, while most employees have resumed full-time on-site work with limited remote arrangements approved on a case-by-case basis. Health and safety protocols continue to align with Centers for Disease Control and Prevention guidance, including the provision of PPE, enhanced cleaning practices, and ongoing workplace monitoring. Throughout the year, employees participated in extensive training programs covering key areas such as safety compliance, emergency response, operational procedures, and regulatory requirements, reinforcing a strong culture of safety and operational readiness.

The District further promotes a safety-first culture through its Safety Recognition Program, which acknowledges employees for safe work practices and proactive reporting of "near misses," supported by an active safety suggestion program and quarterly safety committee reviews. These efforts contributed to the District receiving the American Public Gas Association Safety Award for the 15th consecutive year, underscoring its sustained commitment to protecting employees, customers, and the communities it serves.

Training and Community Involvement

The District prioritizes workforce development and industry engagement by encouraging employee participation in professional associations and training programs to enhance technical expertise and operational competency. Employees actively contribute and hold leadership roles within key industry organizations, including the American Public Gas Association, Florida Natural Gas Association, Southern Gas Association, and Florida Municipal Natural Gas Association. Ongoing training ensures staff remain current with regulatory requirements, industry developments, and disaster preparedness protocols, while the District also supports regional emergency response efforts through coordination with Orange and Lake County Emergency Management centers.

The District demonstrated a strong commitment to community safety and engagement through partnerships with local fire departments and emergency management agencies. It supported public education by developing and distributing natural gas safety materials, including guidance on mercaptan odor detection, and by donating natural gas detectors for distribution in Winter Garden, Clermont, and Apopka. The District actively participates in bi-monthly and quarterly coordination meetings with the Orange and Lake County Emergency Operations Centers to stay aligned with emergency preparedness initiatives, safety training, and interagency response efforts. Additionally, the District contributed to regional hurricane preparedness through participation in the 2025 Hurricane Expos. Operationally, the District complies with all safety standards established by the Florida Public Service Commission and maintains robust Public Awareness and Damage Prevention Programs to mitigate risk and safeguard the communities it serves.

During fiscal year 2025, the District enhanced stakeholder engagement and public outreach through targeted communication and strategic partnerships with builders and developers, fostering increased adoption of natural gas in new residential developments and supporting expansion of the Energy Choice Ordinance, including evaluation of system improvements in underserved areas. The District maintained consistent public visibility through weekly advertisements and monthly advertorials in regional publications, including the Apopka Chief, Orange and Southwest Observer, Clermont Sun, and the digital Apopka Voice. Additionally, the District distributed its annual Community Impact brochure to customers and municipal partners and issued periodic public service

announcements across print and radio platforms to promote the safety, reliability, and benefits of natural gas. Public Safety Awareness information was also disseminated to contractors, public officials, emergency responders, and customers to reinforce safe practices and community education.

Contacting the District's Financial Management

This financial report is designed to provide an overview of the District's finances and to demonstrate the District's commitment to public accountability for all parties interested. If you have questions about this report or need additional financial information, contact the District's Chief Financial Officer at 1320 Winter Garden-Vineland Road, Winter Garden, Florida 34787.

Lake Apopka Natural Gas District
Winter Garden, Florida
Statement of Net Position
September 30, 2025

ASSETS		
Current Assets		
Cash and cash equivalents	$	736,446
Restricted cash and cash equivalents		4,368,163
Investments		11,454,848
Accounts receivable (net of allowance for uncollectibles)		2,111,694
Due from other governments		371,753
Inventory		1,289,393
Prepaid expenses		175,810
Total Current Assets		20,508,107
Noncurrent Assets		
Capital Assets		
Land		290,229
Buildings		2,521,555
Gas distribution system		80,341,902
Machinery and equipment		4,775,763
Accumulated depreciation		(31,542,832)
Total Noncurrent Assets		56,386,617
Total Assets		76,894,724
DEFERRED OUTFLOWS		
Deferred outflows related to pensions		1,043,948
Total Deferred Outflows		1,043,948

LIABILITIES	
Current Liabilities (Payable From Current Assets):	
Accounts payable	1,529,807
Due to other governments	297,396
Accrued wages and benefits payable	417,779
Accrued taxes payable	210,419
Current portion of note payable	551,207
Gas rate stabilization	451,647
Total Current Liabilities (Payable From Current Assets)	3,458,255
Current Liabilities (Payable From Restricted Assets):	
Customer deposits	4,368,163
Total Current Liabilities (Payable From Restricted Assets)	4,368,163
Noncurrent Liabilities:	
FRS net pension liability	2,958,527
HIS net liability	1,433,274
Total OPEB liability	201,608
Note payable	93,020
Accrued benefits payable	625,308
Total Noncurrent Liabilities	5,311,737
Total Liabilities	13,138,155
DEFERRED INFLOWS	
Deferred inflows related to pensions	900,377
Total Deferred Inflows	900,377
NET POSITION	
Invested in capital assets, net of related debt	55,742,390
Unrestricted	8,157,750
Total Net Position	$ 63,900,140

Lake Apopka Natural Gas District
Winter Garden, Florida
Statement of Revenues, Expenses and Changes in Net Position
Year Ended September 30, 2025

Operating Revenues		
Charges for services	$	24,294,872
Other operating revenues		545,781
Total Operating Revenues		24,840,653
Operating Expenses		
Natural gas purchases		5,924,221
Personnel Services		7,188,860
Insurance		364,554
Repairs and maintenance		844,178
Professional services		717,589
Advertising and marketing		352,491
Bad debt expense		36,000
Travel and per diem		69,221
Gas, oil and fuel		134,028
Freight and postage		176,790
Materials		36,563
Communication services		77,513
Utilities		101,531
Supplies		117,204
Bank charges		477,135
Dues and subscriptions		63,420
Other operating expenses		464,642
Depreciation		2,410,666
Total Operating Expenses		19,556,606
Operating Income		5,284,047
Nonoperating Revenues (Expenses)		
Interest income		501,987
Interest expense		(20,061)
Intergovernmental transfers		(283,582)
Total Nonoperating Revenues (Expenses)		198,344
Capital Contributions		1,698,958
Change in Net Position		7,181,349
Total Net Position, Beginning		56,718,791
Total Net Position, Ending	$	63,900,140

Lake Apopka Natural Gas District
Winter Garden, Florida
Statement of Cash Flows
Year Ended September 30, 2025

Cash Flows From Operating Activities	
Cash received from customers	$ 24,860,798
Cash payments to suppliers for goods and services	(9,836,035)
Cash payments to employees for services	(7,392,170)
Net Cash Provided By Operating Activities	7,632,593
Cash Flows From Capital and Related Financing Activities	
Capital grants	1,327,205
Acquisition and construction of capital assets	(8,632,435)
Principal paid on note payable	(539,547)
Interest paid on note payable	(20,061)
Net Cash Used In Capital and Related Financing Activities	(7,864,838)
Cash Flows From Investing Activities	
Purchase of investments	(462,075)
Interest	501,987
Net Cash Provided By Investing Activities	39,912
Net Decrease in Cash and Cash Equivalents	(192,333)
Cash and Cash Equivalents at October 1	5,296,942
Cash and Cash Equivalents at September 30 (1)	$ 5,104,609
(1) Cash - Unrestricted Assets	$ 736,446
Cash and Cash Equivalents - Restricted Assets	4,368,163
	$ 5,104,609

Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	$	5,284,047
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation		2,410,666
Changes in Assets and Liabilities		
(Increase) decrease in receivables		(338,008)
(Increase) decrease in inventory		88,118
(Increase) decrease in prepaid expenses		(121,680)
Increase (decrease) in accounts payable		154,607
Increase (decrease) in accrued wages and benefits		52,464
Increase (decrease) in taxes payable		(1,658)
Increase (decrease) in net customer/developer deposits		116,336
Increase (decrease) in gas rate stabilization		243,475
Increase (decrease) in net pension liability/deferrals		(306,902)
Increase (decrease) in total OPEB liability		51,128
Net Cash Provided By Operating Activities	$	7,632,593

Note 1. Summary of Significant Accounting Policies:

(A) Reporting Entity – Lake Apopka Natural Gas District (the District) was established pursuant to the provisions of Chapter 59-556, Laws of Florida, Acts of 1959, which became law on June 20, 1959, to provide natural gas service within its defined area of service. The District operates under a commission form of government with the commissioners being appointed by the District's member municipalities of Apopka, Winter Garden, and Clermont. The District does not have any reporting requirements for a component unit.

(B) Fund Financial Statements – The District is accounted for as a proprietary fund. Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Activities are generally financed in whole or in part with fees charged to customers.

(C) Measurement Focus, Basis of Accounting, and Financial Statement Presentation – The accounting and reporting policies of the District conform to the accounting rules prescribed by the Governmental Accounting Standards Board (GASB).

(D) The financial statements report uses the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when billed to the customer and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

(E) Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or service. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as nonoperating in the financial statements.

(F) Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position

1. Cash and Cash Equivalents – Cash includes amounts in demand deposits, as well as short-term investments with an original maturity date of three months or less. For purposes of reporting cash flows, all highly liquid investments (including restricted assets) with an original maturity date of three months or less are considered to be cash equivalents.

2. Accounts Receivable – Customer accounts receivable are presented at estimated net realizable value. Unbilled revenues for services delivered during the last month of the fiscal year are accrued based on meter readings for September consumption. The allowance method is used for determining estimated uncollectible accounts. The allowance for uncollectible accounts is based on a percentage of gross sales to cover anticipated losses. The allowance account is adjusted periodically to cover management's estimate of anticipated losses of its current accounts receivable. Receivables are written off against the allowance for uncollectible accounts when management feels any additional collection efforts would be unproductive.

3. Inventories – The inventories are stated at the lower of cost or market. Cost is determined on a first-in, first-out basis.

4. Prepaid Expenses – Payments made to vendors for services that will benefit future reporting periods.

5. Restricted Assets – The restricted assets shown on the statement of financial position represent those assets which are earmarked for specific purposes. The corresponding liability designated as payable from restricted assets represents the current maturities for which the restricted assets are accumulated. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

6. Capital Assets – All capital assets are stated at historical cost. Capital assets are defined by the District as assets with an initial individual cost of more than $1,000 and an estimated useful life in excess of one year. Depreciation is computed on the straight-line method over the estimated useful lives of the assets. Land is the only capital asset not depreciated. Estimated useful lives are as follows:

Buildings	20 – 50 years
Gas distribution system	15 – 50 years
Machinery and equipment	5 – 15 years

7. Employee Benefits – Accumulated unpaid vacation, sick pay, and other employee benefit amounts are accrued when incurred.

8. Deferred Outflow/Inflow of Resources – In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until that time.

9. The deferred outflows related to pensions are an aggregate of items related to pensions, as calculated in accordance with Generally Accepted Accounting Principles (GAAP). The deferred outflows related to pensions will be recognized as either pension expense or a reduction in the net pension liability in future reporting years. Details on the composition of the deferred outflows related to pensions are further discussed in Note 10.

10. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting as deferred inflows of resources.

11. The deferred inflows related to pensions are an aggregate of items related to pensions, as calculated in accordance with GAAP. The deferred inflows related to pensions will be recognized as a reduction to pension expense in future reporting years. Details on the composition of the deferred outflows related to pensions are further discussed in Note 10.

12. Pensions/Net Pension Liability – In the statement of net position, net pension liability represents the District's proportionate share of the net pension liability of the cost-sharing pension plans in which it participates. This proportionate amount represents a share of the present value of projected benefit payments to be provided through the cost-sharing pension plans to current active and inactive employees that is attributed to those employees' past periods of service (total pension liability), less the amount of the cost-sharing pension plan's fiduciary net position.

13. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

14. Employee Benefits and Other Post-Employment Benefits (OPEB) – Employees earn annual vacation leave based upon the following schedule:

Length of Service	Hours per Year
1-2 years	84 hours
3-5 years	96 hours
6-8 years	108 hours
9-10 years	120 hours
11-13 years	132 hours
14-16 years	144 hours
17-19 years	156 hours
20-24 years	168 hours
25 years	200 hours

Employees can accumulate up to 10 vacation days over the amount earned for one year. Employees are paid for all outstanding vacation time accumulated when they leave the District's employment, provided they submit adequate written notice and are not being terminated for misconduct.

15. Employees earn sick leave at the rate of 4 hours per month during the first year of service and 8 hours per month after the first year of service. Sick leave can be accumulated up to a maximum of 1040 hours. Employees are paid for accrued sick leave up to a maximum of 480 hours when they leave the District's employment.

16. OPEB refers to post-employment benefits other than pension benefits and includes postemployment healthcare benefits and life insurance. Like pensions, OPEB arises from an exchange of salaries and benefits for employees rendered and constitute part of compensation for those services. The amounts are accrued when incurred in the statement of net position.

17. Use of Restricted Resources – The District's policy is to spend unrestricted funds only after all of the applicable restricted resources have been depleted.

(G) Revenues and Expenses

1. Revenues and Expenses – The District distinguishes operating revenue and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering in connection with the District's ongoing operations. The principal operating revenues of the District are charges for services to customers for natural gas services. The significant expenses of the District consist of costs associated with the purchase and distribution of services, advertising and marketing, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

(H) Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance for the risks of losses to which it is exposed. Settled claims have not exceeded this commercial coverage for the current year or the three prior years.

(I) Net Position

Net position represents the difference between assets and liabilities in the statement of net position. Net invested in capital assets is reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are legal limitations imposed on their use.

(J) Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 2. Cash, Cash Equivalents, and Investments

Deposits

The Florida Security for Depositors Act identifies those financial institutions that have deposited the required collateral in the name of the Treasurer of the State of Florida as qualified public depositories. The District only places deposits with qualified public depositories. Therefore, all deposits are entirely insured by FDIC or Florida's Multiple Financial Institution Collateral Pool.

Investments

Investments are reported at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants and the measurement date. Fair value determinations are made based upon a hierarchy that prioritizes the inputs to valuation techniques. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurements).

Level 1 Investments reflect unadjusted quoted prices in active markets for identical assets.

Level 2 Investments reflect prices that are based on inputs that are either directly or indirectly observable for an asset (including quoted prices for similar assets), which may include inputs in markets that are not considered to be active.

Level 3 Investments reflect prices based upon unobservable inputs for an asset.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

Debt securities classified as Level 2 are evaluated prices from the custodian bank's external pricing vendor. The pricing methodology involves the use of evaluation models, such as matrix pricing, which is based on the securities' relationship to benchmark quoted prices.

As of September 30, 2025, the District has the following investments and maturities:

	Fair Value	Weighted Average Maturity (Days)	Hierarchy Levels
Debt Securities			
U.S. Treasury Bills	$ 11,454,848	15	2

The treasury bills had a maturity of six months at the date of purchase; therefore, they are recorded as investments in the statement of net position.

Note 3. Receivables

Accounts receivable have been reported, net of allowance for uncollectible accounts. The allowance for uncollectible accounts at September 30, 2025 was $198,253. The allowance is based upon management's specific identification of receivables that may become uncollectible.

Note 4. Capital Assets

A summary of changes in the District's capital assets is as follows:

	Balance, September 30, 2024	Additions	Deletions	Balance, September 30, 2025
Land	$ 282,229	$ 8,000	$ -	$ 290,229
Buildings	2,512,855	8,700	-	2,521,555
Gas distribution system	72,772,870	7,569,032	-	80,341,902
Office furniture and equipment	142,916	-	-	142,916
Computer equipment	640,055	-	-	640,055
Transportation equipment	1,915,411	527,462	(217,422)	2,225,451
Tools and work equipment	1,113,744	510,670	-	1,624,414
Communication equipment	131,561	4,032	-	135,593
Other equipment	2,795	4,539	-	7,334
Totals	79,514,436	8,632,435	(217,422)	87,929,449
Accumulated depreciation	(29,349,588)	(2,410,666)	217,422	(31,542,832)
Net	$ 50,164,848	$ 6,221,769	$ -	$ 56,386,617

Note 5. Other Post-Employment Benefits

Plan Description

The District's Retiree Health Care Plan (the Plan) is a single-employer defined benefit postemployment health care plan that covers eligible retired employees of the District. The Plan, which is administered by the District, allows employees who retire and meet retirement eligibility requirements under one of the District's retirement plans to continue medical insurance coverage as a participant in the Plan.

Plan Membership as of October 1, 2024

Inactive Plan member or beneficiaries currently receiving benefits	3
Inactive Plan member entitled to but not yet receiving benefits	0
Active plan members	63
	66

Benefits Provided

The benefits provided are the same as those provided for active employees. Spouses and dependents of eligible retirees are also eligible for medical coverage. All employees of the District are eligible to receive post-employment health care benefits. All retiree and dependent coverage is at the expense of the retiree.

Total OPEB Liability

The measurement date is September 30, 2025.

The measurement period for the OPEB expense was October 1, 2024 to September 30, 2025.

The reporting period is October 1, 2024 through September 30, 2025.

The District's Total OPEB Liability was measured as of September 30, 2025.

Actuarial Assumptions

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

Inflation	2.50%
Salary Increases	2.50%
Discount Rate	4.50%
Initial Trend Rate	6.75%
Ultimate Trend Rate	4.00%
Years to Ultimate	50

For all lives, mortality rates were PubG-2010 Mortality Tables projected to the valuation date using Projection Scale MP-2019.

Discount Rate

Given the District's decision not to fund the program, all future benefit payments were discounted using a high-quality municipal bond rate of 4.50%. The high-quality municipal bond rate was based on the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index as published by the S&P Dow Jones Indices. The S&P Municipal 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor's Rating Services, Aa2 by Moody's or AA by Fitch. If there are multiple ratings, the lowest rating is used.

OPEB Expense

For the fiscal year ended September 30, 2025, the District will recognize OPEB Expense of $64,615.

Changes in Total OPEB Liability

	Increases and (Decreases) Total OPEB Liability
Reporting period ending September 30, 2024	$ 150,480
Changes for a year	
Service cost	10,751
Interest	7,134
Differences between expected and actual experience	19,657
Changes of assumptions	24,048
Benefit payments	(10,462)
Net changes	51,128
Reporting period ending September 30, 2025	$ 201,608

Changes of assumptions reflect a change in the discount rate from 4.06% for the fiscal year ended September 30, 2024 to 4.50% for the fiscal year ended September 30, 2025.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

	1% Decrease 3.50%	Current Discount Rate 4.50%	1% Increase 5.50%
Total OPEB liability	$ 224,071	$ 201,608	$ 182,598

The following presents the Total OPEB Liability of the District, as well as what the District's Total OPEB Liability would be if it were calculated using a discount rate that is one-percentage-point-lower or one-percentage-point-higher than the current discount rate:

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the Total OPEB Liability of the District, as well as what the District's Total OPEB Liability would be if it were calculated using healthcare cost trend rates that are one-percentage-point-lower or one-percentage-point-higher than the current healthcare cost trend rates:

	1% Decrease 3.00%-5.75%	Healthcare Cost Trend Rates 4.00%-6.75%	1% Increase 5.00%-7.75%
Total OPEB liability	$ 179,498	$ 201,608	$ 228,172

Note 6. Long-Term Debt

On December 14, 2016, the District secured a $5,000,000 note payable at an interest rate of 2.14% for a ten-year period, and a revolving line of credit for $2,500,000 at a monthly interest rate of LIBOR plus 1.25% for a minimum of three years. The revolving line of credit for $2,500,000 with TD Bank was replaced with a $3,000,000 credit line with Regions Bank with a three-year term commencing on February 19, 2020 at a monthly interest rate of LIBOR plus 125 basis points. The District did not renew the line of credit when it expired on February 19, 2023. At the end of the fiscal year, the note payable balance outstanding was $644,227.

The District has pledged the net revenues generated by the overall system for payment of the note and revolving line of credit issued. The note and revolving line of credit are payable solely from the District's customers' net revenues payable through fiscal year 2027. Annual principal and interest payments on the note are currently expected to require approximately 5% of net revenues. The total principal and interest remaining on the note, as noted below under Debt Service Requirements, is $652,877. Principal and interest paid for the current year and total customer net revenues were $559,608 and $10,034,989, respectively.

The following is a summary of changes in long-term debt for the fiscal year ended September 30, 2025:

	Balance, September 30, 2024	Additions	Reductions	Balance, September 30, 2025	Due Within One Year
2017 Note	$ 1,183,774	$ -	$ 539,547	$ 644,227	$ 551,207
Net pension liability	5,312,962	-	921,161	4,391,801	-
Total OPEB liability	150,480	51,128	-	201,608	-
Employee benefits*	811,964	16,708	-	828,672	203,364
	$ 7,459,180	$ 67,836	$ 1,460,708	$ 6,066,308	$ 754,571

* The change in employee benefits is netted.

The annual debt service requirements for the note payable outstanding as of September 30, 2025 are as follows:

Year Ending September 30,	Principal	Interest
2026	$ 551,207	$ 8,401
2027	93,020	249
Total Payments	$ 644,227	$ 8,650

Note 7. Gas Rate Stabilization

Gas rate stabilization represents the District's liability to customers for excess costs collected over costs incurred for natural gas.

Note 8. Dividend Payable

At their September 25, 2017 meeting, the District's Board of Commissioners (the Board) approved the establishment of a Dividend Payable account to accumulate funds equal to one (1) cent for each therm of natural gas billed to customers each month for potential distribution to member cities.

On October 23, 2023, the Board approved resolution number 2023-03, entitled A Resolution of Lake Apopka Natural Gas District Establishing Parameters for Future Member Dividend Distribution, Providing For Future Review and Revision As Best Meets The Needs Of The District, And Providing An Effective Date. The resolution states that a recalculated dividend shall be paid, in equal proportions to each of the three member municipalities, for the fiscal years 2022 through 2023 and 2023 through 2024, in an amount equal to thirty three percent (33%) of the year end net revenues, or five hundred thousand dollars ($500,000), whichever is less, or such lesser amount as may be permitted by the precise language of the charter; and, further, provided that, at all times, there shall remain, after such distribution, a minimum amount of net revenues in each fiscal year sufficient to pay the sum total of the then outstanding covenanted, or otherwise contracted to dispose of, obligations and liabilities of the District. The District paid dividends to member municipalities totaling $0 during the fiscal year ended September 30, 2025. The Dividend Payable balance was $297,396 at September 30, 2025 and is reported as Due to Other Governments in the statement of net position.

Note 9. Contingencies

The District is not aware of any pending or threatened litigation which would not be covered by insurance.

Note 10. Other Matters

The District's current pipeline capacity contracts require the District to purchase a minimum volume of pipeline capacity on a monthly basis. Currently, the District's sales volume is less than the required purchase volume during the November through April contract period. The District's asset manager, Infinite Energy, markets the excess capacity.

Note 11. Florida Retirement System Pension Plan

Plan Description

The District contributes to the Florida Retirement System (FRS), a cost-sharing, multiple-employer public employee retirement system (PERS) administered by the Florida Division of Retirement. The FRS offers a choice between a defined benefit plan (Pension Plan) and a defined contribution plan (Investment Plan). Employees also participated in the Retiree Health Insurance Subsidy (HIS Plan), which is a defined benefit plan. Florida Statutes, Chapter 121, assigns the District to administer the Pension Plan to the Division of Retirement. The Florida Legislature establishes and amends benefit provisions and contribution levels.

The Pension Plan provides for vesting of benefits after 6 to 8 years of creditable service. Normal retirement benefits are available to employees who retire at or after age 62 to 65 with 6 or 8 or more years of service. Early retirement is available after 6 to 8 years of service with a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation and years-of-service credit, where average compensation is computed based on an individual's 5 to 8 highest years of earnings. Benefits also include disability and survivor's benefits, as established by Florida Statutes.

Pension Plan members may participate in a Deferred Retirement Option Plan (DROP), after reaching eligibility for normal retirement or through the available deferral period for eligible members. This plan allows employees to defer receipt of retirement benefits, while continuing employment with a FRS employer for up to 96 months. Accumulated system benefits earn 1.3% interest compounded monthly. The employer continues to contribute to the FRS on behalf of the employee.

The Investment Plan provides for vesting after one year of creditable service. Under this plan, the employer makes contributions to a participant's account and the participant directs where the contributions are invested among the plan's investment funds. Upon termination, vested participants may receive amounts accumulated in their investment accounts.

The HIS Plan is established in accordance with Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees in paying their health insurance costs. Current benefits are based on $5 per year of service, ranging from $30 - $150 per month. To be eligible, retirees must provide proof of health insurance coverage, which may include Medicare.

Funding Policy

The District is required to contribute at an actuarially determined rate. The current rate for regular members, senior management, and DROP participants is 14.03%, 33.24%, and 22.02%, respectively, of annual covered payroll, which includes the HIS Plan rate of 2.0%. The contribution requirements of the District are established and may be amended by the Florida Legislature. The District's contributions to the FRS for the years ended September 30, 2025, 2024, and 2023 were $675,535, $616,774, and $505,740, respectively. Employees were required to begin contributing 3% to the retirement system effective July 1, 2011.

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

At September 30, 2025, the District reported a liability of $2,958,527 and $1,433,274 for its proportionate share of the Pension Plan and HIS Plan's net pension liability, respectively. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2025. The District's proportionate share of the net pension liability was based on the District's 2024 and 2025 fiscal year contributions relative to the 2024 and 2025 fiscal year contributions of all participating members. At June 30, 2025, the District's proportionate share for the Pension Plan was 0.009532831%, which was a decrease of 0.000046857% from its proportionate share measured as of June 30, 2024. At June 30, 2025, the proportionate share for the HIS Plan was 0.011182214%, which was a decrease of 0.011057628% from its proportionate share measured as of June 30, 2024.

For the fiscal year ended September 30, 2025, the District recognized pension expense of $345,839 for the Pension Plan and $38,997 for the HIS Plan.

The deferred outflows of resources and deferred inflows of resources related to the Pension Plan are as follows:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 316,002	$ -
Change of assumptions	343,562	-
Net difference between projected and actual earnings on Pension Plan investments	-	493,956
Changes in proportion and differences between District Pension Plan contributions and proportionate share of contributions	86,322	34,182
District Pension Plan contributions subsequent to the measurement date	167,069	-
Total	$ 912,955	$ 528,138

The deferred outflows of resources and deferred inflows of resources related to the HIS Plan are as follows:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 8,556	$ 2,274
Change of assumptions	12,686	346,672
Net difference between projected and actual earnings on HIS Plan investments	-	1,193
Changes in proportion and differences between District HIS Plan contributions and proportionate share of contributions	81,186	22,100
District HIS Plan contributions subsequent to the measurement date	28,565	-
Total	$ 130,993	$ 372,239

The deferred outflows of resources related to the Pension Plan and HIS Plan, totaling $167,069 and $28,565, respectively, resulting from District contributions to the Plans subsequent to the measurement date, will be recognized as a reduction of the new pension liability in the fiscal year ending September 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30,	Pension Plan Amount	HIS Plan Amount
2026	$ 508,947	$ (62,421)
2027	(79,009)	(75,467)
2028	(114,305)	(62,022)
2029	(97,885)	(43,766)
2030	-	(26,134)
Total	$ 217,748	$ (269,811)

Pension Plan Actuarial Assumptions

The total pension liability in the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.50%, average, including inflation
Investment rate of return	6.70%, net of Pension Plan investment expense
Mortality	PUB2010 base table varies by member category and sex

The actuarial assumptions used in the July 1, 2025 valuation were based on the results of an actuarial experience study for the period July 1, 2018 through June 30, 2023.

The long-term expected rate of return on Pension Plan investments was not based on historical returns but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption.

The target allocation (as outlined in the Pension Plan's Investment Policy) and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Annual Arithmetic Return
Cash	1.0%	3.2%
Fixed income	29.0%	5.5%
Global equity	45.0%	8.5%
Real estate	12.0%	8.4%
Private equity	11.0%	12.4%
Strategic investments	2.0%	6.5%
Total	100%	

Pension Plan Discount Rate

The discount rate used to measure the total pension liability was 6.70%. The prior year discount rate was also 6.70%. 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 discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

HIS Plan Actuarial Assumptions

The total pension liability in the July 1, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.50%, average, including inflation
Municipal bond rate	5.20%
Mortality	Generational RP-2000 with Projection Scale MP 2021

HIS Plan Discount Rate

The discount rate used to measure the total pension liability was 5.2%. The prior year discount rate was 3.93%. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the District's Proportionate Share of the Net Position Liability to Changes in the Discount Rate

The following represents the District's proportionate share of the net pension liability calculated using the current discount rate and what it would be if it were calculated using a discount rate that is one-percentage-point-lower and one-percentage-point-higher:

	1% Decrease (5.70%)	Discount Rate (6.70%)	1% Increase (7.70%)
Pension Plan proportionate share of net pension liability	$ 5,806,063	$ 2,958,527	$ 571,193

	1% Decrease (4.20%)	Discount Rate (5.20%)	1% Increase (6.20%)
HIS Plan proportionate share of net pension liability	$ 1,616,247	$ 1,433,274	$ 1,279,818

The FRS issues a publicly available financial report that includes financial statements and required supplementary information for the plan. Detailed information regarding the FRS and HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Annual Comprehensive Financial Report for the fiscal year ended June 30, 2025.

That report can be obtained by contacting the Division of Retirement at:

Department of Management Services
Division of Retirement
Bureau of Research and Member Communications
P.O. Box 9000, Tallahassee, FL 32315-9000

Lake Apopka Natural Gas District
Required Supplementary Information
Schedule of Changes in the District's Total OPEB Liability and Related Ratios

Reporting Period Ending Measurement Date	9/30/2025 9/30/2025	9/30/2024 9/30/2024	9/30/2023 9/30/2023	9/30/2022 9/30/2022	9/30/2021 9/30/2021
Total OPEB Liability					
Service Cost	$ 10,751	$ 7,866	$ 9,155	$ 9,028	$ 9,330
Interest	7,134	6,592	6,973	4,371	3,913
Difference Between Expected and Actual Experience	19,657	-	2,873	-	(2,772)
Change of Assumptions	24,048	12,215	(18,027)	(43,024)	(9,723)
Benefit Payments	(10,462)	(7,284)	(7,997)	(6,203)	(6,132)
Net Change in Total OPEB Liability	51,128	19,389	(7,023)	(35,828)	(5,384)
Total OPEB Liability - Beginning	150,480	131,091	138,114	173,942	179,326
Total OPEB Liability - Ending	$ 201,608	$ 150,480	$ 131,091	$ 138,114	$ 173,942
Covered Employee Payroll	$ 4,482,373	$ 4,468,586	$ 4,359,596	$ 3,990,336	$ 3,565,134
Total OPEB Liability as a percentage of Covered Employee Payroll	4.50%	3.37%	3.01%	3.46%	4.88%

Reporting Period Ending Measurement Date	9/30/2020 9/30/2020	9/30/2019 9/30/2019	9/30/2018 9/30/2018
Total OPEB Liability			
Service Cost	$ 10,096	$ 9,007	$ 8,787
Interest	5,332	6,006	5,450
Difference Between Expected and Actual Experience	-	(12,287)	-
Change of Assumptions	27,766	9,718	(9,056)
Benefit Payments	(5,401)	(11,113)	(11,707)
Net Change in Total OPEB Liability	37,793	1,331	(6,526)
Total OPEB Liability - Beginning	141,533	140,202	146,728
Total OPEB Liability - Ending	$ 179,326	$ 141,533	$ 140,202
Covered Employee Payroll	$ 3,478,180	$ 3,478,180	$ 3,202,204
Total OPEB Liability as a percentage of Covered Employee Payroll	5.16%	4.07%	4.38%

Notes to Schedule:

Change of assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

Fiscal Year Ended September 30, 2025:	4.06%
Fiscal Year Ended September 30, 2024:	4.06%
Fiscal Year Ended September 30, 2023:	4.87%
Fiscal Year Ended September 30, 2022:	4.77%
Fiscal Year Ended September 30, 2021:	2.43%
Fiscal Year Ended September 30, 2020:	2.14%
Fiscal Year Ended September 30, 2019:	3.58%
Fiscal Year Ended September 30, 2018:	4.18%
Fiscal Year Ended September 30, 2017:	3.64%

The District implemented GASB Statement No. 75 for the fiscal year ended September 30, 2018, information for prior years is not available.

Lake Apopka Natural Gas District
Required Supplementary Information
Schedule of Contributions

Florida Retirement System (FRS) Defined Benefit Pension Plan

District's Fiscal Year Ended Sept. 30,	FRS Contractually Required Contribution	FRS Contributions in Relation to the Contractually Required Contribution	FRS Contribution Deficiency (Excess)	District's Covered Payroll	FRS Contributions as a Percentage of Covered Payroll
2025	$ 675,535	$ 675,535	$ -	$ 5,151,618	13.11%
2024	$ 616,774	$ 616,774	$ -	$ 4,623,901	13.34%
2023	$ 505,740	$ 505,740	$ -	$ 4,286,937	11.80%
2022	$ 457,799	$ 457,799	$ -	$ 4,169,934	10.98%
2021	$ 392,969	$ 392,969	$ -	$ 3,867,727	10.16%
2020	$ 293,172	$ 293,172	$ -	$ 3,764,787	7.79%
2019	$ 297,921	$ 297,921	$ -	$ 3,699,919	8.05%
2018	$ 250,266	$ 250,266	$ -	$ 3,586,313	6.98%
2017	$ 229,868	$ 229,868	$ -	$ 3,431,192	6.70%
2016	$ 211,132	$ 211,132	$ -	$ 3,326,467	6.35%

Retiree Health Insurance Subsidy (HIS) Program Defined Benefit Pension Plan

District's Fiscal Year Ended Sept. 30,	HIS Contractually Required Contribution	HIS Contributions in Relation to the Contractually Required Contribution	HIS Contribution Deficiency (Excess)	District's Covered Payroll	HIS Contributions as a Percentage of Covered Payroll
2025	$ 103,032	$ 103,032	$ -	$ 5,151,618	2.00%
2024	$ 92,478	$ 92,478	$ -	$ 4,623,901	2.00%
2023	$ 85,739	$ 85,739	$ -	$ 4,169,934	2.06%
2022	$ 69,188	$ 69,188	$ -	$ 4,169,934	1.66%
2021	$ 64,204	$ 64,204	$ -	$ 3,867,727	1.66%
2020	$ 62,256	$ 62,256	$ -	$ 3,764,787	1.65%
2019	$ 61,419	$ 61,419	$ -	$ 3,699,919	1.66%
2018	$ 59,111	$ 59,111	$ -	$ 3,586,313	1.65%
2017	$ 58,272	$ 58,272	$ -	$ 3,431,192	1.70%
2016	$ 54,924	$ 54,924	$ -	$ 3,326,467	1.65%

Lake Apopka Natural Gas District
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability

Florida Retirement System (FRS) Defined Benefit Pension Plan

District's Fiscal Year Ended Sept. 30,	Plan Sponsor Measurement Date June 30,	District's Proportion of the FRS Net Pension Liability	District's Proportionate Share of the FRS Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the FRS Net Pension Liability as a Percentage of Covered Payroll	FRS Plan Fiduciary Net Position as a Percentage of Total Pension Liability
2025	2025	0.0096%	$ 2,958,527	$ 5,151,618	57.43%	82.38%
2024	2024	0.0096%	$ 3,705,874	$ 4,623,901	71.94%	82.38%
2023	2023	0.0093%	$ 3,695,158	$ 4,286,937	79.91%	82.38%
2022	2022	0.0094%	$ 3,497,444	$ 4,169,934	81.58%	82.89%
2021	2021	0.0095%	$ 716,898	$ 3,867,727	17.19%	96.40%
2020	2020	0.0088%	$ 3,824,316	$ 3,764,787	98.88%	78.85%
2019	2019	0.0089%	$ 3,070,310	$ 3,699,919	81.55%	82.61%
2018	2018	0.0088%	$ 2,645,041	$ 3,586,313	73.75%	84.26%
2017	2017	0.0088%	$ 2,611,870	$ 3,431,192	72.83%	83.89%
2016	2016	0.0086%	$ 2,186,079	$ 3,326,467	63.71%	84.88%

Retiree Health Insurance Subsidy (HIS) Program Defined Benefit Pension Plan

District's Fiscal Year Ended Sept. 30,	Plan Sponsor Measurement Date June 30,	District's Proportion of the HIS Net Pension Liability	District's Proportionate Share of the HIS Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the HIS Net Pension Liability as a Percentage of Covered Payroll	HIS Plan Fiduciary Net Position as a Percentage of Total Pension Liability
2025	2025	0.0109%	$ 1,433,274	$ 5,151,618	27.82%	4.12%
2024	2024	0.0109%	$ 1,607,088	$ 4,623,901	31.20%	4.12%
2023	2023	0.0106%	$ 1,681,617	$ 4,286,937	32.64%	4.81%
2022	2022	0.0109%	$ 1,155,026	$ 4,169,934	24.98%	3.56%
2021	2021	0.0109%	$ 1,333,294	$ 3,867,727	31.10%	3.00%
2020	2020	0.0108%	$ 1,319,108	$ 3,764,787	34.11%	2.63%
2019	2019	0.0109%	$ 1,229,646	$ 3,699,919	31.79%	2.15%
2018	2018	0.0109%	$ 1,153,673	$ 3,586,313	30.64%	1.64%
2017	2017	0.0110%	$ 1,177,327	$ 3,431,192	32.83%	0.97%
2016	2016	0.0105%	$ 1,248,843	$ 3,326,467	34.82%	0.50%

Lake Apopka Natural Gas District
Notes to Required Supplementary Information -
Schedules of the District's Proportionate Share of the Net Pension Liability and Schedules of District Contributions

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Note 1. Changes in Benefit Terms

FRS Pension Plan:
2025, 2024, 2023, 2022, 2021, 2020, 2019, 2018, 2017 and 2016:
No significant changes.

HIS Program:
2025, 2024, 2023, 2022, 2021, 2020, 2019, 2018, 2017 and 2016:
No significant changes.

Note 2. Changes in Assumptions

FRS Pension Plan:
2025:
No significant changes.
2024:
No significant changes.
2023:
No significant changes.
2022:
The long-term expected rate of return was decreased from 6.80% to 6.70%, and the active member mortality assumption was updated.
2021:
No significant changes.
2020:
The long-term expected rate of return was decreased from 6.90% to 6.80%, and the active member mortality assumption was updated.
2019:
The long-term expected rate of return was decreased from 7.00% to 6.90%, and the active member mortality assumption was updated.
2018:
The long-term expected rate of return was decreased from 7.10% to 7.00%, and the active member mortality assumption was updated.
2017:
The long-term expected rate of return was decreased from 7.60% to 7.10%, and the active member mortality assumption was updated.
2016:
The long-term expected rate of return was decreased from 7.65% to 7.60%, and the active member mortality assumption was updated.

HIS Program:
The municipal rate used to determine total pension liability changed each year:
2025: 5.20%
2024: 3.93%
2023: 3.65%
2022: 3.54%
2021: 2.16%
2020: 2.21%
2019: 3.50%
2018: 3.87%
2017: 3.58%
2016: 2.85%

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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 Auditor's Report

To the Board of Commissioners
Lake Apopka Natural Gas District
Winter Garden, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the Lake Apopka Natural Gas District (the District), which comprise the District's statement of financial position as of September 30, 2025 and the related statement of revenues, expenses, and change in position, and cash flows for the year then ended, and the relates notes to the financial statements, and have issued our report thereon dated April 20, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Forvis Mazars, LLP

Orlando, Florida
April 20, 2026

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Independent Auditor's Management Letter

To the Board of Commissioners
Lake Apopka Natural Gas District
Winter Garden, Florida

Report on the Financial Statements

We have audited the basic financial statements of the Lake Apopka Natural Gas District (the District) as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated April 20, 2026.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America; the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, *Rules of the 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 on Financial Statements Performed in Accordance with *Government Auditing Standards;* Independent Auditor's Report on Compliance for The Major Federal Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; Independent Accountant's Report on an examination conducted 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 Auditor General.* Disclosures in those reports, which are dated April 20, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General,* requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. 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 Auditor General,* requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The legal authority is disclosed in the notes to the financial statements.

Financial Condition and Management

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

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

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

Special District Component Units

Section 10.554(1)(i)5.c., *Rules of the Auditor General,* requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. There were no special district component units that were required to provide financial information to the District for the fiscal year ended September 30, 2025.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, *Rules of the Auditor General*, the District reported:

(A) The total number of district employees compensated in the last pay period of the District's fiscal year as 67.

(B) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as 3.

(C) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as $4,609,103.

(D) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as $3,896,640.

(E) Each construction project with a total cost of at least $65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as listed below:

o Wellness Way, 6" Poly Main, Clermont	$	529,392
o Dell Webb, Phase 4 & 5, Minneola	$	174,450
o Wolf Lake Run, Apopka	$	111,516
o Oakview @ Kelly Park Road	$	84,788
o Parkside Trails, Chicone, Phase 1	$	83,802
o Gaymar Drive, 2" Steel Main, Apopka	$	241,887
o Sadler Rd/Sloewood, 2" Main, Apopka	$	104,810
o Abigail Dr, 2" Steel Main, Apopka	$	103,224
o Votaw Rd/Rolfe Dr, 2 & 4" Steel Main, Apopka	$	319,710
o S. Thompson & E. 1st Street, 2 & 4" Steel Main, Apopka	$	165,375

(F) A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the District amends a final adopted budget under Section 189.016(6), Florida Statutes, as $0.

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General,* requires that we 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 District's Board, and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.

Forvis Mazars, LLP

Orlando, Florida
April 20, 2026

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Independent Accountant's Report

To the Board of Commissioners
Lake Apopka Natural Gas District
Winter Garden, Florida

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

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied with the aforementioned requirements in all material respects. An examination involves performing procedures to obtain evidence about the District's compliance with those requirements, in all material respects. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the District's compliance with those requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement. Our examination does not provide a legal determination on the District's compliance with the specified requirements.

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

Forvis Mazars, LLP

Orlando, Florida
April 20, 2026