

TOWN OF LAKE PLACID, FLORIDA

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
SEPTEMBER 30, 2020**

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**TOWN OF LAKE PLACID, FLORIDA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of
the Town Council,
Town of Lake Placid, Florida

Report on the Financial Statements

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 Lake Placid, Florida** (the "Town"), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund, the Community Redevelopment Fund, and the Infrastructure Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10 and the schedule of the Town's proportionate share of the net pension liability and schedule of contributions on pages 47 through 50, 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 June 29, 2021, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

Mauldin & Jenkins, LLC

Bradenton, Florida

June 29, 2021

TOWN OF LAKE PLACID, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020
(Unaudited)

This discussion and analysis of the Town of Lake Placid, Florida (the "Town"), is to inform readers of the Town's financial performance and provide an overview of the activities for the fiscal year ending September 30, 2020. The information contained in this Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events and conditions. This discussion and analysis is intended to be read in conjunction with the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- The Town's combined assets and deferred outflows exceeded its liabilities and deferred inflows by \$19,263,465.
- Compared to last year, net position from Governmental Activities increased by \$1,207,597. Net position from Business-type Activities decreased by \$101,300. Total Net Position increased \$1,106,297, from last year's net position.

OVERVIEW OF THE FINANCIAL STATEMENTS

This section of the discussion and analysis serves as an introduction to the Town's basic financial statements. The Town's basic financial statements are comprised of three components: (1) Government-wide Financial Statements, (2) Fund Financial Statements, and (3) Notes to the Financial Statements.

Government-wide Financial Statements

The Government-wide Financial Statements are designed to provide readers with a broad view of the Town's overall financial status. Financial statements consist of the Statement of Net Position and the Statement of Activities.

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

The Statement of Net Position combines and consolidates governmental funds, current financial resources with capital assets, and long-term obligations. Other non-financial factors should also be taken into consideration, such as changes to the Town's property tax base and the condition of the Town's infrastructure, to assess the overall health and financial condition of the Town.

The *Statement of Activities* presents information on how the Town's net position changed during the most recent fiscal year. All of the current year revenue and expenses are taken into account regardless of when cash is received or paid.

Both the Statement of Net Position and the Statement of Activities are prepared utilizing the accrual basis of accounting.

For classification reasons, the Statement of Net Position and the Statement of Activities is divided into two activities: (1) Governmental Activities, and (2) Business-type Activities.

- Governmental Activities – The Town's basic services are reported here, including: general administration, planning and zoning, public safety, transportation, and recreation. Ad Valorem Taxes, Utility Service Taxes, Sales Taxes, Local Option Gas Taxes, Surtaxes, Local Communication Service Taxes, and franchise fees finance most of these activities.

TOWN OF LAKE PLACID, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020
(Unaudited)

- **Business-type Activities** – The Town's water, wastewater, cemetery, and sanitation operations are reported here. The Town charges a fee to customers to help cover all or most of the cost for services it provides.

Reporting the Town's Most Significant Funds

Fund Financial Statements

The Town, like other states and local governments, uses fund accounting to ensure and demonstrate compliance with financial related requirements. The Town's fund financial statements only provide detailed information about the most significant funds, not the Town as a whole. Each fund is considered a separate accounting entity and has its own accounts and sub-accounts, respectfully. The Town's funds are also divided into two categories: (1) Governmental Funds, and (2) Proprietary Funds.

Governmental Fund Type – The Town's basic services are reported in Governmental Funds. The statements focus on how money flows into and out of those funds and the balances left over at year-end, which are available for spending. General Fund expenditures are incurred to provide general administration, planning and zoning, public safety, transportation, and recreational services and facilities. These funds are reported using an accounting method, identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted into cash. The government fund statements also provide a detailed short-term view of the Town's general operations and the basic services it provides. The Town maintains the General Fund, the Community Redevelopment Agency (CRA) Fund, and the Infrastructure Fund, which are considered to be major funds. The General Fund, CRA Fund and the Infrastructure Fund information are presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances.

Proprietary Fund Types – The Town charges customers a fee for services provided. These services are reported as Proprietary Funds, which include water, wastewater, cemetery, and sanitation operations. Business-type funds are reported using an accrual method of accounting. Proprietary Fund information is presented separately in the Fund Financial Statement of Net Position, the Statement of Revenues, Expenses and Change in Net Position, and the Statement of Cash Flows.

Notes to the Financial Statements

Notes to the Financial Statements are additional information that is essential to a full understanding of the data provided in the Government-wide and Fund Financial Statements.

Notes to Financial Statements help explain the computation of specific items, as well as provide a more comprehensive assessment of the Town's financial condition. The Notes to Financial Statements may include information on debt, accounts, contingent liabilities, or contextual information explaining the financial numbers.

The information contained within the notes not only supplements financial statement information, but may also clarify line-items that are part of the financial statements. The Notes to the Financial Statements are also used to explain the method of accounting used to prepare the financial statements, and they provide valuations for how particular accounts have been represented. Notes to the Financial Statements can be found immediately after the Statement of Cash Flows.

TOWN OF LAKE PLACID, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020
(Unaudited)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The government-wide financial statements report information about the Town as a whole.

Statement of Net Position

The Statement of Net Position includes all of the government's assets and liabilities. Net position may serve over time as a useful indicator of the Town's financial position. The Statement of Net Position is divided into two categories: (1) Governmental Activities, and (2) Business-type Activities.

At the end of the fiscal year, September 30, 2020, the Town reported positive balances in all three categories of net position: the Town as a whole, as well as for its separate governmental and business-type activities.

**Statement of Net Position
As of September 30, 2020**

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$4,084,460	\$3,471,849	\$ 4,139,322	\$ 3,526,184	\$ 8,223,782	\$ 6,998,033
Capital assets	4,483,855	3,588,225	10,504,513	11,029,758	14,988,368	14,617,983
Total assets	<u>8,568,315</u>	<u>7,060,074</u>	<u>14,643,835</u>	<u>14,555,942</u>	<u>23,212,150</u>	<u>21,616,016</u>
Deferred outflows	581,724	556,594	412,215	417,337	993,939	973,931
Other liabilities	213,827	156,704	598,012	408,301	811,839	565,005
Long-term liabilities	2,008,816	1,697,024	1,997,525	1,967,818	4,006,341	3,664,842
Total liabilities	<u>2,222,643</u>	<u>1,853,728</u>	<u>2,595,537</u>	<u>2,376,119</u>	<u>4,818,180</u>	<u>4,229,847</u>
Deferred inflows	72,834	115,975	51,610	86,957	124,444	202,932
Net position:						
Net investment in						
capital assets	4,483,855	3,588,225	9,932,239	10,340,458	14,416,094	13,928,683
Restricted	1,618,329	1,258,038	565,063	561,755	2,183,392	1,819,793
Unrestricted	752,378	800,702	1,911,601	1,607,990	2,663,979	2,408,692
Total net position	<u>\$6,854,562</u>	<u>\$5,646,965</u>	<u>\$12,408,903</u>	<u>\$12,510,203</u>	<u>\$19,263,465</u>	<u>\$18,157,168</u>

The largest portion of the Town's net position, \$14,416,094, reflects the Town's investment in capital assets less any related outstanding debt used to acquire those assets. The Town uses these capital assets to supply services to citizens. These assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay these debts must be provided from other sources, since the capital assets themselves cannot be used to liquidate liabilities.

An additional portion of the Town's net position, \$2,183,392, represents resources that are subjected to external restrictions, on how they may be used. The major restrictions on net position are funding source restrictions. The remaining balance of total net position of \$2,663,979 is unrestricted and may be utilized to meet the Town's obligations to citizens and creditors.

TOWN OF LAKE PLACID, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020
(Unaudited)

Statement of Activities

The Statement of Activities presents the operating results of the Town as well as miscellaneous revenue, expenses, capital revenue, capital expenses, and the combined net change for the fiscal year.

**Statement of Activities
As of September 30, 2020**

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 59,302	\$ 83,049	\$ 2,940,702	\$ 2,904,410	\$ 3,000,004	\$ 2,987,459
Operating grants and contributions	907,362	315,783	-	-	907,362	315,783
Capital grants and contributions	503,655	-	251	10,660	503,906	10,660
General revenues:						
Property taxes	730,651	707,446	-	-	730,651	707,446
Other taxes	1,159,102	1,129,610	-	-	1,159,102	1,129,610
Other	102,758	177,240	111,554	153,101	214,312	330,341
Total revenues	<u>3,462,830</u>	<u>2,413,128</u>	<u>3,052,507</u>	<u>3,068,171</u>	<u>6,515,337</u>	<u>5,481,299</u>
Operating expenses:						
General government	367,044	248,282	-	-	367,044	248,282
Public safety	982,022	1,052,359	-	-	982,022	1,052,359
Transportation	451,458	430,420	-	-	451,458	430,420
Culture and recreation	518,507	501,571	-	-	518,507	501,571
Water	-	-	1,629,658	1,660,252	1,629,658	1,660,252
Wastewater	-	-	816,384	855,903	816,384	855,903
Sanitation	-	-	598,100	588,683	598,100	588,683
Cemetery	-	-	45,867	56,134	45,867	56,134
Total operating expenses	<u>2,319,031</u>	<u>2,232,632</u>	<u>3,090,009</u>	<u>3,160,972</u>	<u>5,409,040</u>	<u>5,393,604</u>
Increase in net position before transfers	1,143,799	180,493	(37,502)	(92,801)	1,106,297	87,695
Transfers	63,798	55,283	(63,798)	(55,283)	-	-
Change in net position	1,207,597	235,776	(101,300)	(148,084)	1,106,297	87,695
Net position, beginning	5,646,965	5,411,189	12,510,203	12,658,287	18,157,168	18,069,476
Net position, ending	<u>\$ 6,854,562</u>	<u>\$ 5,646,965</u>	<u>\$ 12,408,903</u>	<u>\$ 12,510,203</u>	<u>\$ 19,263,465</u>	<u>\$ 18,157,171</u>

Governmental Activities

Compared to last year, the Town's governmental net position changed by \$1,207,597, mainly due to an increase in capital grants and contributions received.

TOWN OF LAKE PLACID, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020
(Unaudited)

Business-type Activities

Compared to last year, the Town's total business-type net position changed by (\$101,300). Majority of this change is due to an operating loss in the amount of \$37,502.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

Governmental Funds

General Government, which includes administrative, planning and zoning expenses, are offset with revenues collected from taxes and governmental fees. This fiscal year, General Government expenditures increased by \$118,762 from the prior year mostly personnel and miscellaneous costs.

Public Safety, which includes police and code enforcement, experienced an overall decrease in expenses by \$70,337. The decrease was mainly due to a reduction in personnel costs

Transportation, which includes streets and roads, experienced an increase in operating expenses of \$21,038 due to personnel costs

Recreation and Culture services, which includes parks and recreational areas, increased costs by \$16,936 due to purchasing holiday equipment that really needed to be replaced or to fittingly share the holiday cheer. Culture services is also a new department that was designed to maintain the Town beautification projects.

The *Infrastructure Fund*, which relates to fixed capital expenditure and fixed capital outlay related with the construction or improvement of public facilities, land acquisitions or improvement, design and engineering costs related thereto, had total expenditures that increased significantly \$241,235 from the prior year. These costs were primarily related to capital outlay for streets and roads paving.

Proprietary Funds

There are no significant differences between the fund statements and the Statement of Activities.

Business-type activities, which include: Water, Wastewater, Cemetery, and Sanitation netted a decrease over last year's business-type expenses by (\$70,963). The expenses were offset by total revenues and transfers-in of the business-type activities.

Water system operational and capital outlay obligations are being met timely. When compared to last year, water expenses decreased by \$30,594.

Wastewater is still a self-sufficient operation and does not depend on the Water Fund for support. Wastewater operational and capital outlay obligations are being met timely. Wastewater expenses decreased \$39,519.

Sanitation, which includes miscellaneous trash and brush disposal for residential and commercial customers, had an increase in operating expenses of \$9,417. The main contributing factors in this increase were due to upgraded equipment and also landfill and disposal costs. Sanitation and refuse removal services are limited to commercial and residential customers residing within the Town's limits.

TOWN OF LAKE PLACID, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020
(Unaudited)

Cemetery, which includes cemetery lot sales, mausoleum spaces and memorial fees, experienced a decrease in operating expenses in the amount of \$10,267.

BUDGETARY HIGHLIGHTS

Year-end budgets are amended to equal operational costs at September 30. Contributed capital, line-item adjustments and depreciation is normally reported separated from budget amendments process which at times will create budget verses actual variances.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets – The Town's capital assets, for its governmental and business-type activities, as of September 30, 2020, are \$14,988,368. This investment in capital assets includes land, buildings, improvements, vehicles and equipment, water system and wastewater system improvements and upgrades.

Governmental Activities

Government activities capital assets increased by \$895,630 from the prior year, due to current year additions exceeding depreciation expense. For further details, see Note 5 – Capital Assets.

This year's government-type capital projects completed:

- Purchase of Equipment
- Streets Paving
- Parking
- Building Improvements
- Streets, Road and Sidewalk Improvement (ADA Compliance)

Future governmental projects:

- Road and Sidewalk Improvement
- Alleyways

TOWN OF LAKE PLACID, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020
(Unaudited)

Business-type Activities

Business-type capital assets totals a decrease of \$525,245, from the prior year, due to current year depreciation expense. For further details, see Note 5 – Capital Assets.

This year’s business-type capital projects completed:

- Meter and Line Replacements
- Equipment Purchase

Business-type capital projects in progress, as of September 30, 2020:

- Water Meters
- Wastewater Connections
- Wastewater Plant Assessment
- Capital Projects – Generator
- Equipment
- CDBG Project Wastewater Services
- Hurricane Irma Preservation and Repairs (completed)

Future business-type projects:

- Water Lines Improvement
- Wastewater Lines Improvement
- Wastewater Plant Improvement

Long-term Liabilities and Pension Plans

For further details, see Note 7 – Long-Term Liabilities and Note 8 – Pension Plan.

At the end of the fiscal year, the Town’s total long-term liabilities outstanding is as follows:

	Debt Outstanding					
	As of September 30, 2020					
	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Compensated absences	\$ 83,280	\$ 105,132	\$ 60,797	\$ 84,909	\$ 144,077	\$ 190,041
Net pension liability	1,925,536	1,591,892	1,364,454	1,193,609	3,289,990	2,785,501
Loans payable	-	-	572,274	689,300	572,274	689,300
Total debt	\$ 2,008,816	\$ 1,697,024	\$ 1,997,525	\$ 1,967,818	\$ 4,006,341	\$ 3,664,842

TOWN OF LAKE PLACID, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020
(Unaudited)

Governmental Activities

Total governmental debt outstanding is \$0 as all debt related to governmental activities was paid off in prior years and no new debt was issued.

The remaining balance of Business-type loan payables is currently \$572,274. For further details, see Note 7 – Long-Term Liabilities.

From wastewater revenue, the Town paid two semi-annual payments to the State of Florida Department of Environmental Protection (*SRF Loan I*) for the construction of the wastewater treatment plant, the North Main Street lift station and the maintenance warehouse. The principal payments amounted to \$63,066.

From wastewater revenue, the Town paid two semi-annual payments to the Department of Environmental Protection (*SRF Loan II*) for the Gravity and Low Pressure Wastewater Collection System. Total principal paid was \$56,029.

The Town acquired a third SRF Loan with the Florida Department of Environmental Protection. Part of the Water funding consisted of CDBG and part consisted of a State Revolving Fund. The loan was to upgrade meter boxes and connections to the Town Water Systems. Loan was paid in full.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The General Fund adopted the final levying of Ad Valorem taxes at an operating millage rate of 3.3250 mills.

The following key factors were considered in preparing the budgets for the 2020-2021 fiscal year:

- There was a 1% to 10% salary increase to compensate for inflation and the cost of living. Some employees received a merit raise. The merit raise depended upon the employee's job performance or job certification.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town of Lake Placid's finances for anyone with an interest. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Finance Manager, Town of Lake Placid, 311 West Interlake Boulevard, Lake Placid, Florida 33852.

BASIC FINANCIAL STATEMENTS

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TOWN OF LAKE PLACID, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 3,465,769	\$ 3,252,816	\$ 6,718,585
Investments	61,438	-	61,438
Accounts receivables, net	51,165	289,248	340,413
Due from other governments	154,159	-	154,159
Internal balances	351,929	(351,929)	-
Inventory	-	152,482	152,482
Restricted cash and cash equivalents	-	796,705	796,705
Capital assets			
Non-depreciable	697,573	701,402	1,398,975
Depreciable, net	3,786,282	9,803,111	13,589,393
Total assets	<u>8,568,315</u>	<u>14,643,835</u>	<u>23,212,150</u>
Deferred outflows of resources			
Deferred outflows - pension	581,724	412,215	993,939
Total assets and deferred outflows	<u>\$ 9,150,039</u>	<u>\$ 15,056,050</u>	<u>\$ 24,206,089</u>
Liabilities			
Accounts payable	\$ 120,954	\$ 136,228	\$ 257,182
Accrued liabilities	92,873	230,142	323,015
Accrued interest payable	-	1,719	1,719
Customer deposits payable	-	229,923	229,923
Noncurrent liabilities			
Due within one year	34,746	148,357	183,103
Due in more than one year	1,974,070	1,849,168	3,823,238
Total liabilities	<u>2,222,643</u>	<u>2,595,537</u>	<u>4,818,180</u>
Deferred inflows of resources			
Deferred inflows - pension	72,834	51,610	124,444
Net position			
Net investment in capital assets	4,483,855	9,932,239	14,416,094
Restricted for			
Infrastructure	1,586,504	-	1,586,504
Park improvements	16,574	-	16,574
Law enforcement	607	-	607
Community development	14,644	-	14,644
Cemetery long-term care	-	447,328	447,328
Debt service	-	117,735	117,735
Unrestricted	752,378	1,911,601	2,663,979
Total net position	<u>6,854,562</u>	<u>12,408,903</u>	<u>19,263,465</u>
Total liabilities, deferred inflows and net position	<u>\$ 9,150,039</u>	<u>\$ 15,056,050</u>	<u>\$ 24,206,089</u>

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

TOWN OF LAKE PLACID, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/programs							
Governmental activities							
General government	\$ 367,044	\$ 31,159	\$ 10,537	\$ -	\$ (325,348)	\$ -	\$ (325,348)
Public safety	982,022	21,393	831	503,655	(456,143)	-	(456,143)
Transportation	451,458	-	783,053	-	331,595	-	331,595
Culture/recreation	518,507	6,750	112,941	-	(398,816)	-	(398,816)
Total governmental activities	<u>2,319,031</u>	<u>59,302</u>	<u>907,362</u>	<u>503,655</u>	<u>(848,712)</u>	<u>-</u>	<u>(848,712)</u>
Business-type activities							
Water	1,629,658	1,374,895	-	-	-	(254,763)	(254,763)
Wastewater	816,384	876,673	-	251	-	60,540	60,540
Sanitation	598,100	635,749	-	-	-	37,649	37,649
Cemetery	45,867	53,385	-	-	-	7,518	7,518
Total business-type activities	<u>3,090,009</u>	<u>2,940,702</u>	<u>-</u>	<u>251</u>	<u>-</u>	<u>(149,056)</u>	<u>(149,056)</u>
Total primary government	<u>\$ 5,409,040</u>	<u>\$ 3,000,004</u>	<u>\$ 907,362</u>	<u>\$ 503,906</u>	<u>(848,712)</u>	<u>(149,056)</u>	<u>(997,768)</u>
General revenues							
Taxes							
Property taxes					730,651	-	730,651
Gas taxes					91,492	-	91,492
Infrastructure taxes					291,077	-	291,077
Communications services tax					99,677	-	99,677
Franchise fees					228,242	-	228,242
Utility taxes					305,573	-	305,573
Half cent sales tax					143,041	-	143,041
State shared revenues					76,247	-	76,247
Investment earnings					16,136	17,854	33,990
Miscellaneous					10,181	93,700	103,881
Gain on sale of capital assets					194	-	194
Transfers					<u>63,798</u>	<u>(63,798)</u>	<u>-</u>
Total general revenues and transfers					<u>2,056,309</u>	<u>47,756</u>	<u>2,104,065</u>
Change in net position					<u>1,207,597</u>	<u>(101,300)</u>	<u>1,106,297</u>
Net position, beginning of year					<u>5,646,965</u>	<u>12,510,203</u>	<u>18,157,168</u>
Net position, end of year					<u>\$ 6,854,562</u>	<u>\$ 12,408,903</u>	<u>\$ 19,263,465</u>

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

TOWN OF LAKE PLACID, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020

	<u>General Fund</u>	<u>Community Redevelopment Fund</u>	<u>Infrastructure Fund</u>	<u>Grant Fund (Nonmajor)</u>	<u>Total Governmental Funds</u>
Assets					
Cash and cash equivalents	\$ 2,295,511	\$ 17,690	\$ 1,140,350	\$ 12,218	\$ 3,465,769
Investments	61,438	-	-	-	61,438
Accounts receivable, net	51,165	-	-	-	51,165
Due from other funds	96,721	-	459,352	-	556,073
Due from other governments	63,865	-	90,294	-	154,159
Advances to other funds	-	-	255,389	-	255,389
Total assets	<u>\$ 2,568,700</u>	<u>\$ 17,690</u>	<u>\$ 1,945,385</u>	<u>\$ 12,218</u>	<u>\$ 4,543,993</u>
Liabilities and fund balances					
Liabilities					
Accounts payable	\$ 14,416	\$ 3,046	\$ 103,492	\$ -	\$ 120,954
Accrued liabilities	92,873	-	-	-	92,873
Due to other funds	459,533	-	-	-	459,533
Total liabilities	<u>566,822</u>	<u>3,046</u>	<u>103,492</u>	<u>-</u>	<u>673,360</u>
Fund balances					
Nonspendable					
Advances to other funds	-	-	255,389	-	255,389
Restricted					
Community redevelopment	-	14,644	-	-	14,644
Infrastructure improvements	-	-	1,586,504	-	1,586,504
Park improvements	16,574	-	-	-	16,574
Law enforcement	607	-	-	-	607
Assigned					
Capital improvements	-	-	-	12,218	12,218
Unassigned	1,984,697	-	-	-	1,984,697
Total fund balances	<u>2,001,878</u>	<u>14,644</u>	<u>1,841,893</u>	<u>12,218</u>	<u>3,870,633</u>
Total liabilities and fund balances	<u>\$ 2,568,700</u>	<u>\$ 17,690</u>	<u>\$ 1,945,385</u>	<u>\$ 12,218</u>	<u>\$ 4,543,993</u>

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

TOWN OF LAKE PLACID, FLORIDA
RECONCILIATION OF THE BALANCE SHEET
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

Fund balances, total governmental funds		\$ 3,870,633
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.</p>		
Governmental capital assets	\$ 8,546,963	
Accumulated depreciation	<u>(4,063,108)</u>	4,483,855
<p>Deferred outflows, deferred inflows, and the net pension liability related to the Town's pension plan are not expected to be liquidated with expendable available financial resources and, therefore are not reported in the funds.</p>		
Deferred outflows - pensions	581,724	
Deferred inflows - pensions	(72,834)	
Net pension liability	<u>(1,925,536)</u>	(1,416,646)
<p>Noncurrent liabilities, are not due and payable in the current period and therefore, are not reported in the funds.</p>		
Compensated absences		<u>(83,280)</u>
Net position of governmental activities		<u><u>\$ 6,854,562</u></u>

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

TOWN OF LAKE PLACID, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	General Fund	Community Redevelopment Fund	Infrastructure Fund	Grant Fund (Nonmajor)	Total Governmental Funds
Revenues					
Taxes	\$ 1,429,918	\$ 25,717	\$ 291,077	\$ -	\$ 1,746,712
Licenses and permits	32,518	-	-	-	32,518
Intergovernmental revenues	1,116,113	10,537	503,655	-	1,630,305
Fines and forfeitures	21,011	-	-	-	21,011
Investment earnings	9,728	155	6,193	60	16,136
Miscellaneous revenues	15,954	-	-	-	15,954
Total revenues	<u>2,625,242</u>	<u>36,409</u>	<u>800,925</u>	<u>60</u>	<u>3,462,636</u>
Expenditures					
Current					
General government	222,076	175	-	-	222,251
Public safety	785,069	-	-	-	785,069
Transportation	323,523	-	-	-	323,523
Culture and recreation	340,002	-	-	-	340,002
Capital outlay	660,203	39,737	600,355	-	1,300,295
Total expenditures	<u>2,330,873</u>	<u>39,912</u>	<u>600,355</u>	<u>-</u>	<u>2,971,140</u>
Excess (deficiency) of revenues over (under) expenditures	<u>294,369</u>	<u>(3,503)</u>	<u>200,570</u>	<u>60</u>	<u>491,496</u>
Other financing sources					
Proceeds from the sale of capital assets	194	-	-	-	194
Transfers in	33,283	-	30,515	-	63,798
Total other financing sources	<u>33,477</u>	<u>-</u>	<u>30,515</u>	<u>-</u>	<u>63,992</u>
Change in fund balances	327,846	(3,503)	231,085	60	555,488
Fund balances, beginning of year	<u>1,674,032</u>	<u>18,147</u>	<u>1,610,808</u>	<u>12,158</u>	<u>3,315,145</u>
Fund balances, end of year	<u>\$ 2,001,878</u>	<u>\$ 14,644</u>	<u>\$ 1,841,893</u>	<u>\$ 12,218</u>	<u>\$ 3,870,633</u>

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

TOWN OF LAKE PLACID, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Net change in fund balances – total governmental funds		\$ 555,488
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p> <p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is depreciated over their estimated useful lives.</p>		
Capital outlay	\$ 1,233,189	
Less current year depreciation	<u>(337,559)</u>	895,630
<p>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.</p>		
Pension expense		(265,373)
Change in compensated absences		<u>21,852</u>
Change in net position of governmental activities		<u><u>\$ 1,207,597</u></u>

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

TOWN OF LAKE PLACID, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES—BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 1,257,759	\$ 1,257,759	\$ 1,429,918	\$ 172,159
Licenses and permits	34,975	34,975	32,518	(2,457)
Intergovernmental revenues	445,243	445,243	1,116,113	670,870
Fines and forfeitures	24,154	24,154	21,011	(3,143)
Investment earnings	36,000	36,000	9,728	(26,272)
Miscellaneous revenues	4,950	4,950	15,954	11,004
Total revenues	<u>1,803,081</u>	<u>1,803,081</u>	<u>2,625,242</u>	<u>822,161</u>
Expenditures				
Current				
General government	267,600	267,716	222,076	45,640
Public safety	840,792	840,790	785,069	55,721
Transportation	389,548	389,626	323,523	66,103
Culture and recreation	291,411	333,102	340,002	(6,900)
Capital outlay	221,600	221,600	660,203	(438,603)
Total expenditures	<u>2,010,951</u>	<u>2,052,834</u>	<u>2,330,873</u>	<u>(278,039)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(207,870)</u>	<u>(249,753)</u>	<u>294,369</u>	<u>544,122</u>
Other financing sources				
Proceeds from the sale of capital assets	-	-	194	194
Transfers in	145,884	145,885	33,283	(112,602)
Total other financing sources	<u>145,884</u>	<u>145,885</u>	<u>33,477</u>	<u>(112,408)</u>
Change in fund balance	(61,986)	(103,868)	327,846	431,714
Fund balance, beginning of year	<u>1,674,032</u>	<u>1,674,032</u>	<u>1,674,032</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,612,046</u>	<u>\$ 1,570,164</u>	<u>\$ 2,001,878</u>	<u>\$ 431,714</u>

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

TOWN OF LAKE PLACID, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES—BUDGET AND ACTUAL
COMMUNITY REDEVELOPMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 36,254	\$ 36,254	\$ 25,717	\$ (10,537)
Intergovernmental revenues	-	-	10,537	10,537
Investment earnings	-	-	155	155
Total revenues	<u>36,254</u>	<u>36,254</u>	<u>36,409</u>	<u>155</u>
Expenditures				
Current				
General government	350	350	175	175
Capital outlay	50,500	50,500	39,737	-
Total expenditures	<u>50,850</u>	<u>50,850</u>	<u>39,912</u>	<u>175</u>
Change in fund balance	(14,596)	42,659	(3,503)	(56,925)
Fund balance, beginning of year	<u>18,147</u>	<u>18,147</u>	<u>18,147</u>	<u>-</u>
Fund balance, end of year	<u>\$ 3,551</u>	<u>\$ 60,806</u>	<u>\$ 14,644</u>	<u>\$ (56,925)</u>

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

TOWN OF LAKE PLACID, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES—BUDGET AND ACTUAL
INFRASTRUCTURE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 290,228	\$ 290,228	\$ 291,077	\$ 849
Intergovernmental revenues	-	-	503,655	503,655
Investment earnings	26,000	26,000	6,193	(19,807)
Total revenues	<u>316,228</u>	<u>316,228</u>	<u>800,925</u>	<u>484,697</u>
Expenditures				
Capital outlay	363,281	363,281	600,355	(237,074)
Total expenditures	<u>363,281</u>	<u>363,281</u>	<u>600,355</u>	<u>(237,074)</u>
Deficiency of revenues under expenditures	<u>(47,053)</u>	<u>(47,053)</u>	<u>200,570</u>	<u>247,623</u>
Other financing sources (uses)				
Transfers in	57,255	57,255	30,515	(26,740)
Transfers out	(40,000)	(40,000)	-	40,000
Total other financing sources	<u>17,255</u>	<u>17,255</u>	<u>30,515</u>	<u>13,260</u>
Change in fund balance	(29,798)	(29,798)	231,085	260,883
Fund balance, beginning of year	<u>1,610,808</u>	<u>1,610,808</u>	<u>1,610,808</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,581,010</u>	<u>\$ 1,581,010</u>	<u>\$ 1,841,893</u>	<u>\$ 260,883</u>

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

TOWN OF LAKE PLACID, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2020

	Enterprise Funds				Total
	Water	Wastewater	Sanitation	Cemetery (Nonmajor)	
Assets					
Current assets					
Cash and cash equivalents	\$ 2,773,557	\$ 416,759	\$ 3,350	\$ 59,150	\$ 3,252,816
Restricted cash and cash equivalents	159,731	167,379	22,267	447,328	796,705
Accounts receivable, net	165,613	82,216	40,019	1,400	289,248
Due from other funds	67,049	76	180	1,650	68,955
Inventory	57,721	13,394	-	81,367	152,482
Total current assets	<u>3,223,671</u>	<u>679,824</u>	<u>65,816</u>	<u>590,895</u>	<u>4,560,206</u>
Noncurrent assets					
Capital assets, non-depreciable	232,267	446,004	11,416	11,715	701,402
Capital assets, net	6,032,159	3,330,603	405,692	34,657	9,803,111
Total noncurrent assets	<u>6,264,426</u>	<u>3,776,607</u>	<u>417,108</u>	<u>46,372</u>	<u>10,504,513</u>
Total assets	<u>9,488,097</u>	<u>4,456,431</u>	<u>482,924</u>	<u>637,267</u>	<u>15,064,719</u>
Deferred outflows of resources					
Deferred outflows - pension	225,760	91,708	86,367	8,380	412,215
Total assets and deferred outflows	<u>\$ 9,713,857</u>	<u>\$ 4,548,139</u>	<u>\$ 569,291</u>	<u>\$ 645,647</u>	<u>\$ 15,476,934</u>
Liabilities					
Current liabilities					
Accounts payable	\$ 31,259	\$ 54,436	\$ 45,849	\$ 4,684	\$ 136,228
Unearned revenue	230,142	-	-	-	230,142
Due to other funds	58,689	64,825	40,164	1,817	165,495
Compensated absences	14,899	6,652	6,272	1,439	29,262
Liabilities payable from restricted assets					
Accrued interest	-	1,719	-	-	1,719
Loan payable, current	-	119,095	-	-	119,095
Customer deposits payable	159,731	47,925	22,267	-	229,923
Total current liabilities	<u>494,720</u>	<u>294,652</u>	<u>114,552</u>	<u>7,940</u>	<u>911,864</u>
Noncurrent liabilities					
Compensated absences	16,909	7,953	6,673	-	31,535
Advances from other funds	-	35,519	208,426	11,444	255,389
Net pension liability	747,280	303,558	285,878	27,738	1,364,454
Loan payable, net of current portion	-	453,179	-	-	453,179
Total non-current liabilities	<u>764,189</u>	<u>800,209</u>	<u>500,977</u>	<u>39,182</u>	<u>2,104,557</u>
Total liabilities	<u>1,258,909</u>	<u>1,094,861</u>	<u>615,529</u>	<u>47,122</u>	<u>3,016,421</u>
Deferred inflows of resources					
Deferred inflows - pension	28,266	11,482	10,813	1,049	51,610
Net position (deficit)					
Net investment in capital assets	6,264,426	3,204,333	417,108	46,372	9,932,239
Restricted for					
Cemetery long-term care	-	-	-	447,328	447,328
Debt service	-	117,735	-	-	117,735
Unrestricted	2,162,256	119,728	(474,159)	103,776	1,911,601
Total net position (deficit)	<u>8,426,682</u>	<u>3,441,796</u>	<u>(57,051)</u>	<u>597,476</u>	<u>12,408,903</u>
Total liabilities, deferred inflows, and net position	<u>\$ 9,713,857</u>	<u>\$ 4,548,139</u>	<u>\$ 569,291</u>	<u>\$ 645,647</u>	<u>\$ 15,476,934</u>

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

TOWN OF LAKE PLACID, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Enterprise Funds				Total
	Water	Wastewater	Sanitation	Cemetery (Nonmajor)	
Operating revenues					
Charges for services	\$ 1,367,688	\$ 876,000	\$ 634,639	\$ -	\$ 2,878,327
Sale of cemetery plots and mausoleum spaces	-	-	-	38,735	38,735
Miscellaneous	7,207	673	1,110	14,650	23,640
Total operating revenues	<u>1,374,895</u>	<u>876,673</u>	<u>635,749</u>	<u>53,385</u>	<u>2,940,702</u>
Operating expenses					
Personal services	676,824	220,661	281,856	27,631	1,206,972
Administrative	19,469	7,833	3,011	445	30,758
Utilities	84,078	73,133	2,984	4,853	165,048
Landfill fees	-	-	144,485	-	144,485
Repairs and maintenance	192,956	176,786	54,709	1,879	426,330
Supplies	116,143	29,756	39,257	1,774	186,930
Depreciation	432,341	222,638	42,014	3,452	700,445
Insurance	69,064	39,465	14,800	3,289	126,618
Professional	26,026	32,390	7,328	248	65,992
Miscellaneous	12,757	3,300	7,656	2,296	26,009
Total operating expenses	<u>1,629,658</u>	<u>805,962</u>	<u>598,100</u>	<u>45,867</u>	<u>3,079,587</u>
Operating income (loss)	<u>(254,763)</u>	<u>70,711</u>	<u>37,649</u>	<u>7,518</u>	<u>(138,885)</u>
Nonoperating revenues (expenses)					
System development fees	70,900	-	-	-	70,900
Perpetual care fees	-	-	-	22,800	22,800
Intergovernmental	-	251	-	-	251
Investment earnings	13,473	1,556	418	2,407	17,854
Interest expense	-	(10,422)	-	-	(10,422)
Total nonoperating revenues (expenses)	<u>84,373</u>	<u>(8,615)</u>	<u>418</u>	<u>25,207</u>	<u>101,383</u>
Income (loss) before transfers	(170,390)	62,096	38,067	32,725	(37,502)
Transfers in	33,587	-	-	-	33,587
Transfers out	<u>(48,215)</u>	<u>(44,087)</u>	<u>(4,023)</u>	<u>(1,060)</u>	<u>(97,385)</u>
Changes in net position	<u>(185,018)</u>	<u>18,009</u>	<u>34,044</u>	<u>31,665</u>	<u>(101,300)</u>
Total net position (deficit), beginning of year	8,611,700	3,423,787	(91,095)	565,811	12,510,203
Total net position (deficit), end of year	<u>\$ 8,426,682</u>	<u>\$ 3,441,796</u>	<u>\$ (57,051)</u>	<u>\$ 597,476</u>	<u>\$ 12,408,903</u>

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

TOWN OF LAKE PLACID, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Enterprise Funds				Total
	Water	Wastewater	Sanitation	Cemetery (Nonmajor)	
Cash flows from operating activities					
Cash received from customers	\$ 1,639,438	\$ 902,604	\$ 647,200	\$ 53,385	\$ 3,242,627
Cash paid to suppliers for goods and services	(589,106)	(374,456)	(256,804)	(14,435)	(1,234,801)
Cash paid to employees for services and benefits	(617,114)	(200,315)	(248,228)	(24,807)	(1,090,464)
Net cash provided by operating activities	<u>433,218</u>	<u>327,833</u>	<u>142,168</u>	<u>14,143</u>	<u>917,362</u>
Cash flows from noncapital financing activities					
Transfer to other funds	145,205	(44,087)	(4,032)	(3,081)	94,005
Transfer from other funds	33,587	(90,260)	(200,664)	-	(257,337)
Cash received from perpetual care fees	-	-	-	22,800	22,800
Cash received from system development fees	70,900	-	-	-	70,900
Net cash provided (used) by noncapital financing activities	<u>249,692</u>	<u>(134,347)</u>	<u>(204,696)</u>	<u>19,719</u>	<u>(69,632)</u>
Cash flows from capital and related financing activities					
Acquisition and construction of capital assets	(148,944)	(16,737)	(7,623)	(1,896)	(175,200)
Cash received from sale of capital assets	-	-	-	-	-
Principal paid on notes payable	-	(117,026)	-	-	(117,026)
Interest paid	-	(11,005)	-	-	(11,005)
Capital contributions	-	251	-	-	251
Cash received from issuance of interfund loans payable	-	(47,359)	-	(9,950)	(57,309)
Cash received from issuance of loans payable	-	-	-	-	-
Net cash used by capital and related financing activities	<u>(148,944)</u>	<u>(191,876)</u>	<u>(7,623)</u>	<u>(11,846)</u>	<u>(360,289)</u>
Cash flows from investing activities					
Interest received	13,473	1,556	418	2,407	17,854
Net cash provided by investing activities	<u>13,473</u>	<u>1,556</u>	<u>418</u>	<u>2,407</u>	<u>17,854</u>
Net change in cash and cash equivalents	547,439	3,166	(69,733)	24,423	505,295
Cash and cash equivalents, beginning of year	<u>2,385,849</u>	<u>580,972</u>	<u>95,350</u>	<u>482,055</u>	<u>3,544,226</u>
Cash and cash equivalents, end of year	<u>\$ 2,933,288</u>	<u>\$ 584,138</u>	<u>\$ 25,617</u>	<u>\$ 506,478</u>	<u>\$ 4,049,521</u>
Cash and cash equivalents classified as					
Cash and cash equivalents	\$ 2,773,557	\$ 416,759	\$ 3,350	\$ 59,150	\$ 3,252,816
Restricted cash and cash equivalents	159,731	167,379	22,267	447,328	796,705
Total cash and cash equivalents	<u>\$ 2,933,288</u>	<u>\$ 584,138</u>	<u>\$ 25,617</u>	<u>\$ 506,478</u>	<u>\$ 4,049,521</u>

(Continued)

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

TOWN OF LAKE PLACID, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Enterprise Funds				Total
	Water	Wastewater	Sanitation	Cemetery (Nonmajor)	
Reconciliation of operating income (loss) to net cash provided by operating activities					
Operating income (loss)	\$ (254,763)	\$ 70,711	\$ 37,649	\$ 7,518	\$ (138,885)
Adjustment to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	432,341	222,638	42,014	3,452	700,445
Change in operating assets and liabilities:					
(Increase) decrease in assets:					
Accounts receivable	21,394	21,196	10,192	-	52,782
Inventory	(6,649)	2,867	-	-	(3,782)
Deferred outflows - pension	8,024	3,641	(6,554)	11	5,122
Increase (decrease) in liabilities:					
Accounts payable	(61,964)	(14,660)	17,426	349	(58,849)
Unearned revenue	230,142	-	-	-	230,142
Compensated absences payable	(6,512)	(5,763)	(11,610)	(227)	(24,112)
Customer deposits payable	13,007	4,735	1,259	-	19,001
Deferred inflows - pension	(20,446)	(8,385)	(5,817)	(699)	(35,347)
Net pension liability	78,644	30,853	57,609	3,739	170,845
Net cash provided by operating activities	<u>\$ 433,218</u>	<u>\$ 327,833</u>	<u>\$ 142,168</u>	<u>\$ 14,143</u>	<u>\$ 917,362</u>

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

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TOWN OF LAKE PLACID, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the presentation of the financial report of the Town of Lake Placid, Florida (the "Town"), conform to generally accepted accounting principles (GAAP) as applicable to governmental units. This report, the accounting systems, and classification of accounts conform to standards of the Governmental Accounting Standards Board (GASB).

The following summary of the Town's significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

A. Reporting entity – The Town is a municipality of the State of Florida and is located in Highlands County, Florida. In addition to the public safety, recreation and general government services provided to its approximately 2,600 residents, the Town operates water, wastewater, sanitation, and cemetery enterprises. The Town is governed by an elected mayor and four-member council.

The financial statements of the Town have been prepared in conformity with Accounting Principles Generally Accepted (GAAP) in the United States of America as applied to governmental units. The more significant of the Town's accounting policies are described below.

In evaluating the Town as a reporting entity, management has included all component units in accordance with GASB statements. The financial reporting entity consists of the Town (the primary government), and its blended component unit. The blended component unit is a legally separate organization for which the Town is financially accountable. The component unit discussed below is included in the Town's reporting entity.

The following component unit is blended with the primary government for financial statement purposes because the component unit's governing body is substantially the same as the Town Council or because the component unit exclusively serves the Town.

Community Redevelopment Agency (the "CRA")

The CRA was created in 2017 under Local Ordinance 2017-762 and under Section 163.360 *Florida Statutes*. Its sole purpose is to eliminate and prevent conditions of slum and blight by funding eligible infrastructure projects such as: new sidewalks and sidewalk improvements; roadwork including repaving and new roads; traffic calming; storm water improvements; street lighting and other street improvements; water and wastewater collection and treatment system improvements, and other CRA-identified infrastructure. The CRA is governed by a Board, all of whom are members of the Town Council. The CRA is reported as a major governmental fund.

B. Basic financial statements – The government-wide and fund financial statements, along with the notes to the financial statements, comprise the basic financial statements. The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between the Town's water, wastewater and sanitation functions and various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

TOWN OF LAKE PLACID, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Statement of Net Position presents information on all of the Town's assets, deferred outflows, liabilities, and deferred inflows 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.

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for federal, state and other grant resources, revenue is recognized at the time the expenditure is made. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Taxes, licenses and permits, intergovernmental revenue, charges for services and investment earnings associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses, and balance of current financial resources.

TOWN OF LAKE PLACID, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Town has presented the following governmental funds:

Major Governmental Funds

The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Resources are generated primarily from local property and utility service taxes, franchises, licenses and permits, and intergovernmental revenue.

The *Community Redevelopment Fund* accounts for various redevelopment projects that are funded by the Community Redevelopment Agency. Financial resources come from the Town of Lake Placid.

The *Infrastructure Fund* is also considered a major fund. It accounts for the voted one cent local option sales surtax. The proceeds for this surtax may only be expended on capital assets specified by statutes.

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determination of operating income and changes in net position, financial position and cash flow. All assets and liabilities are included on the Statement of Net Position. The Town's proprietary funds are all classified as enterprise funds. The Town has presented the following major proprietary funds:

Major Proprietary Funds

The *Water Fund* accounts for the operation of the Town's water and reuse services to customers.

The *Wastewater Fund* accounts for the operations of the Town's wastewater service to customers.

The *Sanitation Fund* accounts for the operations of the Town's garbage service.

Additionally, the Town reports the following nonmajor funds:

The *Grant Fund* accounts for the specific receipt and expenditure of large Town grants affecting governmental operations.

The *Cemetery Fund* accounts for the operations and maintenance of the Town's cemetery.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets and amortization of intangible assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

TOWN OF LAKE PLACID, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets and budgetary accounting – Annual appropriated budgets are adopted for all funds. The legally adopted budgets are prepared on a basis consistent with GAAP.

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

Enterprise Funds – The Town adopts an operating budget on a modified accrual basis which is not the same basis of accounting as that used to account for the actual results of operations (accrual basis). The primary differences between the budgetary basis and the basis used to account for the results of operation are that the Town budgets capital outlays and debt service transfers, which includes principal payments. Additionally, the Town does not budget depreciation expense.

The level of budgetary control is at the function level due to the Town Council's required approval of budget transfers among expenditure/expense categories.

Unexpended budgetary appropriations lapse at year-end. The Town utilizes purchase orders in the purchasing process to document the proper authorization of expenditure/expense and monitors year to date expenditure/expense on a monthly basis to avoid over-expenditures of the budget, but does not use formal encumbrance accounting.

The budgets are integrated into the accounting system, and the budgetary data, as presented in these financial statements for all funds with annual budgets, compare the expenditures with the final amended budgets. All budgets are presented on the modified accrual basis of accounting. Accordingly, the budgetary comparison schedule for the General Fund, and Infrastructure Fund presents actual expenditures in accordance with GAAP in the United States of America on a basis consistent with the legally adopted budgets as amended.

For the year ended September 30, 2020, expenditures exceeded appropriations in the culture and recreation department and capital outlay of the general fund by \$6,900 and \$438,603, respectively. These over expenditures were funded from under expenditures in other departments. Additionally, expenditures exceeded appropriations in the capital outlay of the infrastructure fund by \$237,074, which were funded from intergovernmental revenues.

E. Cash and cash equivalents – Cash and cash equivalents are defined as short-term highly liquid investments that are both readily convertible to known amounts of cash and have an original maturity of three months or less. The cash and cash equivalents presented on the Statement of Cash Flows–Proprietary Funds are composed of restricted and unrestricted cash and cash equivalents.

F. Interfund transactions – During the course of operations, transactions occur between individual funds for certain operating expenses or services rendered. Short-term interfund loans are classified as "due to/from other funds." All short-term interfund receivables and payables are planned to be eliminated shortly after year-end. Any balances outstanding between governmental activities and business-type activities for due to/from are reported in the government-wide financial statements as internal balances. Long-term interfund loans are classified as advances.

TOWN OF LAKE PLACID, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Inventories – In the Water Fund and Wastewater Fund, inventories are valued at cost and are recorded as they are used (consumption method). Cost is determined on a weighted average method. In the Cemetery Fund, inventory includes costs incurred to construct a mausoleum at the Town's Cemetery. These costs will be recognized as a reduction to proceeds as the sale of spaces and niches takes place.

H. Prepaid items – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. A prepaid expense/expenditure is recognized when a cash expense/expenditure is made for goods or services that were purchased for consumption but not consumed as of September 30.

I. Restricted assets – Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Restricted assets in the proprietary funds consist of customer deposits, Wastewater loan reserve and debt service accounts, and a Cemetery Perpetual Care Fund. Customer deposits are used to ensure against nonpayment of billings and/or property damage. The deposits remain the property of the customers and therefore, are considered not available for current operations.

J. Capital assets – Capital assets, which include property, plant and equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost. Where cost could not be determined from the available records, estimated historical costs were used to record the estimated value of the assets. Assets acquired by gift or bequests are recorded at their acquisition value at the date of transfer.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred, if any, during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized for the year ended September 30, 2020.

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	10 – 40
Improvements	5 – 40
Infrastructure	20 – 40
Equipment	3 – 15

TOWN OF LAKE PLACID, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Long-term obligations – In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. In the fund financial statements, governmental fund types recognize premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued and premiums received are reported as other financing sources. Discounts on debt issuances are reported as other financing uses. Issuance costs whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Long-term debt and other obligations financed are reported as liabilities in the applicable governmental activities and business-type activities. Loan issuance costs are expensed when incurred.

L. Compensated absences – Vacation leave begins accumulating on the employee's date of hire. However, the employee is not eligible to use vacation benefits until after six months of employment. Vacation leave is earned each pay period based on the length of service. Upon voluntary separation of service, employees with up to five years of service will receive payment for up to but not more than 15 days. Employees with six to 15 years of service will receive payment for up to but not more than 20 days. Employees with 16 years or more of service will receive payment for up to but not more than 25 days. In addition, department heads shall be allowed to receive payment for an additional eight days of accrued time.

Sick leave accumulates at the rate of one sick day (eight hours) per month for all employees. However, new hires must be employed for three months before they can utilize sick time that has been accrued. Sick leave accrued shall not exceed a maximum of 960 hours. Upon separation of service, employees with ten years of service will receive payment for up to but not more than 60 days. Employees with 20 years or more of service will receive payment for up to but not more than 90 days.

A liability has been recorded at September 30, 2020, for unused vacation and vested sick leave. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

M. Fund balance/net position – Fund equity at the governmental fund financial reporting level is classified as “fund balance.” Fund equity for all other reporting is classified as “net position.”

Government-wide and proprietary fund net position are divided into three categories:

Net investment in capital assets—consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding and was used to finance those assets.

Restricted net position—consist of amounts constrained to specific purposes by their providers (such as grantors, bondholders, higher levels of government, and contributors), through constitutional provisions by enabling legislation or contributor restrictions.

Unrestricted – all other net position is reported in this category.

TOWN OF LAKE PLACID, FLORIDA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund balance – Generally, fund balance represents the difference between current assets and current liabilities. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

Nonspendable – Fund balances are reported as nonspendable when amounts cannot be spent because they are either: (1) not in spendable form (i.e. items that are not expected to be converted to cash such as inventory and prepaid items), or (2) legally or contractually required to be maintained intact.

Restricted – Fund balances are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the Town Council through the adoption of a resolution or ordinance. Only the Town Council may modify or rescind the commitment. These self-imposed limitations must be set in place prior to the end of the fiscal year.

Assigned – Fund balances are reported as assigned when amounts are constrained by the Town’s intent to be used for specific purposes, but are neither restricted nor committed. Intent is stipulated by the Town Council or an official for whom that authority has been given by Town Council. With the exception of the General Fund, amounts in all other governmental funds that are not *nonspendable, restricted, or committed* will be considered to be *assigned*. Also, at fiscal year-end, any appropriation of existing fund balance to eliminate a projected budgetary deficit in the next year’s budget is considered to be an assignment of fund balance.

Unassigned – Fund balances reported as unassigned are the residual amount of balances that do not meet any of the above criterion. The Town reports positive unassigned fund balance only in the General Fund. Negative unassigned fund balances may be reported in other funds.

Net position – Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

TOWN OF LAKE PLACID, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Property taxes – Ad valorem taxes for the current fiscal year (beginning October 1, 2019) are assessed on July 1, 2019, based on property values as of January 1, 2019. The taxes are billed in the month of November 2018, by the Highlands County Tax Collector who remits collected taxes to the Town monthly. Taxes are due November 1, 2019, and become delinquent April 1, 2020. Tax certificates are sold for delinquent taxes by June 1, 2020. Generally, the Town collects substantially all of its current year property taxes during the year in which they are due. No accrual for the property tax levy becoming due in November 2020 is included in the accompanying financial statements since such taxes were levied to finance expenditures of the next fiscal year.

O. Use of estimates – The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

P. Deferred outflows/inflows of resources – The Town has deferred inflows and deferred outflows related to the recording of changes in its net pension liability. Certain changes in the net pension liability are recognized as pension expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the Town’s actuary which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service life of plan members. Changes in actuarial assumptions which adjust the net pension liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining lives of plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five year period. The changes in proportion and differences between Town contributions and proportionate share of contributions are also deferred and amortized against pension expense over a five year period. Additionally, any contributions made by the Town to the pension plan before year-end but subsequent to the measurement date of the Town’s net pension liability are reported as deferred outflows of resources.

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

TOWN OF LAKE PLACID, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 2. DEPOSITS AND INVESTMENTS

Cash and cash equivalents at September 30, 2020, consist of the following:

	Governmental	Business-type
Unrestricted		
Petty cash and change funds	\$ 50	\$ 500
Demand deposits	3,465,719	3,252,316
Certificates of deposit	61,438	-
Total unrestricted cash	3,527,207	3,252,816
Restricted		
Demand deposits	-	796,705
Total restricted cash	-	796,705
Total cash and cash equivalents	\$ 3,527,207	\$ 4,049,521

Deposits – Custodial Credit Risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. At year-end, all deposits were entirely insured by federal depository insurance or guaranteed by qualified public depositories in Florida pursuant to Chapter 280.07, *Florida Statutes*. Other than the preceding, the Town has no formal policy on custodial credit risk.

Investments – Florida Statutes authorize the Town to invest in direct obligations of the U.S. Treasury, Florida State Board of Administration (SBA) Local Government Surplus Funds Trust Fund ("Florida PRIME"), savings accounts or certificates of deposit in qualified public depositories, and SEC registered money market funds. As of September 30, 2020, the Town was invested in only certificates of deposit. Of these certificates of deposit, \$61,438 will mature in June 2021.

NOTE 3. RECEIVABLES

Receivables at September 30, 2020, consist of the following:

	General Fund	Water Fund	Wastewater Fund	Sanitation Fund	Cemetery Fund	Total
Receivables						
Accounts	\$ -	\$ 174,166	\$ 85,451	\$ 41,633	\$ 1,400	\$ 302,650
Franchise fees	22,327	-	-	-	-	22,327
Taxes	28,838	-	-	-	-	28,838
Less allowance for uncollectible receivables	-	(8,553)	(3,235)	(1,614)	-	(13,402)
	\$ 51,165	\$ 165,613	\$ 82,216	\$ 40,019	\$ 1,400	\$ 340,413

TOWN OF LAKE PLACID, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 3. RECEIVABLES (CONTINUED)

The following is a summary of the amounts due from other governments at September 30, 2020, which are considered fully collectible:

	Governmental Activities
State of Florida	\$ 153,979
Highlands County	180
Total	\$ 154,159

NOTE 4. INTERFUND TRANSACTIONS

At September 30, 2020, the Town had the following due to/from other funds:

	Due From Other Funds	Due to Other Funds
Major governmental funds		
General Fund	\$ 96,721	\$ 459,533
Infrastructure Fund	459,352	-
Major enterprise funds		
Water Fund	67,049	58,689
Wastewater Fund	76	64,825
Sanitation Fund	180	40,164
Non-major enterprise fund		
Cemetery Fund	1,650	1,817
Totals	\$ 625,028	\$ 625,028

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. The balances result from the time lag between the dates that interfund goods or services are provided, transactions are recorded in the accounting system, and the payments between funds are made. Additionally, at year-end, the Town reports an advance to the Sanitation Fund in the General Fund in the amount of \$255,389, and an advance from other funds of the same amount in the Sanitation Fund. This balance is anticipated to be repaid over a five year period and is thus recorded by the Town as an advance at year-end. The Town also records advances from the Infrastructure Fund to the Wastewater Fund, Sanitation Fund, and Cemetery Fund in the amounts of \$35,519, \$208,426, and \$11,444, respectively, which are to be repaid over a three-to-five year period.

TOWN OF LAKE PLACID, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 4. INTERFUND TRANSACTIONS (CONTINUED)

Interfund transfers for the year ended September 30, 2020, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major governmental funds		
General Fund	\$ 33,283	\$ -
Infrastructure Fund	30,515	-
Major enterprise funds		
Water Fund	33,587	48,215
Wastewater Fund	-	44,087
Sanitation Fund	-	4,023
Non-major enterprise fund		
Cemetery Fund	-	1,060
Totals	<u>\$ 97,385</u>	<u>\$ 97,385</u>

Transfers between funds are primarily due to the following:

1. Transfers from the Wastewater Fund to the Water Fund represent monthly service fees and funding of capital improvements.
2. Transfers from the Water Fund, Wastewater Fund, Sanitation Fund, and Cemetery Fund to the General Fund represent the amounts budgeted for operations of general government activities.
3. Transfer from the Water Fund to the Infrastructure Fund for Capital Projects.

TOWN OF LAKE PLACID, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2020, is as follows:

	Balance October 1	Increases	Transfers	Decreases	Balance September 30
Governmental Activities					
Capital assets, not being depreciated					
Land	\$ 697,573	\$ -	\$ -	\$ -	\$ 697,573
Total capital assets, not being depreciated	<u>697,573</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>697,573</u>
Capital assets, being depreciated					
Buildings	1,216,766	-	(65,669)	-	1,151,097
Improvements	3,437,095	61,381	-	-	3,498,476
Equipment	1,551,562	41,611	-	(5,338)	1,587,835
Infrastructure	416,116	1,130,197	65,669	-	1,611,982
Total capital assets, being depreciated	<u>6,621,539</u>	<u>1,233,189</u>	<u>-</u>	<u>(5,338)</u>	<u>7,849,390</u>
Less accumulated depreciation for					
Buildings	(382,137)	(43,981)	-	-	(426,118)
Improvements	(1,977,705)	(165,533)	-	-	(2,143,238)
Equipment	(1,150,959)	(96,981)	-	5,338	(1,242,602)
Infrastructure	(220,086)	(31,064)	-	-	(251,150)
Total accumulated depreciation	<u>(3,730,887)</u>	<u>(337,559)</u>	<u>-</u>	<u>5,338</u>	<u>(4,063,108)</u>
Total capital assets, being depreciated, net	<u>2,890,652</u>	<u>895,630</u>	<u>-</u>	<u>-</u>	<u>3,786,282</u>
Governmental activities capital assets, net	<u>\$ 3,588,225</u>	<u>\$ 895,630</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,483,855</u>

TOWN OF LAKE PLACID, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 5. CAPITAL ASSETS (CONTINUED)

	Balance October 1	Increases	Transfers	Decreases	Balance September 30
Business-type Activities					
Capital assets, not being depreciated					
Land	\$ 701,402	\$ -	\$ -	\$ -	\$ 701,402
Total capital assets, not being depreciated	<u>701,402</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>701,402</u>
Capital assets, being depreciated					
Buildings	894,517	-	-	-	894,517
Improvements	13,223,038	161,286	1,585,145	-	14,969,469
Equipment	3,781,449	13,914	(1,585,145)	18,604	2,228,822
Total capital assets, being depreciated	<u>17,899,004</u>	<u>175,200</u>	<u>-</u>	<u>18,604</u>	<u>18,092,808</u>
Less accumulated depreciation for					
Buildings	(101,462)	(80,340)	-	-	(181,802)
Improvements	(5,916,966)	(517,536)	-	-	(6,434,502)
Equipment	(1,552,220)	(102,569)	-	(18,604)	(1,673,393)
Total accumulated depreciation	<u>(7,570,648)</u>	<u>(700,445)</u>	<u>-</u>	<u>(18,604)</u>	<u>(8,289,697)</u>
Total capital assets, being depreciated, net	<u>10,328,356</u>	<u>(525,245)</u>	<u>(1,585,145)</u>	<u>-</u>	<u>9,803,111</u>
Business-type activities capital assets, net	<u>\$ 11,029,758</u>	<u>\$ (525,245)</u>	<u>\$ (1,585,145)</u>	<u>\$ -</u>	<u>\$ 10,504,513</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities

General government	\$ 50,607
Public safety	37,713
Transportation	96,223
Culture/recreation	153,016
Total depreciation expense, governmental activities	<u>\$ 337,559</u>

Business-type Activities

Water	\$ 432,341
Wastewater	222,638
Sanitation	42,014
Cemetery	3,452
Total depreciation expense, business-type activities	<u>\$ 700,445</u>

TOWN OF LAKE PLACID, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 6. RESTRICTED ASSETS

The balances of the restricted cash and cash equivalents at September 30, 2020, are as follows:

Enterprise funds	
Customer deposits	
Water Fund	\$ 159,731
Wastewater Fund	47,925
Sanitation Fund	22,267
Wastewater Fund	
Loan debt reserve and debt service accounts	119,454
Cemetery Fund	
Perpetual Care Fund	447,328
Total enterprise funds restricted assets	\$ 796,705

NOTE 7. LONG-TERM LIABILITIES

A. Changes in Long-term Obligations for the year ended September 30, 2020, are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental activities					
Net pension liability	\$ 1,591,892	\$ 643,455	\$ (309,811)	\$ 1,925,536	\$ -
Compensated absences	105,132	56,523	(78,375)	83,280	34,746
Total governmental activities	\$ 1,697,024	\$ 699,978	\$ (388,186)	\$ 2,008,816	\$ 34,746
Business-type activities					
Direct Borrowing:					
Loans payable	\$ 689,300	\$ -	\$ (117,026)	\$ 572,274	\$ 119,095
Net pension liability	1,193,609	482,466	(311,621)	1,364,454	-
Compensated absences	84,909	10,749	(34,861)	60,797	29,262
Total business-type activities	\$ 1,967,818	\$ 493,215	\$ (463,508)	\$ 1,997,525	\$ 148,357

For governmental activities, compensated absences and the net pension liability are liquidated by the General Fund. For business-type activities, compensated absences are liquidated by the Water, Wastewater and Sanitation Funds. For business-type activities, the net pension liability is liquidated by the Water, Wastewater, Sanitation, and Cemetery Funds.

TOWN OF LAKE PLACID, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 7. LONG-TERM LIABILITIES (CONTINUED)

B. Loan Covenants

The loan agreements with the State Department of Environmental Protection provide for:

- The Town to maintain rates and charges for the services furnished by the water and wastewater system to provide pledged revenue at least equal to 1.15 times the sum of payments due in such fiscal year. During 2020, the Town's coverage ratio was 5.15.
- The Town to maintain a loan debt service account where six monthly deposits are made. The first five monthly deposits are one-sixth of the semi-annual loan payment and the sixth monthly deposit is equal to at least the amount required to make the total on deposit in the account equal to the semiannual loan payment.
- The Town to deposit and maintain in the loan repayment reserve account an amount specified in the loan agreements. This account can only be used by the Town to cure a temporary and unexpected deficiency in any semiannual loan payment.

C. Loans Payable

Loans payable at September 30, 2020, were as follows:

Business-type activities

Loan payable, \$132,187 at 3.08% and \$934,123 at 1.86%; from the State of Florida, Department of Environmental Protection's State Revolving Loan Program; semi-annual payments of \$33,335 beginning December 15, 2003 through 2023; secured by a pledge of net revenues of the water and wastewater systems. \$ 193,084

Loan payable, \$135,810 at 1.46% and \$890,390 at 1.46%; from the State of Florida, Department of Environmental Protection's State Revolving Loan Program; semi-annual payments of \$30,681 beginning August 15, 2007 through 2027; secured by a pledge of net revenues of the water and wastewater system. 379,190

Total loans payable \$ 572,274

Debt Service Requirements to Maturity

Fiscal Year Payable	Business-type Activities - Direct Borrowings		
	Principal	Interest	Total
2021	\$ 119,095	\$ 8,934	\$ 128,029
2022	121,203	6,828	128,031
2023	123,348	4,682	128,030
2024	58,529	2,834	61,363
2025	59,386	1,976	61,362
2026-2027	90,713	1,328	92,041
	\$ 572,274	\$ 26,582	\$ 598,856

Total interest expense incurred for business-type activities amounted to \$10,422 for the year ended September 30, 2020.

TOWN OF LAKE PLACID, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 8. PENSION PLAN

Florida Retirement System (FRS)

General Information – All of the Town’s full-time and part-time employees working in a regularly established position participate in the Florida Retirement System (FRS). As provided by Chapters 121 and 112, *Florida Statutes*, the FRS provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan (“Pension Plan”) and the Retiree Health Insurance Subsidy (“HIS Plan”). Under Section 121.4501, *Florida Statutes*, the FRS also provides a defined contribution plan (“Investment Plan”) alternative to the FRS Pension Plan, which is administered by the State Board of Administration (“SBA”). As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating Town or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, *Florida Statutes*, and Chapter 60S, *Florida Administrative Code*. Amendments to the law can be made only by an act of the Florida State Legislature.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or from the Web site: www.dms.myflorida.com/workforce_operations/retirement/publications.

Pension Plan

Plan Description – The Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (“DROP”) for eligible employees.

Benefits Provided – Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Special Risk Administrative Support class members who retire at or after age 55 with at least six years of credited service or 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Special Risk class members (sworn law enforcement officers, firefighters, and correctional officers) who retire at or after age 55 with at least six years of credited service, or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% of their final average compensation based on the five highest years of salary for each year of credited service. Senior Management Service class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation based on the five highest years of salary for each year of credited service. Elected Officers’ class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% (3.33% for judges and justices) of their final average compensation based on the five highest years of salary for each year of credited service.

TOWN OF LAKE PLACID, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 8. PENSION PLAN (CONTINUED)

For Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age, for Regular, Senior Management Service, and Elected Officers' class members, and to age 60 or 30 years of service regardless of age for Special Risk and Special Risk Administrative Support class members. Also, the final average compensation for all these members will be based on the eight highest years of salary.

As provided in Section 121.101, *Florida Statutes*, if the member is initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

Contributions – The contribution requirements of plan members and the employer are established and may be amended by the Florida Legislature. Employees are required to contribute 3% of their salary to FRS. The employer's contribution rates for the period October 1, 2019 through June 30, 2020, and July 1, 2020 through September 30, 2020, were as follows: Regular Class 8.47% and 10%, Senior Management 25.41% and 27.29%, Special Risk Employee Class 25.48% and 24.45%, Elected Officials 48.82% and 49.18%, and DROP Participants 14.60% and 16.98%.

The Town's contributions, including employee contributions, to the Pension Plan totaled \$213,216 for the fiscal year ended September 30, 2020.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2020, the Town reported a liability of \$2,741,224 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The Town's proportionate share of the net pension liability was based on the Town's 2019-2020 fiscal year contributions relative to the 2018-2019 fiscal year contributions of all participating members. At June 30, 2020, the Town's proportionate share was 0.006325%, which was a decrease of 0.000241% from its proportionate share measured as of June 30, 2019.

TOWN OF LAKE PLACID, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 8. PENSION PLAN (CONTINUED)

For the fiscal year ended September 30, 2020, the Town recognized pension expense of \$593,551. In addition, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 104,912	\$ -
Change of assumptions	496,249	-
Net difference between projected and actual earnings on Pension Plan investments	163,215	-
Changes in proportion and differences between Town Pension Plan contributions and proportionate share of contributions	60,250	71,461
Town Pension Plan contributions subsequent to the measurement date	53,706	-
Total	<u>\$ 878,332</u>	<u>\$ 71,461</u>

The deferred outflows of resources related to the Pension Plan, totaling \$53,706 resulting from Town contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2021. 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:	<u>Amount</u>
2021	\$ 155,209
2022	241,729
2023	205,469
2024	122,830
2025	27,928
	<u>\$ 753,165</u>

Actuarial Assumptions – The total pension liability in the July 1, 2020, actuarial valuation was determined using the following actuarial assumption, applied to all period included in the measurement:

Inflation	2.40 %
Salary increases	3.25%, average, including inflation
Investment rate of return	6.80%, net of pension plan investment expense, including inflation

Mortality rates were based on the PUB-2010 base table, which varies by member category and sex, projected generationally with Scale MP-2018.

The actuarial assumptions used in the July 1, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

TOWN OF LAKE PLACID, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 8. PENSION PLAN (CONTINUED)

The long-term expected rate of return on Pension Plan investments is 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 and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation ⁽¹⁾</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.00%	2.20%	2.20%	1.20%
Fixed income	19.00%	3.00%	2.90%	3.50%
Global equity	54.20%	8.00%	6.70%	17.10%
Real estate (property)	10.30%	6.40%	5.80%	11.70%
Private equity	11.10%	10.80%	8.10%	25.70%
Strategic investments	4.00%	5.50%	5.30%	6.90%
Total	<u>99.60%</u>			
Assumed inflation - mean			2.40%	1.70%

⁽¹⁾ As outlined in the Pension Plan's investment policy.

Discount Rate – The discount rate used to measure the total pension liability was 6.80%. 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 calculation the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the Town's Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.90%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.90%) or one percentage point higher (7.90%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	<u>(5.80%)</u>	<u>(6.80%)</u>	<u>(7.80%)</u>
Town's proportionate share of the net pension liability	\$ 4,377,274	\$ 2,741,224	\$ 1,374,788

Pension Plan Fiduciary Net Position – Detailed information regarding the Pension Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

TOWN OF LAKE PLACID, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 8. PENSION PLAN (CONTINUED)

Payables to the Pension Plan – At September 30, 2020, the Town reported a payable in the amount of \$23,983 for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2020.

HIS Plan

Plan Description – The HIS Plan is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, *Florida Statutes*, and may be amended by the Florida legislature at any time. The benefit is a monthly payment to assist retirees of state-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided – For the fiscal year ended September 30, 2020, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions – The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2020, the HIS contribution for the period October 1, 2019 through September 30, 2020, was 1.66%. The Town contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The Town's contributions, including employee contributions, to the HIS Plan totaled \$26,108 for the fiscal year ended September 30, 2020.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2019, the Town reported a liability of \$548,766 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The Town's proportionate share of the net pension liability was based on the Town's 2019-2020 fiscal year contributions relative to the 2018-2019 fiscal year contributions of all participating members. At June 30, 2020, the Town's proportionate share was 0.0044945%, which was a decrease of 0.000126% from its proportionate share measured as of June 30, 2019.

TOWN OF LAKE PLACID, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 8. PENSION PLAN (CONTINUED)

For the fiscal year ended September 30, 2020, the Town recognized pension expense of \$51,819. In addition the Town reported deferred outflows of resources and deferred in flows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 22,448	\$ 423
Change of assumptions	59,008	31,909
Net difference between projected and actual earnings on HIS Plan investments	438	-
Changes in proportion and differences between Town HIS Plan contributions and proportionate share of contributions	27,341	20,651
Town HIS Plan contributions subsequent to the measurement date	6,372	-
Total	\$ 115,607	\$ 52,983

The deferred outflows of resources related to the HIS Plan, totaling \$6,372 resulting from Town contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

Fiscal Year Ending	Amount
September 30:	
2021	\$ 15,568
2022	11,548
2023	3,156
2024	7,327
2025	9,978
Thereafter	8,675
	\$ 56,252

Actuarial Assumptions – The total pension liability in the July 1, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.25%, average, including inflation
Municipal bond rate	2.21%

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions used in the July 1, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

TOWN OF LAKE PLACID, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 8. PENSION PLAN (CONTINUED)

Discount Rate – The discount rate used to measure the total pension liability was 2.21%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. 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 Town’s Proportionate Share of the Net Position Liability to Changes in the Discount Rate – The following represents the Town’s proportionate share of the net pension liability calculated using the discount rate of 3.50%, as well as what the Town’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.50%) or one percentage point higher (4.50%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	<u>(1.21%)</u>	<u>(2.21%)</u>	<u>(3.21%)</u>
Town's proportionate share of the net pension liability	\$ 634,349	\$ 548,766	\$ 478,717

Pension Plan Fiduciary Net Position – Detailed information regarding the HIS Plan’s fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Payables to the Pension Plan – At September 30, 2020, the Town reported a payable in the amount of \$0 for outstanding contributions to the HIS Plan required for the fiscal year ended September 30, 2020.

Defined Contribution Plan

Pursuant to Chapter 121, *Florida Statutes*, the Florida Legislature created the Florida Retirement Investment Plan (FRS Investment Plan), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class. Required employer contributions made to the plan during the year ended September 30, 2020, totaled \$9,886.

TOWN OF LAKE PLACID, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 9. RISK MANAGEMENT

The Town, in October 1996, entered into an agreement with other political subdivisions to join a local government risk management pool called Public Risk Management of Florida (PRM). PRM was organized to develop and administer a protected self-insured retention program for its member organizations. PRM provides the Town with coverage from risks in the areas of property, automobile, general liability, police professional, workmen's compensation, public officials' liability, and crime. Health insurance, which is provided by the Town to its employees, is purchased from a commercial carrier. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

PRM is a total risk and cost sharing pool for its members. PRM uses specific excess insurance to cover losses above predetermined self-insured retention levels and aggregate excess insurance to protect the loss fund in the event it becomes exhausted. In the event any or all of the reinsurance providers are unable to meet their obligations under existing agreements, PRM would be liable for such defaulted amounts.

Premium payments to PRM are allocated to each fund pro-ratably based upon the fund's share of the cost.

NOTE 10. RELATED PARTY TRANSACTIONS

During the year ended September 30, 2020, the City paid Royce Supply a total of \$7,177. This vendor is related to Vice-Mayor Royce with no business affiliation.

NOTE 11. COMMITMENTS AND CONTINGENCIES

The Town is subject to various disputes, legal proceedings and labor relation claims which arise in the normal course of its operations. Although the outcome of these issues is not presently determinable, it is the opinion of the Town that the resolution of these matters will not have a material adverse effect to the financial condition of the Town.

During March 2020, the World Health Organization declared the Coronavirus outbreak a global pandemic. Actions taken around the world to help mitigate the spread of the Coronavirus include restrictions to travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The Coronavirus and actions taken to mitigate it have had, and are expected to continue to have an adverse impact on local economies. The ultimate impact of the pandemic on the Town's results of operations, financial position, and liquidity cannot be reasonably estimated at this time.

NOTE 12. SUBSEQUENT EVENTS

The Town has evaluated all subsequent events through June 29, 2021, the date the financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

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TOWN OF LAKE PLACID, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -
FLORIDA RETIREMENT SYSTEM PENSION PLAN**

Reporting period ending	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>
Measurement date	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
Town's proportion of the FRS net pension liability	0.006325%	0.006566%	0.006424%	0.006202%
Town's proportionate share of the FRS net pension liability	\$ 2,741,224	\$ 2,261,185	\$ 1,934,951	\$ 1,834,614
Town's covered payroll	\$ 1,559,896	\$ 1,543,498	\$ 1,442,527	\$ 1,392,693
Town's proportionate share of the FRS net pension liability as a percentage of its covered payroll	175.73%	146.50%	134.14%	131.73%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	78.85%	82.61%	84.26%	83.89%
Reporting period ending	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>	
Measurement date	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>6/30/2014</u>	
Town's proportion of the FRS net pension liability	0.006554%	0.005998%	0.005665%	
Town's proportionate share of the FRS net pension liability	\$ 1,654,875	\$ 774,708	\$ 345,627	
Town's covered payroll	\$ 1,176,658	\$ 1,203,485	\$ 1,355,238	
Town's proportionate share of the FRS net pension liability as a percentage of its covered payroll	140.64%	64.37%	25.50%	
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	84.88%	92.00%	96.09%	

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

TOWN OF LAKE PLACID, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM PENSION PLAN**

Reporting period ending	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>
Contractually required FRS contribution	\$ 213,216	\$ 205,082	\$ 188,197	\$ 161,462
FRS contributions in relation to the contractually required FRS contribution	<u>213,216</u>	<u>205,082</u>	<u>188,197</u>	<u>161,462</u>
FRS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,574,583	\$ 1,548,347	\$ 1,442,527	\$ 1,392,693
FRS contributions as a percentage of covered payroll	13.54%	13.25%	13.05%	11.59%
Reporting period ending	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>	
Contractually required FRS contribution	\$ 159,828	\$ 146,234	\$ 124,080	
FRS contributions in relation to the contractually required FRS contribution	<u>159,828</u>	<u>146,234</u>	<u>124,080</u>	
FRS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Covered payroll	\$ 1,176,658	\$ 1,203,485	\$ 1,355,238	
FRS contributions as a percentage of covered payroll	13.58%	12.15%	9.16%	

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

TOWN OF LAKE PLACID, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -
HEALTH INSURANCE SUBSIDY PENSION PLAN**

Reporting period ending	9/30/2020	9/30/2019	9/30/2018	9/30/2017
Measurement date	6/30/2020	6/30/2019	6/30/2018	6/30/2017
Town's proportion of the HIS net pension liability	0.004494%	0.004686%	0.004620%	0.004369%
Town's proportionate share of the HIS net pension liability	\$ 548,766	\$ 524,316	\$ 488,963	\$ 467,197
Town's covered payroll	\$ 1,559,896	\$ 1,543,498	\$ 1,442,527	\$ 1,392,693
Town's proportionate share of the HIS net pension liability as a percentage of its covered payroll	35.18%	33.97%	33.90%	33.55%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	3.00%	2.63%	2.15%	1.64%
Reporting period ending	9/30/2016	9/30/2015	9/30/2014	
Measurement date	6/30/2016	6/30/2015	6/30/2014	
Town's proportion of the HIS net pension liability	0.004439%	0.004221%	0.004165%	
Town's proportionate share of the HIS net pension liability	\$ 517,237	\$ 430,443	\$ 389,423	
Town's covered payroll	\$ 1,176,658	\$ 1,203,485	\$ 1,355,238	
Town's proportionate share of the HIS net pension liability as a percentage of its covered payroll	43.96%	35.77%	28.73%	
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	0.97%	0.50%	1.06%	

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

TOWN OF LAKE PLACID, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
HEALTH INSURANCE SUBSIDY PENSION PLAN**

Reporting period ending	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>
Contractually required HIS contribution	\$ 26,108	\$ 25,876	\$ 25,236	\$ 23,124
HIS contributions in relation to the contractually required HIS contribution	<u>26,108</u>	<u>25,876</u>	<u>25,236</u>	<u>23,124</u>
HIS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,574,583	\$ 1,548,347	\$ 1,442,527	\$ 1,392,693
HIS contributions as a percentage of covered payroll	1.66%	1.67%	1.75%	1.66%
Reporting period ending	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>	
Contractually required FRS contribution	\$ 22,752	\$ 16,134	\$ 14,267	
FRS contributions in relation to the contractually required FRS contribution	<u>22,752</u>	<u>16,134</u>	<u>14,267</u>	
FRS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Covered payroll	\$ 1,176,658	\$ 1,203,485	\$ 1,355,238	
FRS contributions as a percentage of covered payroll	1.93%	1.34%	1.05%	

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

OTHER REPORTS

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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,
Town of Lake Placid, 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 Lake Placid, Florida (the "Town"), as of and for the year ended September 30, 2020, 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 29, 2021.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2020-001 and 2020-002 considered to be material weaknesses.

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 determination of financial statement amounts. 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*.

Town's Response to Findings

The Town's responses to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Town's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bradenton, Florida
June 29, 2021

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The signature is written in a cursive, flowing style.

TOWN OF LAKE PLACID, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:
Material weaknesses identified? yes no

Significant deficiencies identified not considered to be material weaknesses? yes no

Noncompliance material to financial statements noted? yes no

Federal Awards

There was not an audit of major federal award programs or state award programs as of September 30, 2020, due to the total amount expended by the Town being less than \$750,000.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2020-001. Charges for Services – Material Weakness

Criteria: Internal controls should be in place to provide reasonable assurance that all transactions are recorded in accordance with accounting principles generally accepted in the United States of America. As part of the audit process, we noted a transaction to transfer charges for services from the Sewer Fund to the Water Fund that was not properly recorded.

Condition: Charges for services in the Water Fund was understated.

Context: Our testing identified that the Town’s Sewer Fund reported an interfund liability to transfer \$52,513 for water charges for services improperly recorded within the Sewer Fund. There was no corresponding entry recorded within the Town’s Water Fund.

Effect: Audit adjustments to increase Due from Sewer Fund and Charges for Services within the Water Fund for \$52,513 was required to be made to the Town’s general ledger to properly record actual activity.

Recommendation: We recommend the Town implement a pooled cash system that allows for these amounts to be processed automatically through its general ledger system. This would provide a more efficient approach to reporting the true cash and revenue balances within each fund.

View of Responsible Officials and Planned Corrective Action: We concur with the finding.

TOWN OF LAKE PLACID, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2020-002. Payroll – Material Weakness

Criteria: Internal controls should be in place to provide reasonable assurance that all transactions are recorded in accordance with accounting principles generally accepted in the United States of America. As part of the audit process, we noted the Town failed to reverse the prior year accrued payroll entry during the current year.

Condition: The Town's internal control policies and procedures failed to detect that September 30, 2019 accrual postings were not properly reversed in the current year.

Context: Our testing identified that the Town's accrued payroll did not properly reconcile.

Effect: An audit adjustment to reduce the Town's Accrued Payroll Liability and Payroll Expense in the General Fund in the amount of \$36,076 was required to be made to the Town's general ledger to properly record payroll activity.

Recommendation: We recommend the Town implement internal control policies and procedures to ensure that all year-end accruals are properly accounted for in the subsequent fiscal year to ensure the activity is properly reflected.

View of Responsible Officials and Planned Corrective Action: We concur with the finding.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Not applicable.

TOWN OF LAKE PLACID, FLORIDA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

2019-001. Fund Balance/Net Position – Material Weakness

Criteria: Internal controls should be in place to provide reasonable assurance that all transactions are recorded in accordance with accounting principles generally accepted in the United States of America. As part of the audit process, we identified two transactions that were required to adjust beginning fund balance/net position to reconcile to the prior year ending fund balance/net position in the audited financial statements.

Condition: We identified several reporting units whose fund balance/net position did not reconcile to the prior year.

Status: Resolved in the current year.

2019-002. Interfund Activity – Material Weakness

Criteria: Internal controls should be in place to provide reasonable assurance that all transactions are recorded in accordance with accounting principles generally accepted in the United States of America. As part of the audit process, we identified four transactions that were required to adjust the general ledger balances for several opinion units in order for interfund activity to reconcile.

Condition: The Town's internal control policies and procedures failed to detect that postings were made to interfund balances in one fund, but a corresponding entry was not made in the applicable other fund.

Status: Resolved in the current year.

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INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Honorable Mayor and Members of
the Town Council,
Town of Lake Placid, Florida

Report on the Financial Statements

We have audited the financial statements of the Town of Lake Placid, Florida (the "Town"), as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated June 29, 2021.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, Schedule of Findings and Responses, and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated June 29, 2021, 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. Finding numbers 2019-001 and 2019-002 were corrected in fiscal year 2020..

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 Town of Lake Placid, Florida was incorporated in 1927. Additional information on the Town's creation and the Town's component unit is disclosed within the Town's footnotes.

Financial Condition and Management

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

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures. 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 the 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*. In connection with our audit, we determined that all special district component units provided the necessary information for proper recording in accordance with Section 218.39(3)(b), *Florida Statutes*.

Additional Matters

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

Purpose of this Letter

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



Bradenton, Florida
June 29, 2021



INDEPENDENT ACCOUNTANT'S REPORT

Honorable Mayor and Members of
the Town Council,
Town of Lake Placid, Florida

We have examined the Town of Lake Placid, Florida's (the "Town") compliance with Section 218.415, *Florida Statutes*, regarding the investment of public funds during the year ended September 30, 2020. Management of the Town is responsible for the Town's compliance with those requirements. Our responsibility is to express an opinion on the Town's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Town complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Town complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, 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.

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

In our opinion, the Town complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2020.

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

Mauldin & Jenkins, LLC

Bradenton, Florida
June 29, 2021

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