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## **MANAGEMENT LETTER**

The Honorable Mayor, Members of the City Commission and City Manager  
City of Lake Wales, Florida

### **Report on the Financial Statements**

We have audited the financial statements of the City of Lake Wales, Florida (the "City"), as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated March 23, 2022.

### **Auditors' Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550, Rules of the Auditor General.

### **Other Reporting Requirements**

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditors' Report on Compliance for Each Major Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountants' 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 Auditor General. Disclosures in those reports and schedule, which are dated March 23, 2022, 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. No findings noted during the prior year.

## **Financial Condition and Management**

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the City has met one of more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific conditions met. In connection with our audit, we determined that the City 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 City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. We recommend the City implement a review process of the Schedule of Expenditures of Federal Awards and State Assistance to ensure the expenditures are appropriately and timely reported.

## **Special Information**

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

- a) The total number of district employees compensated in the last pay period of the district's fiscal year as eighteen.
- b) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as none.
- c) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$607,074.
- d) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as none.
- e) Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as none.
- f) A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes. The budget was amended, therefore we will report a separate original budget to actual in Supplementary Information.

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

- a) The total number of district employees compensated in the last pay period of the district's fiscal year as three.
- b) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as none.
- c) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$93,962.
- d) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as none.

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- e) Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as shown below:
- Rehabilitate East Apron Construction \$993,883
- f) A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes. The budget was not amended during the year.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the Lake Wales Community Redevelopment Agency reported:

- a) The total number of district employees compensated in the last pay period of the district's fiscal year as none. The CRA has no employees
- b) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as two.
- c) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as none. The CRA has no employees.
- d) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$44,427.
- e) Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as shown below:
- Park Avenue Connector Trail \$1,675,000
  - Northwest Neighborhood Sidewalks and Street \$2,540,000
  - Park Avenue Streetscape \$5,000,000
  - Downtown Improvements \$150,000
- f) A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes. The budget was amended, therefore we will report a separate original budget to actual in Required Supplementary Information.

### **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 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, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

*Carr, Riggs & Ingram, L.L.C.*

Orlando, Florida

March 23, 2022