

TOWN OF LAKE PLACID, FLORIDA

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
SEPTEMBER 30, 2022**

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**TOWN OF LAKE PLACID, FLORIDA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lake Placid, Florida (the "Town"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 11, Schedules of the Town's Net Pension Liability and Schedules of Contributions 48 through 51, 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 30, 2023, 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 30, 2023

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TOWN OF LAKE PLACID, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022
(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, 2021. 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 of resources exceeded its liabilities and deferred inflows of resources by \$20,635,631.
- Compared to last year, net position from Governmental Activities increased by \$1,011,922. Net position from Business-type Activities decreased by \$110,302. Total Net Position increased \$901,620, 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, 2022
(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, 2022
(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, 2022, 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, 2022

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$7,073,148	\$5,281,744	\$ 3,972,143	\$ 4,171,199	\$11,045,291	\$ 9,452,943
Capital assets	4,227,346	4,387,694	10,362,061	10,421,136	14,589,407	14,808,830
Total assets	<u>11,300,494</u>	<u>9,669,438</u>	<u>14,334,204</u>	<u>14,592,335</u>	<u>25,634,698</u>	<u>24,261,773</u>
Deferred outflows	462,783	318,471	430,797	264,145	893,580	582,616
Other liabilities	1,406,757	752,717	581,503	696,475	1,988,260	1,449,192
Long-term liabilities	1,667,687	716,065	1,784,280	963,934	3,451,967	1,679,999
Total liabilities	<u>3,074,444</u>	<u>1,468,782</u>	<u>2,365,783</u>	<u>1,660,409</u>	<u>5,440,227</u>	<u>3,129,191</u>
Deferred inflows	118,247	960,463	110,074	796,625	228,321	1,757,088
Net position:						
Net investment in						
capital assets	4,227,346	4,387,694	10,030,085	9,967,956	14,257,431	14,355,650
Restricted	2,107,328	1,613,835	334,434	555,572	2,441,762	2,169,407
Unrestricted	2,235,912	1,557,135	1,924,625	1,875,918	4,160,537	3,433,053
Total net position	<u>\$8,570,586</u>	<u>\$7,558,664</u>	<u>\$12,289,144</u>	<u>\$12,399,446</u>	<u>\$20,859,730</u>	<u>\$19,958,110</u>

The largest portion of the Town's net position, \$14,355,650, 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, \$2,169,407, 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 \$3,433,053 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, 2022
(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
For the Year Ended September 30, 2022

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 126,790	\$ 109,518	\$ 3,358,553	\$ 2,947,109	\$ 3,485,343	\$ 3,056,627
Operating grants and contributions	290,687	385,263	-	-	290,687	385,263
Capital grants and contributions	-	-	205,370	75,220	205,370	75,220
General revenues:						
Property taxes	781,895	763,693	-	-	781,895	763,693
Other taxes	1,496,743	1,328,650	-	-	1,496,743	1,328,650
Other	287,037	117,574	63,973	248,234	351,010	365,808
Total revenues	<u>2,983,152</u>	<u>2,704,698</u>	<u>3,627,896</u>	<u>3,270,563</u>	<u>6,611,048</u>	<u>5,975,261</u>
Operating expenses:						
General government	262,189	339,445	-	-	262,189	339,445
Public safety	879,541	766,389	-	-	879,541	766,389
Physical environment	573	-	-	-	573	-
Transportation	441,052	458,316	-	-	441,052	458,316
Culture and recreation	535,653	469,729	-	-	535,653	469,729
Water	-	-	1,694,831	1,709,160	1,694,831	1,709,160
Wastewater	-	-	972,383	870,825	972,383	870,825
Sanitation	-	-	892,400	625,894	892,400	625,894
Cemetery	-	-	30,806	40,858	30,806	40,858
Total operating expenses	<u>2,119,008</u>	<u>2,033,879</u>	<u>3,590,420</u>	<u>3,246,737</u>	<u>5,709,428</u>	<u>5,280,616</u>
Increase in net position before transfers	864,144	670,819	37,476	23,826	901,620	694,645
Transfers	147,778	33,283	(147,778)	(33,283)	-	-
Change in net position	1,011,922	704,102	(110,302)	(9,457)	901,620	694,645
Net position, beginning	7,558,664	6,854,562	12,399,446	12,408,903	19,958,110	19,263,465
Net position, ending	<u>\$ 8,570,586</u>	<u>\$ 7,558,664</u>	<u>\$ 12,289,144</u>	<u>\$ 12,399,446</u>	<u>\$ 20,859,730</u>	<u>\$ 19,958,110</u>

Governmental Activities

Compared to last year, the Town's governmental net position changed by \$1,011,922, mainly due to a reduction in expenses.

TOWN OF LAKE PLACID, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022
(Unaudited)

Business-Type Activities

Compared to last year, the Town's total business-type net position decreased by \$110,302.

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 \$11,958 from the prior year due to general costs measures.

Public Safety, which includes police and code enforcement, experienced an overall increase in expenditures in the amount of \$49,397 due to an increase in personnel costs.

Transportation, which includes streets and roads, experienced a decrease in operating expenses of \$36,020 due to decreased personnel costs.

Recreation and Culture services, which includes parks and recreational areas, increased costs by \$75,312.

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 no expenditures in fiscal year 2022.

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 an increase over last year's business-type expenses by \$345,803. 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 \$14,329.

Wastewater is 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 increased \$103,678, due to depreciation expense.

Sanitation, which includes miscellaneous trash and brush disposal for residential and commercial customers, had an increase in operating expenses of \$266,506. The main contributing factors in this increase were due to replacing equipment. Sanitation and refuse removal services are limited to commercial and residential customers residing within the Town's limits.

Cemetery, which includes cemetery lot sales, mausoleum spaces and memorial fees, experienced a decrease in overall operating expenses in the amount of \$10,052.

TOWN OF LAKE PLACID, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022
(Unaudited)

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, 2022, are \$14,589,407. 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 decreased by \$(160,348) 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

Business-Type Activities

Business-type capital assets totals a decrease of (\$59,075), 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

**TOWN OF LAKE PLACID, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022
(Unaudited)**

Business-type capital projects in progress, as of September 30, 2022:

- Water Meters upgrade to cellular reading
- Wastewater Plant Assessment
- Capital Projects – Generator for Town Hall building
- Equipment
- CDBG Project Wastewater Services
- FDEP Sewer to Septic Project and future wastewater Connections which includes Wastewater Plant Improvement.

Future business-type projects:

- Water Lines Improvement
- Wastewater Lines 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, 2022**

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Compensated absences	\$ 166,835	\$ 163,527	\$ 55,185	\$ 52,468	\$ 222,020	\$ 215,995
Net pension liability	1,500,852	552,538	1,397,119	458,286	2,897,971	1,010,824
Loans payable	-	-	331,976	453,180	331,976	453,180
Total debt	\$ 1,667,687	\$ 716,065	\$ 1,784,280	\$ 963,934	\$ 3,451,967	\$ 1,679,999

TOWN OF LAKE PLACID, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022
(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. There is a pension and compensated absence liability within governmental activities in the amount of \$1,667,687; of that amount \$80,262 is due within one year.

The remaining balance of Business-type loan payables is currently \$331,976. For further details, see Note 7 – Long-Term Liabilities. There is a pension and compensated absence liability within business activities in the amount of 1,397,111 and \$55,185.

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 \$64,354.

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 Wasterwater Collection System. Total principal paid was \$56,850.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The General Fund adopted the final levying of Ad Valorem taxes is undetermined at the date of this report.

The following key factors were considered in preparing the budgets for the 2022-2023 fiscal year:

- Due to fiscal restraints, the Town is researching various pay methods to retain quality employees and to ultimately meet the 2026 minimum wage requirement.
- As operating costs rise with demand and inflation, the agency is having to increase line-item budgets and decrease cost in other areas to offset the increases. The anticipation is to have little to no losses in the levels of services.
- Due to construction and capital projects costs significantly increasing, some projects are progressing in a slower pace than expected and will caused some projects to cost more than planned.
- Water and Wastewater rate study and possible rate increases.

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, 1069 US Hwy 27 N, Lake Placid, Florida 33852.

BASIC FINANCIAL STATEMENTS

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TOWN OF LAKE PLACID, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 6,178,337	\$ 3,488,558	\$ 9,666,895
Investments	61,438	-	61,438
Accounts receivables, net	67,091	291,556	358,647
Due from other governments	54,069	224,099	278,168
Internal balances	712,213	(712,213)	-
Inventory	-	159,107	159,107
Restricted cash and cash equivalents	-	521,036	521,036
Capital assets			
Non-depreciable	691,733	923,199	1,614,932
Depreciable, net	3,535,613	9,438,862	12,974,475
Total assets	<u>11,300,494</u>	<u>14,334,204</u>	<u>25,634,698</u>
Deferred outflows of resources			
Deferred outflows - pension	462,783	430,797	893,580
Total assets and deferred outflows	<u>\$ 11,763,277</u>	<u>\$ 14,765,001</u>	<u>\$ 26,528,278</u>
Liabilities			
Accounts payable	\$ 86,805	\$ 164,759	\$ 251,564
Accrued liabilities	78,336	230,142	308,478
Accrued interest payable	-	752	752
Customer deposits payable	1,241,616	185,850	1,427,466
Noncurrent liabilities			
Due within one year	80,262	174,605	254,867
Due in more than one year	1,587,425	1,609,675	3,197,100
Total liabilities	<u>3,074,444</u>	<u>2,365,783</u>	<u>5,440,227</u>
Deferred inflows of resources			
Deferred inflows - pension	<u>118,247</u>	<u>110,074</u>	<u>228,321</u>
Net position			
Net investment in capital assets	4,227,346	10,030,085	14,257,431
Restricted for			
Infrastructure	2,043,290	-	2,043,290
Park improvements	16,574	-	16,574
Law enforcement	611	-	611
Community development	46,853	-	46,853
Cemetery long-term care	-	226,280	226,280
Debt service	-	108,154	108,154
Unrestricted	<u>2,235,912</u>	<u>1,924,625</u>	<u>4,160,537</u>
Total net position	<u>8,570,586</u>	<u>12,289,144</u>	<u>20,859,730</u>
Total liabilities, deferred inflows and net position	<u>\$ 11,763,277</u>	<u>\$ 14,765,001</u>	<u>\$ 26,528,278</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, 2022**

	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	\$ 262,189	\$ 73,954	\$ 153,710	\$ -	\$ (34,525)	\$ -	\$ (34,525)
Public safety	879,541	43,638	-	-	(835,903)	-	(835,903)
Physical environment	573	-	26,977	-	26,404	-	26,404
Transportation	441,052	-	-	-	(441,052)	-	(441,052)
Culture/recreation	535,653	9,198	110,000	-	(416,455)	-	(416,455)
Total governmental activities	<u>2,119,008</u>	<u>126,790</u>	<u>290,687</u>	<u>-</u>	<u>(1,701,531)</u>	<u>-</u>	<u>(1,701,531)</u>
Business-type activities							
Water	1,694,831	1,513,071	-	-	-	(181,760)	(181,760)
Wastewater	972,383	901,479	-	205,370	-	134,466	134,466
Sanitation	892,400	782,653	-	-	-	(109,747)	(109,747)
Cemetery	30,806	151,750	-	-	-	120,944	120,944
Total business-type activities	<u>3,590,420</u>	<u>3,348,953</u>	<u>-</u>	<u>205,370</u>	<u>-</u>	<u>(36,097)</u>	<u>(36,097)</u>
Total primary government	<u>\$ 5,709,428</u>	<u>\$ 3,475,743</u>	<u>\$ 290,687</u>	<u>\$ 205,370</u>	<u>(1,701,531)</u>	<u>(36,097)</u>	<u>(1,737,628)</u>
General revenues							
Taxes							
Property taxes					781,895	-	781,895
Gas taxes					106,189	-	106,189
Infrastructure taxes					404,802	-	404,802
Communications services tax					117,582	-	117,582
Franchise fees					297,596	-	297,596
Utility taxes					378,930	-	378,930
Half cent sales tax					191,644	-	191,644
Investment earnings					2,015	1,916	3,931
Miscellaneous					14,607	65,670	80,277
Gain on sale of capital assets					270,415	5,987	276,402
Transfers					<u>147,778</u>	<u>(147,778)</u>	<u>-</u>
Total general revenues and transfers					<u>2,713,453</u>	<u>(74,205)</u>	<u>2,639,248</u>
Change in net position							
Net position, beginning of year					<u>7,558,664</u>	<u>12,399,446</u>	<u>19,958,110</u>
Net position, end of year					<u>\$ 8,570,586</u>	<u>\$ 12,289,144</u>	<u>\$ 20,859,730</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, 2022**

	General Fund	Community Redevelopment Fund	Infrastructure Fund	Grant Fund (Nonmajor)	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 4,186,399	\$ 46,853	\$ 1,921,834	\$ 23,251	\$ 6,178,337
Investments	61,438	-	-	-	61,438
Accounts receivable, net	67,091	-	-	-	67,091
Due from other funds	45,666	-	103,785	224,099	373,550
Due from other governments	36,398	-	17,671	-	54,069
Advances to other funds	-	-	486,994	-	486,994
Total assets	\$ 4,396,992	\$ 46,853	\$ 2,530,284	\$ 247,350	\$ 7,221,479
Liabilities and fund balances					
Liabilities					
Accounts payable	\$ 17,288	\$ -	\$ -	\$ 69,517	\$ 86,805
Accrued liabilities	78,336	-	-	-	78,336
Unearned revenue	1,241,616	-	-	-	1,241,616
Due to other funds	103,785	-	-	44,546	148,331
Total liabilities	<u>1,441,025</u>	<u>-</u>	<u>-</u>	<u>114,063</u>	<u>1,555,088</u>
Fund balances					
Nonspendable					
Advances to other funds	-	-	486,994	-	486,994
Restricted					
Community redevelopment	-	46,853	-	-	46,853
Infrastructure improvements	-	-	2,043,290	-	2,043,290
Park improvements	16,574	-	-	-	16,574
Law enforcement	611	-	-	-	611
Assigned					
Capital improvements	-	-	-	133,287	133,287
Unassigned	2,938,782	-	-	-	2,938,782
Total fund balances	<u>2,955,967</u>	<u>46,853</u>	<u>2,530,284</u>	<u>133,287</u>	<u>5,666,391</u>
Total liabilities and fund balances	\$ 4,396,992	\$ 46,853	\$ 2,530,284	\$ 247,350	\$ 7,221,479

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, 2022**

Fund balances, total governmental funds		\$ 5,666,391
<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	\$ 8,497,491	
Accumulated depreciation	<u>(4,270,145)</u>	4,227,346
<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	462,783	
Deferred inflows - pensions	(118,247)	
Net pension liability	<u>(1,500,852)</u>	(1,156,316)
<p>Noncurrent liabilities, are not due and payable in the current period and therefore, are not reported in the funds.</p>		
Compensated absences		<u>(166,835)</u>
Net position of governmental activities		<u><u>\$ 8,570,586</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, 2022

	General Fund	Community Redevelopment Fund	Infrastructure Fund	Grant Fund (Nonmajor)	Total Governmental Funds
Revenues					
Taxes	\$ 1,682,192	\$ -	\$ 404,802	\$ -	\$ 2,086,994
Licenses and permits	30,572	-	-	-	30,572
Intergovernmental revenues	433,933	48,398	-	-	482,331
Fines and forfeitures	43,185	-	-	-	43,185
Investment earnings (loss)	2,095	(25)	(9)	(46)	2,015
Miscellaneous revenues	67,640	-	-	-	67,640
Total revenues	<u>2,259,617</u>	<u>48,373</u>	<u>404,793</u>	<u>(46)</u>	<u>2,712,737</u>
Expenditures					
Current					
General government	234,622	175	-	-	234,797
Public safety	863,403	-	-	-	863,403
Transportation	299,145	-	-	-	299,145
Culture and recreation	400,462	9,990	-	-	410,452
Debt service					
Principal retirement	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay	193,101	15,636	-	16,667	225,404
Total expenditures	<u>1,990,733</u>	<u>25,801</u>	<u>-</u>	<u>16,667</u>	<u>2,033,201</u>
Excess (deficiency) of revenues over (under) expenditures	<u>268,884</u>	<u>22,572</u>	<u>404,793</u>	<u>(16,713)</u>	<u>679,536</u>
Other financing sources (uses)					
Proceeds from the sale of capital assets	310,050	-	-	-	310,050
Transfers in	-	18,397	-	150,000	168,397
Transfers out	(18,397)	-	-	(2,222)	(20,619)
Total other financing sources (uses)	<u>291,653</u>	<u>18,397</u>	<u>-</u>	<u>147,778</u>	<u>457,828</u>
Change in fund balances	560,537	40,969	404,793	131,065	1,137,364
Fund balances, beginning of year	<u>2,395,430</u>	<u>5,884</u>	<u>2,125,491</u>	<u>2,222</u>	<u>4,529,027</u>
Fund balances, end of year	<u>\$ 2,955,967</u>	<u>\$ 46,853</u>	<u>\$ 2,530,284</u>	<u>\$ 133,287</u>	<u>\$ 5,666,391</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, 2022

Net change in fund balances – total governmental funds \$ 1,137,364

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is depreciated over their estimated useful lives.

Capital outlay	\$ 238,475	
Less current year depreciation	<u>(359,188)</u>	(120,713)

The net effect of various miscellaneous transactions (i.e., sales and donations) is to increase net position.		(39,635)
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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.

Pension expense	\$ 38,214	
Change in compensated absences	(3,308)	<u>34,906</u>

Change in net position of governmental activities \$ 1,011,922

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, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 1,497,370	\$ 1,497,370	\$ 1,682,192	\$ 184,822
Licenses and permits	34,355	34,355	30,572	(3,783)
Intergovernmental revenues	547,348	547,348	433,933	(113,415)
Fines and forfeitures	27,154	27,154	43,185	16,031
Investment earnings	6,000	6,000	2,095	(3,905)
Miscellaneous revenues	4,950	4,950	67,640	62,690
Total revenues	<u>2,117,177</u>	<u>2,117,177</u>	<u>2,259,617</u>	<u>142,440</u>
Expenditures				
Current				
General government	247,727	247,727	234,622	13,105
Public safety	915,529	915,529	863,403	52,126
Transportation	336,335	336,335	299,145	37,190
Culture and recreation	415,222	415,222	400,462	14,760
Capital outlay	322,573	322,573	193,101	129,472
Total expenditures	<u>2,237,386</u>	<u>2,237,386</u>	<u>1,990,733</u>	<u>246,653</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(120,209)</u>	<u>(120,209)</u>	<u>268,884</u>	<u>389,093</u>
Other financing sources (uses)				
Proceeds from the sale of capital assets	-	-	310,050	310,050
Transfers in	61,169	61,169	-	(61,169)
Transfers out	(66,795)	(66,795)	(18,397)	48,398
Total other financing sources, net	<u>(5,626)</u>	<u>(5,626)</u>	<u>291,653</u>	<u>297,279</u>
Change in fund balance	(125,835)	(125,835)	560,537	686,372
Fund balance, beginning of year	<u>2,395,430</u>	<u>2,395,430</u>	<u>2,395,430</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,269,595</u>	<u>\$ 2,269,595</u>	<u>\$ 2,955,967</u>	<u>\$ 686,372</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, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental revenues	\$ 48,398	\$ 48,398	\$ 48,398	\$ -
Investment loss	-	-	(25)	(25)
Total revenues	48,398	48,398	48,373	(25)
Expenditures				
Current				
General government	175	175	175	-
Culture and Recreation	-	-	9,990	(9,990)
Capital outlay	50,000	50,000	15,636	-
Total expenditures	50,175	50,175	25,801	(9,990)
Excess (deficiency) of revenues over expenditures	(1,777)	(1,777)	22,572	(10,015)
Other financing sources				
Transfers in	5,277	5,277	18,397	13,120
Total other financing sources	5,277	5,277	18,397	13,120
Change in fund balance	3,500	3,500	40,969	3,105
Fund balance, beginning of year	5,884	5,884	5,884	-
Fund balance, end of year	\$ 9,384	\$ 9,384	\$ 46,853	\$ 3,105

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, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 342,078	\$ 342,078	\$ 404,802	\$ 62,724
Investment earnings (loss)	3,500	3,500	(9)	(3,509)
Total revenues	<u>345,578</u>	<u>345,578</u>	<u>404,793</u>	<u>59,215</u>
Expenditures				
Capital outlay	380,718	380,718	-	380,718
Total expenditures	<u>380,718</u>	<u>380,718</u>	<u>-</u>	<u>380,718</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(35,140)</u>	<u>(35,140)</u>	<u>404,793</u>	<u>439,933</u>
Other financing sources (uses)				
Transfers in	85,140	85,140	-	(85,140)
Transfers out	(50,000)	(50,000)	-	50,000
Total other financing sources (uses)	<u>35,140</u>	<u>35,140</u>	<u>-</u>	<u>(35,140)</u>
Change in fund balance	-	-	404,793	404,793
Fund balance, beginning of year	<u>2,125,491</u>	<u>2,125,491</u>	<u>2,125,491</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,125,491</u>	<u>\$ 2,125,491</u>	<u>\$ 2,530,284</u>	<u>\$ 404,793</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, 2022

	Enterprise Funds				
	Water	Wastewater	Sanitation	Cemetery (Nonmajor)	Total
Assets					
Current assets					
Cash and cash equivalents	\$ 2,849,911	\$ 348,696	\$ 52,934	\$ 237,017	\$ 3,488,558
Restricted cash and cash equivalents	128,485	146,799	19,472	226,280	521,036
Accounts receivable, net	150,416	96,995	42,745	1,400	291,556
Due from other governments	-	224,099	-	-	224,099
Due from other funds	234,376	37,352	-	-	271,728
Inventory	66,103	14,008	-	78,996	159,107
Total current assets	<u>3,429,291</u>	<u>867,949</u>	<u>115,151</u>	<u>543,693</u>	<u>4,956,084</u>
Noncurrent assets					
Capital assets, non-depreciable	232,267	446,004	11,416	233,512	923,199
Capital assets, net	5,442,943	3,263,303	703,130	29,486	9,438,862
Total noncurrent assets	<u>5,675,210</u>	<u>3,709,307</u>	<u>714,546</u>	<u>262,998</u>	<u>10,362,061</u>
Total assets	<u>9,104,501</u>	<u>4,577,256</u>	<u>829,697</u>	<u>806,691</u>	<u>15,318,145</u>
Deferred outflows of resources					
Deferred outflows - pension	209,098	113,160	104,365	4,174	430,797
Total assets and deferred outflows	<u>\$ 9,313,599</u>	<u>\$ 4,690,416</u>	<u>\$ 934,062</u>	<u>\$ 810,865</u>	<u>\$ 15,748,942</u>
Liabilities					
Current liabilities					
Accounts payable	\$ 49,864	\$ 60,700	\$ 50,436	\$ 3,759	\$ 164,759
Unearned revenue	230,142	-	-	-	230,142
Due to other funds	7,601	346,618	142,728	-	496,947
Compensated absences	32,339	1,676	15,760	1,482	51,257
Liabilities payable from restricted assets					
Accrued interest	-	752	-	-	752
Loan payable, current	-	123,348	-	-	123,348
Customer deposits payable	128,485	37,893	19,472	-	185,850
Total current liabilities	<u>448,431</u>	<u>570,987</u>	<u>228,396</u>	<u>5,241</u>	<u>1,253,055</u>
Noncurrent liabilities					
Compensated absences	-	-	3,928	-	3,928
Advances from other funds	-	-	486,994	-	486,994
Net pension liability	678,128	366,989	338,465	13,537	1,397,119
Loan payable, net of current portion	-	208,628	-	-	208,628
Total non-current liabilities	<u>678,128</u>	<u>575,617</u>	<u>829,387</u>	<u>13,537</u>	<u>2,096,669</u>
Total liabilities	<u>1,126,559</u>	<u>1,146,604</u>	<u>1,057,783</u>	<u>18,778</u>	<u>3,349,724</u>
Deferred inflows of resources					
Deferred inflows - pension	53,427	28,914	26,666	1,067	110,074
Net position (deficit)					
Net investment in capital assets	5,675,210	3,377,331	714,546	262,998	10,030,085
Restricted for					
Cemetery long-term care	-	-	-	226,280	226,280
Debt service	-	108,154	-	-	108,154
Unrestricted	2,458,403	29,413	(864,933)	301,742	1,924,625
Total net position (deficit)	<u>8,133,613</u>	<u>3,514,898</u>	<u>(150,387)</u>	<u>791,020</u>	<u>12,289,144</u>
Total liabilities, deferred inflows, and net position	<u>\$ 9,313,599</u>	<u>\$ 4,690,416</u>	<u>\$ 934,062</u>	<u>\$ 810,865</u>	<u>\$ 15,748,942</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, 2022

	Enterprise Funds				Total
	Water	Wastewater	Sanitation	Cemetery (Nonmajor)	
Operating revenues					
Charges for services	\$ 1,502,586	\$ 899,663	\$ 782,505	\$ -	\$ 3,184,754
Sale of cemetery plots and mausoleum spaces	-	-	-	55,100	55,100
Miscellaneous	10,485	1,816	148	96,650	109,099
Total operating revenues	<u>1,513,071</u>	<u>901,479</u>	<u>782,653</u>	<u>151,750</u>	<u>3,348,953</u>
Operating expenses					
Personal services	719,676	318,744	487,320	9,357	1,535,097
Administrative	41,020	15,301	6,435	1,010	63,766
Utilities	96,301	87,261	2,971	5,457	191,990
Landfill fees	-	-	156,588	-	156,588
Repairs and maintenance	236,282	178,150	58,813	3,308	476,553
Supplies	94,758	47,847	67,451	4,981	215,037
Depreciation	378,511	210,676	83,104	2,665	674,956
Insurance	86,138	49,245	18,384	2,038	155,805
Professional	26,377	52,653	6,409	684	86,123
Miscellaneous	15,768	6,168	4,925	1,306	28,167
Total operating expenses	<u>1,694,831</u>	<u>966,045</u>	<u>892,400</u>	<u>30,806</u>	<u>3,584,082</u>
Operating income (loss)	<u>(181,760)</u>	<u>(64,566)</u>	<u>(109,747)</u>	<u>120,944</u>	<u>(235,129)</u>
Nonoperating revenues (expenses)					
System development fees	56,070	9,600	-	-	65,670
Investment earnings (loss)	1,820	(7)	(17)	120	1,916
Gain on disposal of capital assets	5,987	-	-	-	5,987
Interest expense	-	(6,338)	-	-	(6,338)
Total nonoperating revenues (expenses)	<u>63,877</u>	<u>3,255</u>	<u>(17)</u>	<u>120</u>	<u>67,235</u>
Income (loss) before transfers	(117,883)	(61,311)	(109,764)	121,064	(167,894)
Capital contributions	-	205,370	-	-	205,370
Transfers in	1,910	2,222	-	-	4,132
Transfers out	(151,910)	-	-	-	(151,910)
Changes in net position	<u>(267,883)</u>	<u>146,281</u>	<u>(109,764)</u>	<u>121,064</u>	<u>(110,302)</u>
Total net position (deficit), beginning of year	8,401,496	3,368,617	(40,623)	669,956	12,399,446
Total net position (deficit), end of year	<u>\$ 8,133,613</u>	<u>\$ 3,514,898</u>	<u>\$ (150,387)</u>	<u>\$ 791,020</u>	<u>\$ 12,289,144</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, 2022

	Enterprise Funds				Total
	Water	Wastewater	Sanitation	Cemetery (Nonmajor)	
Cash flows from operating activities					
Cash received from customers	\$ 1,453,936	\$ 1,103,765	\$ 797,256	\$ 153,487	\$ 3,508,444
Cash paid to suppliers for goods and services	(576,679)	(704,763)	(326,944)	(18,850)	(1,627,236)
Cash paid to employees for services and benefits	(747,549)	(256,377)	(427,584)	(15,240)	(1,446,750)
Net cash provided by operating activities	<u>129,708</u>	<u>142,625</u>	<u>42,728</u>	<u>119,397</u>	<u>434,458</u>
Cash flows from noncapital financing activities					
Transfer to other funds	(151,910)	-	-	-	(151,910)
Transfer from other funds	1,910	2,222	-	-	4,132
Cash received from system development fees	56,070	9,600	-	-	65,670
Net cash provided (used) by noncapital financing activities	<u>(93,930)</u>	<u>11,822</u>	<u>-</u>	<u>-</u>	<u>(82,108)</u>
Cash flows from capital and related financing activities					
Acquisition and construction of capital assets	(109,469)	(233,035)	(51,524)	(221,853)	(615,881)
Cash received from sale of capital assets	5,987	-	-	-	5,987
Principal paid on notes payable	-	(121,204)	-	-	(121,204)
Interest paid	-	(6,826)	-	-	(6,826)
Capital contributions	-	205,370	-	-	205,370
Cash paid on interfund loans payable	-	-	(45,404)	(2,323)	(47,727)
Cash received from issuance of loans payable	-	-	-	-	-
Net cash used in capital and related financing activities	<u>(103,482)</u>	<u>(155,695)</u>	<u>(96,928)</u>	<u>(224,176)</u>	<u>(580,281)</u>
Cash flows from investing activities					
Investment earnings (loss)	1,820	(7)	(17)	120	1,916
Net cash provided by (used in) investing activities	<u>1,820</u>	<u>(7)</u>	<u>(17)</u>	<u>120</u>	<u>1,916</u>
Net change in cash and cash equivalents	<u>(65,884)</u>	<u>(1,255)</u>	<u>(54,217)</u>	<u>(104,659)</u>	<u>(226,015)</u>
Cash and cash equivalents, beginning of year	<u>3,044,280</u>	<u>496,750</u>	<u>126,623</u>	<u>567,956</u>	<u>4,235,609</u>
Cash and cash equivalents, end of year	<u>\$ 2,978,396</u>	<u>\$ 495,495</u>	<u>\$ 72,406</u>	<u>\$ 463,297</u>	<u>\$ 4,009,594</u>
Cash and cash equivalents classified as					
Cash and cash equivalents	\$ 2,849,911	\$ 348,696	\$ 52,934	\$ 237,017	\$ 3,488,558
Restricted cash and cash equivalents	128,485	146,799	19,472	226,280	521,036
Total cash and cash equivalents	<u>\$ 2,978,396</u>	<u>\$ 495,495</u>	<u>\$ 72,406</u>	<u>\$ 463,297</u>	<u>\$ 4,009,594</u>

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

(Continued)

TOWN OF LAKE PLACID, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Enterprise Funds				
	Water	Wastewater	Sanitation	Cemetery (Nonmajor)	Total
Reconciliation of operating income (loss) to net cash provided by operating activities					
Operating income (loss)	\$ (181,760)	\$ (64,566)	\$ (109,747)	\$ 120,944	\$ (235,129)
Adjustment to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	378,511	210,676	83,104	2,665	674,956
Change in operating assets and liabilities:					
(Increase) decrease in assets:					
Accounts receivable	(2,650)	(591)	5,058	-	1,817
Due from other funds	1,161	(31,658)	21,706	1,950	(6,841)
Prepays	-	(224,099)	-	-	(224,099)
Inventory	(9,671)	8,839	-	-	(832)
Deferred outflows - pension	(61,724)	(54,941)	(50,446)	459	(166,652)
Increase (decrease) in liabilities:					
Accounts payable	27,101	(52,878)	(4,968)	(66)	(30,811)
Due to other funds	2,535	254,095	(5,694)	(213)	250,723
Compensated absences payable	2,444	(2,004)	1,213	1,064	2,717
Customer deposits payable	(57,646)	(19,560)	(6,467)	-	(83,673)
Deferred inflows - pension	(391,031)	(146,668)	(135,947)	(12,905)	(686,551)
Net pension liability	422,438	265,980	244,916	5,499	938,833
Net cash provided by operating activities	<u>\$ 129,708</u>	<u>\$ 142,625</u>	<u>\$ 42,728</u>	<u>\$ 119,397</u>	<u>\$ 434,458</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, 2022**

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 a blended component unit and 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, 2022

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, 2022

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, 2022**

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.

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, 2022**

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.

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, 2022

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, 2022 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, 2022

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, 2022**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Property taxes – Ad valorem taxes for the current fiscal year (beginning October 1, 2021) are assessed on July 1, 2021 based on property values as of January 1, 2021. The taxes are billed in the month of November 2021, by the Highlands County Tax Collector who remits collected taxes to the Town monthly. Taxes are due November 1, 2021 and become delinquent April 1, 2022. Tax certificates are sold for delinquent taxes by June 1, 2022. 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 2022 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, 2022**

NOTE 2. DEPOSITS AND INVESTMENTS

Cash and cash equivalents at September 30, 2022 consist of the following:

	<u>Governmental</u>	<u>Business-Type</u>
Unrestricted		
Petty cash and change funds	\$ 100	\$ 500
Demand deposits	6,178,237	3,488,058
Certificates of deposit	61,438	-
Total unrestricted cash	6,239,775	3,488,558
Restricted		
Demand deposits	-	521,036
Total restricted cash	-	521,036
Total cash and cash equivalents	\$ 6,239,775	\$ 4,009,594

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, 2022, the Town was invested in only certificates of deposit.

NOTE 3. RECEIVABLES

Receivables at September 30, 2022 consist of the following:

	<u>General Fund</u>	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Sanitation Fund</u>	<u>Cemetery Fund</u>	<u>Total</u>
Receivables						
Accounts	\$ -	\$ 158,969	\$ 100,230	\$ 44,359	\$ 1,400	\$ 304,958
Franchise fees	29,977	-	-	-	-	29,977
Taxes	37,114	-	-	-	-	37,114
Less allowance for uncollectible receivables	-	(8,553)	(3,235)	(1,614)	-	(13,402)
	\$ 67,091	\$ 150,416	\$ 96,995	\$ 42,745	\$ 1,400	\$ 358,647

TOWN OF LAKE PLACID, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 3. RECEIVABLES (CONTINUED)

The following is a summary of the amounts due from other governments at September 30, 2022 which are considered fully collectible:

	Governmental Activities	Business-Type Activities/Sewer Fund
State of Florida	\$ 54,069	\$ 224,099
Total	\$ 54,069	\$ 224,099

NOTE 4. INTERFUND TRANSACTIONS

At September 30, 2022, the Town had the following due to/from other funds:

	Due From Other Funds	Due to Other Funds
Major governmental funds		
General Fund	\$ 45,666	\$ 103,785
Infrastructure Fund	103,785	-
Non-major governmental fund		
Grant Fund	224,099	44,546
Major enterprise funds		
Water Fund	234,376	7,601
Wastewater Fund	37,352	346,618
Sanitation Fund	-	142,728
Totals	\$ 645,278	\$ 645,278

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.

TOWN OF LAKE PLACID, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 4. INTERFUND TRANSACTIONS (CONTINUED)

Interfund transfers for the year ended September 30, 2022 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major governmental funds		
General Fund	\$ -	\$ 18,397
Community Redevelopment Fund	18,397	-
Grant Fund	150,000	2,222
Major enterprise funds		
Water Fund	1,910	151,910
Wastewater Fund	2,222	-
Totals	<u>\$ 172,529</u>	<u>\$ 172,529</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 Infrastructure Fund to the General Fund for Capital Improvements.
4. Transfer from the General Fund to the Community Redevelopment Fund for operations.

TOWN OF LAKE PLACID, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2022 is as follows:

	Balance October 1	Increases	Transfers	Decreases	Balance September 30
Governmental Activities					
Capital assets, not being depreciated					
Land	\$ 691,733	\$ -	\$ -	\$ -	\$ 691,733
Total capital assets, not being depreciated	691,733	-	-	-	691,733
Capital assets, being depreciated					
Buildings	1,151,097	-	-	(171,777)	979,320
Improvements	3,610,259	79,657	-	-	3,689,916
Equipment	1,481,926	150,438	-	(134,558)	1,497,806
Infrastructure	1,630,336	8,380	-	-	1,638,716
Total capital assets, being depreciated	7,873,618	238,475	-	(306,335)	7,805,758
Less accumulated depreciation for					
Buildings	(476,709)	(42,385)	-	171,777	(347,317)
Improvements	(2,299,218)	(105,475)	-	22,196	(2,382,497)
Equipment	(1,076,793)	(108,216)	-	72,727	(1,112,282)
Infrastructure	(324,937)	(103,112)	-	-	(428,049)
Total accumulated depreciation	(4,177,657)	(359,188)	-	266,700	(4,270,145)
Total capital assets, being depreciated, net	3,695,961	(120,713)	-	(39,635)	3,535,613
Governmental activities capital assets, net	<u>\$ 4,387,694</u>	<u>\$ (120,713)</u>	<u>\$ -</u>	<u>\$ (39,635)</u>	<u>\$ 4,227,346</u>
Business-Type Activities					
Capital assets, not being depreciated					
Land	\$ 701,402	\$ 221,797	\$ -	\$ -	\$ 923,199
Total capital assets, not being depreciated	701,402	221,797	-	-	923,199
Capital assets, being depreciated					
Buildings	894,517	-	-	-	894,517
Improvements	15,035,419	190,316	-	(6,999)	15,218,736
Equipment	2,587,803	203,768	-	(27,305)	2,764,266
Total capital assets, being depreciated	18,517,739	394,084	-	(34,304)	18,877,519
Less accumulated depreciation for					
Buildings	(222,215)	(29,190)	-	-	(251,405)
Improvements	(6,923,392)	(518,760)	-	6,999	(7,435,153)
Equipment	(1,652,398)	(127,006)	-	27,305	(1,752,099)
Total accumulated depreciation	(8,798,005)	(674,956)	-	34,304	(9,438,657)
Total capital assets, being depreciated, net	9,719,734	(280,872)	-	-	9,438,862
Business-type activities capital assets, net	<u>\$ 10,421,136</u>	<u>\$ (59,075)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,362,061</u>

TOWN OF LAKE PLACID, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 5. CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs as follows:

Governmental Activities	
General government	\$ 44,551
Public safety	39,350
Transportation	146,065
Culture/recreation	129,222
Total depreciation expense, governmental activities	\$ 359,188
 Business-Type Activities	
Water	\$ 378,511
Wastewater	210,676
Sanitation	83,104
Cemetery	2,665
Total depreciation expense, business-type activities	\$ 674,956

NOTE 6. RESTRICTED ASSETS

The balances of the restricted cash and cash equivalents at September 30, 2022 are as follows:

Enterprise funds	
Customer deposits	
Water Fund	\$ 128,485
Wastewater Fund	37,893
Sanitation Fund	19,472
 Wastewater Fund	
Loan debt reserve and debt service accounts	108,906
 Cemetery Fund	
Perpetual Care Fund	226,280
Total enterprise funds restricted assets	\$ 521,036

TOWN OF LAKE PLACID, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 7. LONG-TERM LIABILITIES

A. Changes in Long-Term Obligations for the year ended September 30, 2022 are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental activities					
Net pension liability	\$ 552,538	\$ 1,358,431	\$ (410,117)	\$ 1,500,852	\$ -
Compensated absences	163,527	76,273	(72,965)	166,835	80,262
Total governmental activities	<u>\$ 716,065</u>	<u>\$ 1,434,704</u>	<u>\$ (483,082)</u>	<u>\$ 1,667,687</u>	<u>\$ 80,262</u>
Business-type activities					
Direct Borrowing:					
Loans payable	\$ 453,180	\$ -	\$ (121,204)	\$ 331,976	\$ 123,348
Net pension liability	458,286	961,970	(23,137)	1,397,119	-
Compensated absences	52,468	55,680	(52,963)	55,185	51,257
Total business-type activities	<u>\$ 963,934</u>	<u>\$ 1,017,650</u>	<u>\$ (197,304)</u>	<u>\$ 1,784,280</u>	<u>\$ 174,605</u>

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.

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 2022, the Town's coverage ratio was 3.10.
- 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.

TOWN OF LAKE PLACID, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 7. LONG-TERM LIABILITIES (CONTINUED)

C. Loans Payable

Loans payable at September 30, 2022 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. \$ 65,665

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. 266,311

Total loans payable \$ 331,976

Debt Service Requirements to Maturity

<u>Fiscal Year Payable</u>	<u>Business-Type Activities - Direct Borrowings</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 123,348	\$ 4,682	\$ 128,030
2024	58,529	2,834	61,363
2025	59,386	1,976	61,362
2026	60,256	1,106	61,362
2027	30,457	222	30,679
	<u>\$ 331,976</u>	<u>\$ 10,820</u>	<u>\$ 342,796</u>

Total interest expense incurred for business-type activities amounted to \$6,338 for the year ended September 30, 2022.

TOWN OF LAKE PLACID, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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 website: 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, 2022**

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, 2021 through June 30, 2022 and July 1, 2022 through September 30, 2022 were as follows: Regular Class 10.82% and 11.91%, Senior Management 29.01% and 31.57%, Special Risk Employee Class 25.89% and 27.83%, Elected Officials 51.42% and 57.00%, and DROP Participants 18.34% and 18.60%.

The Town's contributions to the Pension Plan totaled \$289,766 for the fiscal year ended September 30, 2022.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2022, the Town reported a liability of \$2,363,867 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The Town's proportionate share of the net pension liability was based on the Town's 2020-2021 fiscal year contributions relative to the 2020-2021 fiscal year contributions of all participating members. At June 30, 2022, the Town's proportionate share was 0.005848221%, which was a decrease of 0.000504887% from its proportionate share measured as of June 30, 2021.

TOWN OF LAKE PLACID, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 8. PENSION PLAN (CONTINUED)

For the fiscal year ended September 30, 2022, the Town recognized a pension expense of \$327,622. 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	\$ 112,270	\$ -
Change of assumptions	291,120	-
Net difference between projected and actual earnings on Pension Plan investments	156,086	-
Changes in proportion and differences between Town Pension Plan contributions and proportionate share of contributions	132,728	130,275
Town Pension Plan contributions subsequent to the measurement date	84,163	-
Total	<u>\$ 776,367</u>	<u>\$ 130,275</u>

The deferred outflows of resources related to the Pension Plan, totaling \$84,163 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, 2023. 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:	Amount
2023	\$ 135,894
2024	51,279
2025	(45,892)
2026	399,296
2027	21,352
	<u>\$ 561,929</u>

Actuarial Assumptions – The total pension liability in the July 1, 2022 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	6.70%, 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, 2022 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, 2022**

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%	2.60%	2.60%	1.10%
Fixed income	19.80%	4.40%	4.40%	3.20%
Global equity	54.00%	8.80%	7.30%	17.80%
Real estate (property)	10.30%	7.40%	6.30%	15.70%
Private equity	11.10%	12.00%	8.90%	26.30%
Strategic investments	3.80%	6.20%	5.90%	7.80%
Total	<u>100.00%</u>			
Assumed inflation - mean			2.40%	1.30%

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

Discount Rate – The discount rate used to measure the total pension liability was 6.70%. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for 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 6.70%, 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 (5.70%) or one percentage point higher (7.70%) than the current rate:

	<u>1% Decrease (5.70%)</u>	<u>Current Discount Rate (6.70%)</u>	<u>1% Increase (7.70%)</u>
Town's proportionate share of the net pension liability	\$ 4,088,145	\$ 2,363,867	\$ 922,165

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 Annual Comprehensive Financial Report.

TOWN OF LAKE PLACID, FLORIDA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 8. PENSION PLAN (CONTINUED)

Payables to the Pension Plan – At September 30, 2022, the Town reported a payable in the amount of \$36,318 for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2022.

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, 2021, 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, 2022, the HIS contribution for the period October 1, 2021 through September 30, 2022 was 1.66%. The Town contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contribution 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 \$31,437 for the fiscal year ended September 30, 2022.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2022, the Town reported a liability of \$569,057 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The Town's proportionate share of the net pension liability was based on the Town's 2021-2022 fiscal year contributions relative to the 2020-2021 fiscal year contributions of all participating members. At June 30, 2022, the Town's proportionate share was 0.005848221%, which was an increase of 0.004639112% from its proportionate share measured as of June 30, 2021.

TOWN OF LAKE PLACID, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 8. PENSION PLAN (CONTINUED)

For the fiscal year ended September 30, 2022, the Town recognized pension expense of \$40,996. 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	\$ 16,211	\$ 2,350
Change of assumptions	30,615	82,625
Net difference between projected and actual earnings on HIS Plan investments	773	-
Changes in proportion and differences between Town HIS Plan contributions and proportionate share of contributions	61,206	13,071
Town HIS Plan contributions subsequent to the measurement date	8,408	-
Total	\$ 117,213	\$ 98,046

The deferred outflows of resources related to the HIS Plan, totaling \$8,408 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, 2023. 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:	
2023	\$ 2,577
2024	1,389
2025	635
2026	1,406
2027	3,264
Thereafter	1,488
	\$ 10,759

Actuarial Assumptions – The total pension liability in the July 1, 2022 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	3.54%

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

The actuarial assumptions used in the July 1, 2022 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, 2022**

NOTE 8. PENSION PLAN (CONTINUED)

Discount Rate – The discount rate used to measure the total pension liability was 3.54%. 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 3.54%, 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 (2.54%) or one percentage point higher (4.54%) than the current rate:

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
Town's proportionate share of the net pension liability	\$ 611,059	\$ 534,104	\$ 470,425

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 Annual Comprehensive Financial Report.

Payables to the Pension Plan – At September 30, 2022, 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, 2021.

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, 2022, totaled \$42,127.

TOWN OF LAKE PLACID, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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, 2022, the Town paid Royce Supply a total of \$2,678. 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.

NOTE 12. SUBSEQUENT EVENTS

The Town has evaluated all subsequent events through June 30, 2023 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 Measurement date	<u>9/30/2022</u> <u>6/30/2022</u>	<u>9/30/2021</u> <u>6/30/2021</u>	<u>9/30/2020</u> <u>6/30/2020</u>	<u>9/30/2019</u> <u>6/30/2019</u>	<u>9/30/2018</u> <u>6/30/2018</u>
Town's proportion of the FRS net pension liability	0.006353%	0.005848%	0.006325%	0.006566%	0.006424%
Town's proportionate share of the FRS net pension liability	\$ 2,363,867	\$ 441,767	\$ 2,741,224	\$ 2,261,185	\$ 1,934,951
Town's covered payroll	\$ 1,851,110	\$ 1,644,468	\$ 1,559,896	\$ 1,543,498	\$ 1,442,527
Town's proportionate share of the FRS net pension liability as a percentage of its covered payroll	127.70%	26.86%	175.73%	146.50%	134.14%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	82.89%	96.40%	78.85%	82.61%	84.26%
Reporting period ending Measurement date		<u>9/30/2017</u> <u>6/30/2017</u>	<u>9/30/2016</u> <u>6/30/2016</u>	<u>9/30/2015</u> <u>6/30/2015</u>	<u>9/30/2014</u> <u>6/30/2014</u>
Town's proportion of the FRS net pension liability		0.006202%	0.006554%	0.005998%	0.005665%
Town's proportionate share of the FRS net pension liability		\$ 1,834,614	\$ 1,654,875	\$ 774,708	\$ 345,627
Town's covered payroll		\$ 1,392,693	\$ 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		131.73%	140.64%	64.37%	25.50%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability		83.89%	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>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>
Contractually required FRS contribution	\$ 289,766	\$ 234,584	\$ 213,216	\$ 205,082	\$ 188,197
FRS contributions in relation to the contractually required FRS contribution	289,766	234,584	213,216	205,082	188,197
FRS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,916,177	\$ 1,709,338	\$ 1,574,583	\$ 1,548,347	\$ 1,442,527
FRS contributions as a percentage of covered payroll	15.12%	13.72%	13.54%	13.25%	13.05%
Reporting period ending		<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
Contractually required FRS contribution		\$ 161,462	\$ 159,828	\$ 146,234	\$ 124,080
FRS contributions in relation to the contractually required FRS contribution		161,462	159,828	146,234	124,080
FRS contribution deficiency (excess)		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll		\$ 1,834,614	\$ 1,176,658	\$ 1,203,485	\$ 1,355,238
FRS contributions as a percentage of covered payroll		8.80%	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 Measurement date	<u>9/30/2022</u> <u>6/30/2022</u>	<u>9/30/2021</u> <u>6/30/2021</u>	<u>9/30/2020</u> <u>6/30/2020</u>	<u>9/30/2019</u> <u>6/30/2019</u>	<u>9/30/2018</u> <u>6/30/2018</u>
Town's proportion of the HIS net pension liability	0.005848%	0.004639%	0.004494%	0.004686%	0.004620%
Town's proportionate share of the HIS net pension liability	\$ 534,104	\$ 569,057	\$ 548,766	\$ 524,316	\$ 488,963
Town's covered payroll	\$ 1,851,110	\$ 1,644,468	\$ 1,559,896	\$ 1,543,498	\$ 1,442,527
Town's proportionate share of the HIS net pension liability as a percentage of its covered payroll	28.85%	34.60%	35.18%	33.97%	33.90%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	4.81%	3.56%	3.00%	2.63%	2.15%
Reporting period ending Measurement date	<u>9/30/2017</u> <u>6/30/2017</u>	<u>9/30/2016</u> <u>6/30/2016</u>	<u>9/30/2015</u> <u>6/30/2015</u>	<u>9/30/2014</u> <u>6/30/2014</u>	
Town's proportion of the HIS net pension liability		0.004369%	0.004439%	0.004221%	0.004165%
Town's proportionate share of the HIS net pension liability		\$ 467,197	\$ 517,237	\$ 430,443	\$ 389,423
Town's covered payroll		\$ 1,392,693	\$ 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		33.55%	43.96%	35.77%	28.73%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability		1.64%	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>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>
Contractually required HIS contribution	\$ 31,437	\$ 28,381	\$ 26,108	\$ 25,876	\$ 25,236
HIS contributions in relation to the contractually required HIS contribution	31,437	28,381	26,108	25,876	25,236
HIS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Covered payroll	 \$ 1,916,177	 \$ 1,709,338	 \$ 1,574,583	 \$ 1,548,347	 \$ 1,442,527
HIS contributions as a percentage of covered payroll	1.64%	1.66%	1.66%	1.67%	1.75%
 Reporting period ending	 <u>9/30/2017</u>	 <u>9/30/2016</u>	 <u>9/30/2015</u>	 <u>9/30/2014</u>	
Contractually required FRS contribution	\$ 23,124	\$ 22,752	\$ 16,134	\$ 14,267	
FRS contributions in relation to the contractually required FRS contribution	23,124	22,752	16,134	14,267	
FRS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
 Covered payroll	 \$ 467,197	 \$ 1,176,658	 \$ 1,203,485	 \$ 1,355,238	
FRS contributions as a percentage of covered payroll	4.95%	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, 2022, 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 30, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) 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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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*.

Purpose of this Report

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

Bradenton, Florida
June 30, 2023

Mauldin & Jenkins, LLC

TOWN OF LAKE PLACID, FLORIDA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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 X no

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

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

There was not an audit of major federal award programs or state award programs as of September 30, 2022 due to the total amount expended by the Town being less than \$750,000.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

None Noted.

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, 2021

2021-001. 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 were 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: An audit adjustment 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 and will implement controls to the year-end close process in future periods to prevent this from occurring again.

Status: Resolved in the current year.

TOWN OF LAKE PLACID, FLORIDA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2021-002. 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, 2020 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 and will implement controls to the year-end close process in future periods to prevent this from occurring again.

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, 2022, and have issued our report thereon dated June 30, 2023.

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 30, 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. Finding numbers 2021-001 and 2021-002 were corrected in fiscal year 2022.

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.

Specific 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 Placid Community Redevelopment Agency (the "CRA") reported:

- a. The total number of district employees compensated in the last pay period of the CRA's fiscal year as zero.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the CRA's fiscal year as zero.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as zero.
- d. All compensation earned or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as zero.
- e. Each construction project with a total cost of at least \$65,000 approved by the CRA 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 CRA amends a final adopted budget under Section 189.016(6), Florida Statutes, as see page 19.

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 30, 2023

Mauldin & Jenkins, LLC



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, 2022. 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.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

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, 2022.

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.

Bradenton, Florida
June 30, 2023

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

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