



City of Lake Wales, Florida
**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

For Fiscal Year Ended
September 30, 2022

City of Lake Wales, Florida
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the Fiscal Year Ended September 30, 2022

Prepared By:
Department of Finance

City of Lake Wales, Florida

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INTRODUCTORY SECTION



**City of
Lake Wales**

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August 25, 2023

To the Honorable Mayor and
Members of the City Commission and
Citizens of the City of Lake Wales, Florida

The Annual Comprehensive Financial Report (CAFR) of the City of Lake Wales, for the fiscal year ended September 30, 2022, is hereby submitted pursuant to the City Charter, Florida Statutes, and Chapter 10.550, Rules of the Auditor General of the State of Florida.

Management assumes full responsibility for the reliability and completeness of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatements.

Carr, Riggs & Ingram, Certified Public Accountants, have issued unmodified opinions on the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Lake Wales for the year ended September 30, 2022. The Report of Independent Auditor is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the Report of Independent Auditor and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The City of Lake Wales, Florida was granted its municipal charter in 1921. The City is located in the geographical center of the Florida peninsula, and is accessible by U.S. Hwy. 27 (north/south) and State Road 60 (east/west). Interstate 4 crosses the state 25 miles north of Lake Wales, and both the Tampa and Orlando International Airports are approximately one hour's drive away. It currently occupies 20.20 square miles and serves a population of 17,362.

Because of the region's rich soil and warm climate, citrus has been a major contributor to the local economy since the earliest days of Lake Wales. The stated goal of the City Commission and the city administration is to encourage and facilitate quality growth and economic development without compromising the vintage charm that is so important to the residents of the community. The unhurried environment combined with its location has made the City an ideal choice for living the affordable Florida lifestyle. The City of Lake Wales operates under a commission/manager form of government. A Mayor elected city-wide and four City Commissioners elected by district serve two-year terms. The City is governed by the City Charter, City Ordinances and state laws and regulations. The Commission is responsible for the establishment and adoption of City policy and appointing a City Manager and the City Attorney. The City Manager serves as the Chief Executive Officer of the City and is responsible for the execution of City policy and the oversight of all staff and day-to-day operations of the City.

The City of Lake Wales provides a full range of services including law enforcement and fire/rescue protection, building and code enforcement, water, wastewater and storm water management services, the construction and maintenance of road and street facilities, planning and development services, recreational and cultural activities, solid waste management (via contract), and general administrative services. The financial statements of this report include the funds of all the activities under the jurisdiction of the City Commission. The financial reporting entity includes all the funds of the primary government (i.e., the City of Lake Wales, Florida as legally defined), as well as all of its component units. Component units are other governmental units over which the City (the City Commission, acting as a group) can exercise influence and/or may be obligated to provide financial subsidy. The discretely presented component unit (Lake Wales Airport Authority) is presented as a separate column in the government-wide statements. The blended component unit (Lake Wales Community Redevelopment Agency) is presented as part of the primary government activities.

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City are required to submit requests to the City Manager. The City Manager uses these requests as the starting point for developing the proposed budget. The City Manager then presents the proposed budget to the City Commission for review. The City Commission is required to hold public hearings on the proposed budget and to adopt a final budget no later than September 30th; the close of the City of Lake Wales's fiscal year. The appropriated budget is prepared by fund and department. The level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is the departmental level for the general fund, and the fund level for all other funds. Budget-to-actual comparisons are provided in this report for each major governmental fund for which an appropriated annual budget has been adopted.

Local Economy

Each fiscal year provides the City an opportunity to identify, address and resolve issues facing our community and citizens. While residents enjoy the quiet suburban lifestyle of this community and public sentiment is to maintain and preserve its residential character, the City's large residential make-up presents a significant challenge for the City government, with respect to all aspects of service delivery and diversity in the upcoming years.

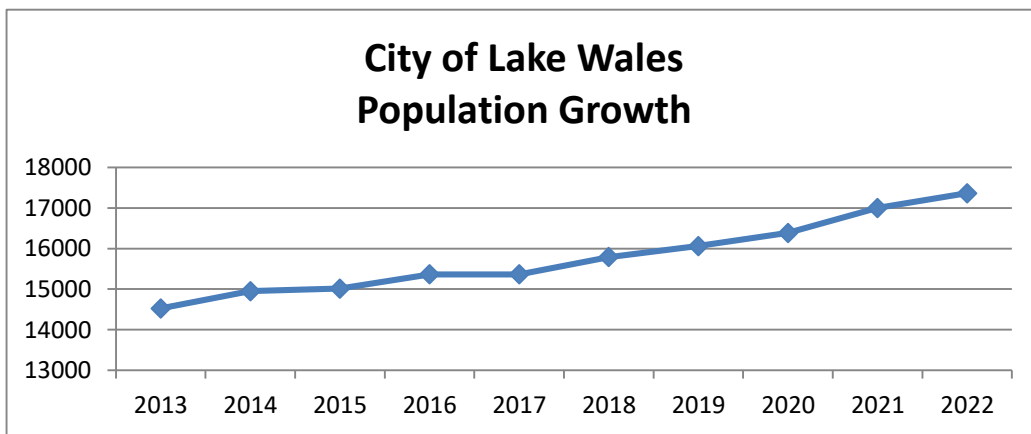
The City's major challenges are to provide the infrastructure and services needed to maintain the quality of life, while continuing to realize growth within our community. History has proven that significant emphasis on support systems such as transportation, potable (drinking) water, wastewater, and storm water management must be balanced fully with the quality of life amenities which include parks, recreation, sports, entertainment, and cultural opportunities to maintain the natural beauty and attractiveness of a community. The following discussion is intended to demonstrate the growth and vitality of the City and to address the challenges and concerns of the near future.

Revenue collections moved notably above collections during the pandemic period of 2020 and 2021. Economic signs are indicating a return to more normal life. The opening of the CSX Inter-Modal facility just west of the City on State Route 60 is generating an increase in transportation and distribution activity in the area. The expansion of the main runway at the municipally owned Lake Wales airport and the City's assumption of responsibility for its operations has already led to an increase in activity there, with future growth of ancillary businesses expected. Significant residential growth is occurring in the northern end of the City as one new multi-family development is currently under construction, and another multi-family and one single-family development have applied for initial development permits, totaling over two thousand new housing units expected in the next few years. This residential expansion should also lead to new commercial development in this area. A new mixed-use development on the largest undeveloped parcel within the City (1800 acres) has begun the process of obtaining the necessary approvals for a signature project that will add additional residential and commercial properties. Finally, the city continues to expand its utility system service area leading to future annexation and tax base expansion and supporting new economic development.

In the past few years the City also has invested in revitalizing its Downtown by entering into a partnership with Lake Wales Main Street and undertaking an update of its Community Redevelopment plan. It is expected that public infrastructure investment by the City and CRA will lead to significant private sector investment and additional redevelopment in the traditional downtown area, as well as additional projects throughout the CRA area. The increased emphasis on Downtown has already led to the renovation of existing structures and the opening of additional businesses.

Growth

The population in Lake Wales has increased approximately 70.32% since the U. S. Census of 2000 (population of 10,194). Over a ten-year period from 2013 to 2022, the City has experienced an average annual population growth rate of 1.72%. The City currently has several large residential developments which are expected to begin construction within the next eighteen months. Significant population growth is expected from these new development areas.



2013	14,522	-
2014	14,916	2.71%
2015	15,011	0.64%
2016	15,362	2.34%
2017	15,365	0.02%
2018	15,791	2.77%
2019	16,062	1.72%
2020	16,386	2.02%
2021	17,001	3.75%
2022	17,362	2.12%

* Source: Bureau of Business and Economic Research, University of Florida

The City’s economic outlook is largely impacted by the state and regional economy with a great deal of reliance placed on surrounding communities for work, shopping and entertainment. Area employment consists predominately of service-related activities, retail trade, manufacturing, government and construction. The Lakeland/Winter Haven Metro Area and the State of Florida unemployment rate as of September 2022 were reported at 3.2% and 2.7 %, respectively, while the national unemployment rate was 3.6%.

In 2006, Florida voters adopted a constitutional amendment that requires the State of Florida to development a Long-Range Financial Outlook, setting out recommended fiscal strategies for the state and its departments in order to assist the legislature in making budget decisions. The Legislative Budget Commission is required to issue the Outlook by September 15th of each year. The 2021 Outlook provided the following economic projections:

There are many emerging storylines from the past 18 months. Like the rest of the world, the State of Florida's economy was significantly shaded by the pandemic. This economic result is best demonstrated by the quarterly change in real State Gross Domestic Product (GDP), which is all goods and services produced or exchanged within the state. Florida's GDP movements have nearly matched the nation as a whole, but unlike the data for the entire country, the Accommodation and Food Services industry has been the state's most significant drag.

Normally, personal income growth is another important gauge of the state's economic health; however, its changes have been in stark contrast to GDP as federal dollars have flooded into many Florida households. For example, in the first quarter of 2021, Florida's personal income growth shot up 61.9 percent largely due to the two most recent federal stimulus and relief programs converging in the quarter. Once the federal support measures expire, the state's personal income will recede at an annualized 24.7 percent in the second quarter of the 2021 calendar year to produce a final growth rate for the 2020-21 fiscal year of 8.5 percent. The Economic Estimating Conference expects personal income to increase by 1.5 percent in the current year based on the hope that, as furloughed and laid off workers return to their jobs or find new opportunities, wage growth will offset much of the loss of the massive government relief measures. Thereafter, the annual growth rates are expected to remain solidly above 4.0 percent.

Part of the future economic improvement is related to the mending tourism industry. While all Florida industries were impacted by the pandemic-induced economic contraction, Florida's leisure and hospitality industry bore the brunt of the longer-term consequences. Previous economic studies of disease outbreaks have shown that it can take as long as 12 to 15 months after the outbreak ends for tourism to return to pre-disease levels. The magnitude of this event is greater, and the timing is less clear due to the surging Delta variant of COVID-19. The total number of tourists declined 69 percent from the prior year in the second quarter of 2020. After that dramatic drop, tourism managed to recover to 68 percent of the last full pre-COVID quarter by the first quarter of 2021, buttressed by the increased number of domestic visitors travelling to Florida by car. Several industry groups have already predicted that it will take at least two years to reach full recovery from this pandemic.

The key measures of employment are typically **job growth** and the **unemployment rate**. While Florida led the nation on the good-side of these measures during the boom, the state was worse than the national averages on both measures from February 2008 until July 2010 when Florida lost jobs at a slower rate than the nation as a whole. It wasn't until August 2010 that Florida again experienced its first over-the-year increase in jobs (until then, this was last seen in June 2007). The state finally passed its prior employment peak in May 2015 and had moved one million jobs beyond that level in February 2020, immediately prior to the pandemic-influenced numbers.

Two areas of the state's economy indirectly benefited from the pandemic, but with a future payback: real estate and construction. The state's revenue source most closely aligned with the real estate market, the Documentary Stamp Tax, had collections in Fiscal Year 2020-21 that topped the Fiscal Year 2005-06 peak reached at the height of Florida's housing boom. This milestone was particularly remarkable considering the prior year (Fiscal Year 2019-20) registered only 70.8 percent of that level after steadily increasing for ten years from a low of 26.6 percent. Because construction activity continues to be subpar relative to the state's long-term average, attention over the past few years has focused on the market for existing homes as an upstream indicator of future construction need. All of these metrics point to an existing home market that has fully recovered. Existing home sales volume in each of the calendar years from 2014 to 2020 exceeded the 2005 peak year. The story is similar for sales price. Florida's existing home price gains roughly tracked national gains over the past six years, including the mid-year acceleration in single family home prices during calendar year 2020. Florida's median price surpassed its own prior peak (\$256,200 in June 2006) in June 2018, and reached a new high of \$351,000 in June 2021.

Long-term Financial Planning

The City Commission and the City Manager continue to develop a vision for the City's future. The plan looks both to respond to the needs of the community, while at the same time meeting these needs in a cost-effective and efficient manner. The following items are planned for the next fiscal year and beyond:

- Implementation of the updated CRA plan to enhance redevelopment in the Downtown and other CRA areas of the City. A community-based planning effort led by nationally recognized planning consultant Dover Kohl is part of this activity.
- Continued expansion of the City's utilities to attract new development both residential and commercial and support annexation of additional tax base.
- Expansion of recreational activities and facilities through partnerships with private sector organizations to minimize costs and expand quality of life options for residents.
- Continue to invest in technology to increase municipal productivity and control operations and maintenance costs.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Lakes Wales for its annual comprehensive financial report (ACFR) for the fiscal year ending September 30, 2021. This was the twelfth year the City received this prestigious award. In order to be awarded a Certificate of Achievement, the City has to publish an easily readable and efficiently organized ACFR that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR meets the Certificate of Achievement Program's requirements and staff is submitting it to the GFOA to determine its eligibility for a certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance department. We wish to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the mayor and commission for their unflinching support for maintaining the highest standards of professionalism in the management of the City of Lake Wales's finances.

Respectfully submitted,



James Slaton,
City Manager



Dorothy Abbott, CPA
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Lake Wales
Florida**

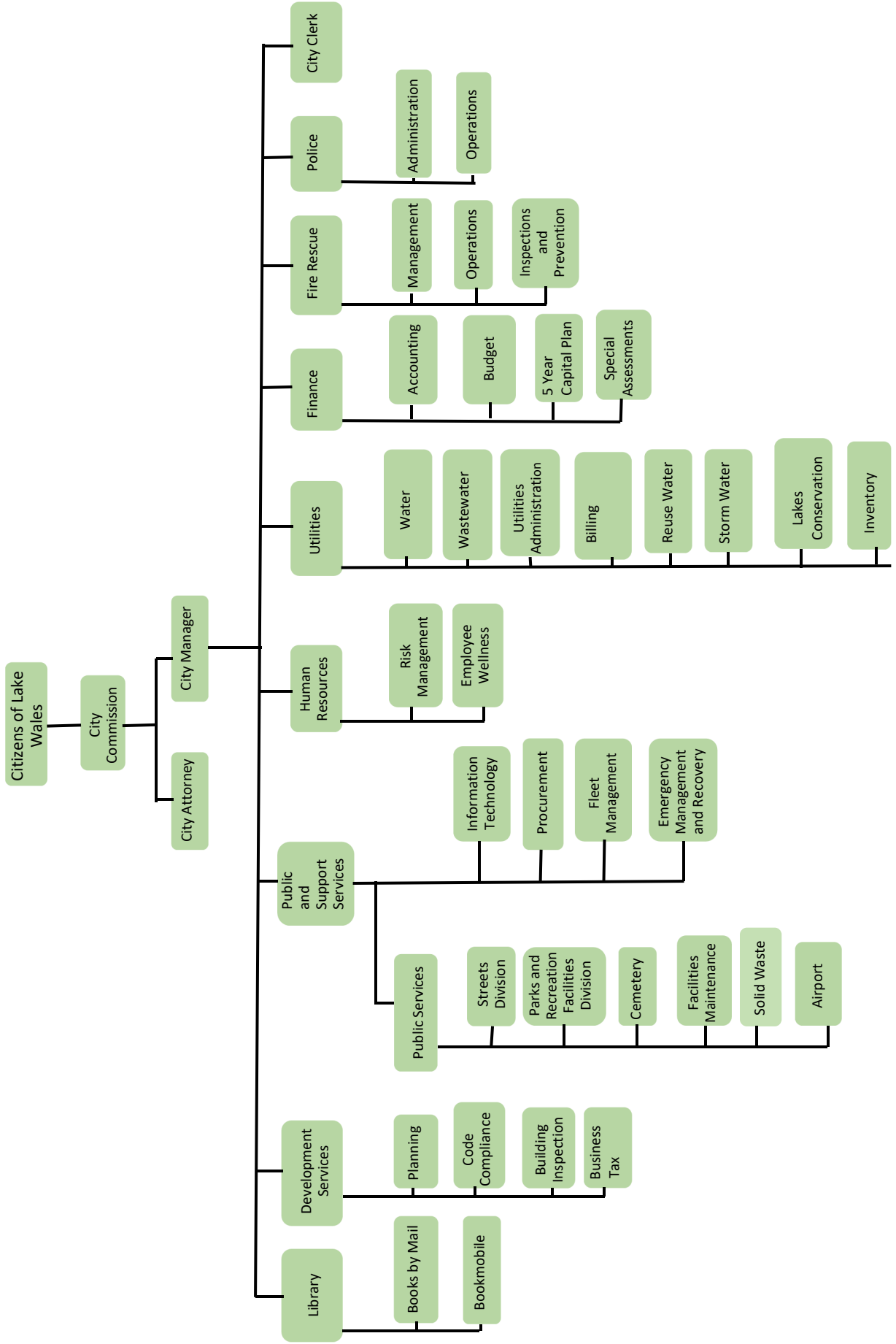
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2021

Christopher P. Morill

Executive Director/CEO

City of Lake Wales Organization Chart



City of Lakes Wales, Florida
Principal Officials

Elected Officials

Mayor----- Jack Hilligoss

Deputy Mayor ----- Robin Gibson

Commissioner ----- Keith Thompson

Commissioner ----- Daniel Williams

Commissioner ----- Daniel Krueger

City Officials

City Manager ----- James Slaton

City Attorney ----- Albert C. Galloway, Jr.



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FINANCIAL SECTION



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INDEPENDENT AUDITORS' REPORT

To the City Commission
City of Lake Wales, 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, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lake Wales, Florida (the "City"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City'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, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lake Wales, Florida, as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Lake Wales, Florida, 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.

Emphasis of Matter

As described in Note D to the financial statements, in fiscal year 2022, the City adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

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 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 City of Lake Wales, Florida's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Lake Wales, Florida'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 City of Lake Wales, Florida's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Lake Wales, Florida's basic financial statements. The combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal

Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

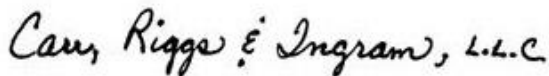
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. The schedule of expenditures of federal awards and state financial assistance and related notes is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and Chapter 10.550, Rules of the Auditor General, and is also not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 25, 2023, on our consideration of the City’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 City’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 City’s internal control over financial reporting and compliance.



CARR, RIGGS & INGRAM, LLC

Orlando, Florida
August 25, 2023

City of Lake Wales, Florida

Management's Discussion and Analysis September 30, 2022

As management of the City of Lake Wales (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found by referencing the table of contents of this report.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$66,678,190 (*net position*). As of September 30, 2022, the City reports an unrestricted net position of \$3,953,301, as compared to \$4,398,781 in the prior year.
- The City's total net position increased by \$2,913,165 during the current year compared to an increase of \$3,270,161 in the prior year. The governmental activities and business-type activities increased their net position by 7% (9% in prior year) and 3% (4% in prior year), respectively.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$10,407,370; a decrease of \$251,572 for the year. Approximately 42% of total fund balance is *available for spending* at the government's discretion (unassigned) compared to 37% in the prior year.

Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City'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. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's (1) assets and deferred outflows, (2) liabilities, and deferred inflows with the residual measure 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 City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of its costs through user fees and charges (*business-type activities*).

The governmental activities of the City include general government, public safety, physical environment, transportation, economic environment, human services, and culture and recreation. The business-type activities of the City include the water and sewer utility, stormwater utility and the Lake Wales Memorial Garden (LWMG) cemetery.

City of Lake Wales, Florida

Management's Discussion and Analysis
September 30, 2022

The government-wide financial statements include not only the City of Lake Wales itself (known as the primary government), but also a legally separate airport authority for which the City of Lake Wales is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself. The Lakes Wales Airport Authority has been included within the financial statements as a discretely presented component unit.

The City's government-wide financial statements can be found by referencing the table of contents of this report.

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

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

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

The City maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. Three of these funds are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. The basic governmental fund financial statements can be found by referencing the table of contents of this report.

Proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City maintains three enterprise funds to account for its water and sewer distribution operation, its stormwater management system and for cemetery management. The Lake Wales Airport Authority, a discretely presented component unit, uses an enterprise fund to account for the airport's operation.

City of Lake Wales, Florida

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Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The public utility fund and the cemetery fund are considered a major fund of the City of Lake Wales. The basic proprietary fund financial statements can be found by referencing the table of contents of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary Funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found by referencing the table of contents of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found by referencing the table of contents of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the changes in net position and contributions to the City's pension and other postemployment benefit plans and budgetary schedules for the general and major special revenue funds. Required supplementary can be found by referencing the table of contents of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found by referencing the table of contents of this report.

Lake Wales Airport Authority financial statements can be found by referencing the table of contents of this report.

City of Lake Wales, Florida

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Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$66,678,190 at the close of the most recent fiscal year.

The following schedule is a summary of the Statement of Net Position found on page 17 of this report.

	Governmental Activities		Business-type Activities		Total	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Current and other assets	\$ 20,457,784	\$ 16,092,060	\$ 15,199,426	\$ 12,456,436	\$ 35,657,210	\$ 28,548,496
Capital assets, net of depreciation	<u>25,589,987</u>	<u>25,008,294</u>	<u>55,652,048</u>	<u>55,436,445</u>	<u>81,242,035</u>	<u>80,444,739</u>
Total assets	<u>46,047,771</u>	<u>41,100,354</u>	<u>70,851,474</u>	<u>67,892,881</u>	<u>116,899,245</u>	<u>108,993,235</u>
Deferred Outflows	<u>2,148,168</u>	<u>4,179,313</u>	<u>248,089</u>	<u>336,447</u>	<u>2,396,257</u>	<u>4,515,760</u>
Current and other liabilities	9,640,680	5,013,820	2,171,679	2,028,172	11,812,359	7,041,992
Long-term liabilities	<u>11,804,726</u>	<u>16,646,838</u>	<u>23,120,542</u>	<u>24,768,019</u>	<u>34,925,268</u>	<u>41,414,857</u>
Total liabilities	<u>21,445,406</u>	<u>21,660,658</u>	<u>25,292,221</u>	<u>26,796,191</u>	<u>46,737,627</u>	<u>48,456,849</u>
Deferred Inflows	<u>2,761,817</u>	<u>1,252,835</u>	<u>3,117,868</u>	<u>63,286</u>	<u>5,879,685</u>	<u>1,316,121</u>
Net Position:						
Net investment in capital assets	19,153,353	17,626,990	33,420,945	31,790,132	52,574,298	49,417,122
Restricted	4,457,940	5,141,517	5,692,651	4,778,605	10,150,591	9,920,122
Unrestricted	<u>377,423</u>	<u>(402,333)</u>	<u>3,575,878</u>	<u>4,801,114</u>	<u>3,953,301</u>	<u>4,398,781</u>
Total net position	<u>\$ 23,988,716</u>	<u>\$ 22,366,174</u>	<u>\$ 42,689,474</u>	<u>\$ 41,369,851</u>	<u>\$ 66,678,190</u>	<u>\$ 63,736,025</u>

By far the largest portion of the City's net position, \$52,574,298 (79%), reflects its investment in capital assets (e.g., land, buildings, improvements, infrastructure and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should still be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, \$10,150,591 (15%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$3,953,301 (6%), may be used to meet the government's ongoing obligations to the citizens and creditors.

At the end of the current fiscal year, the City reported positive balances in all categories of net position for both governmental activities and business-type activities.

City of Lake Wales, Florida

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The following schedule is a summary of the Statement of Activities on page 20-21 of this report.

	City of Lake Wales					
	Changes in Net Position					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenues:						
Program Revenues:						
Charges for services	\$ 4,510,983	\$ 3,887,592	\$ 11,189,301	\$ 9,962,380	\$ 15,700,284	\$ 13,849,972
Operating grants and contributions	1,535,986	1,436,108	-	-	1,535,986	1,436,108
Capital grants and contributions	566,632	36,197	420,798	721,376	987,430	757,573
General Revenues:						
Property taxes	7,249,859	6,685,845	-	-	7,249,859	6,685,845
Other taxes	3,811,753	3,396,143	-	-	3,811,753	3,396,143
Franchise fees	1,594,076	1,417,974	-	-	1,594,076	1,417,974
Other	2,285,566	1,990,521	222,753	239,973	2,508,319	2,230,494
Total Revenues	<u>21,554,855</u>	<u>18,850,380</u>	<u>11,832,852</u>	<u>10,923,729</u>	<u>33,387,707</u>	<u>29,774,109</u>
Expenses:						
Governmental Activities:						
General government	2,391,433	1,497,774	-	-	2,391,433	1,497,774
Public safety	10,183,503	9,524,365	-	-	10,183,503	9,524,365
Physical environment	1,544,932	1,300,281	-	-	1,544,932	1,300,281
Transportation	1,614,964	1,782,847	-	-	1,614,964	1,782,847
Economic environment	2,098,925	1,017,460	-	-	2,098,925	1,017,460
Human services	10,174	10,174	-	-	10,174	10,174
Culture and recreation	3,378,402	2,952,373	-	-	3,378,402	2,952,373
Interest on long-term debt	223,980	315,929	-	-	223,980	315,929
Business-type Activities:						
Water and sewer utility	-	-	8,560,087	7,581,515	8,560,087	7,581,515
Cemetery	-	-	118,147	114,979	118,147	114,979
Stormwater	-	-	349,995	406,251	349,995	406,251
Total Expenses	<u>21,446,313</u>	<u>18,401,203</u>	<u>9,028,229</u>	<u>8,102,745</u>	<u>30,474,542</u>	<u>26,503,948</u>
Increase (decrease) in net position before transfers	108,542	449,177	2,804,623	2,820,984	2,913,165	3,270,161
Transfers	1,514,000	1,377,044	(1,514,000)	(1,377,044)	-	-
Change in net position	1,622,542	1,826,221	1,290,623	1,443,940	2,913,165	3,270,161
Beginning net position	22,366,174	20,539,953	41,369,851	39,925,911	63,736,025	60,465,864
Ending net position	<u>\$ 23,988,716</u>	<u>\$ 22,366,174</u>	<u>\$ 42,689,474</u>	<u>\$ 41,369,851</u>	<u>\$ 66,678,190</u>	<u>\$ 63,736,025</u>

City of Lake Wales, Florida

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Governmental activities: Governmental activities increased the City's net position by \$1,622,542, as compared to an increase of \$1,826,221 in the prior year. Key elements of changes in results of activities are as follows:

Total revenue increased by \$1,450,771 or 7% mainly due to the following:

- Charges for services increased by \$623,391 (16%) from 2021. This change is mainly due to increased impact fee, building permit fee and planning/zoning fee revenue (\$588,761) due to increased construction activity within the City.
- Capital grants and contributions increased by \$530,435 (1,465%) from 2021 mainly due to the recognition of \$521,667 of American Rescue Plan Act (ARPA) State and Local Fiscal Recovery Funds (SLFRF) in 2022.
- General revenues increased by \$1,450,771 (11%) from 2021 mainly due to increased property taxes (\$564,014) increased other tax revenue (\$415,610), increased franchise fee revenue (\$176,102) and increased miscellaneous revenue (\$295,045). Tax and franchise fee revenue increases are due to increased property values and economic activity within the City. Miscellaneous revenues increased mainly due to increased shared revenues from the State of Florida due to increased sales tax collections driven by increased economic activity within the State.

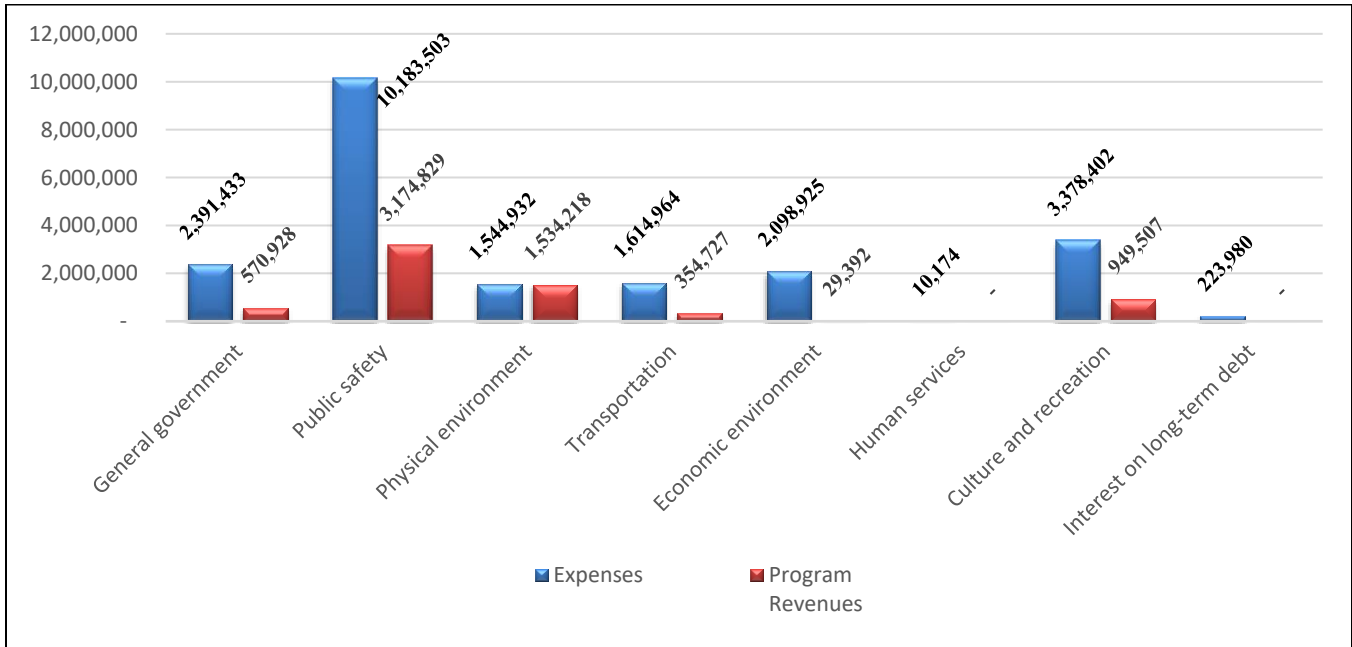
Total expenses increased by \$3,045,110 or 17% mainly due to the following:

- General government expenses increased by \$893,659 (60%) from 2021 mainly due to increases in personnel costs of \$323,967 (20%) which includes wages, payroll taxes and pension expenses and increased consultant fees of approximately \$350,000 for traffic studies, fixed asset management review and planning/zoning review fees most of which are driven by increased construction planned within the City.
- Public safety expenses increased by \$659,138 (7%) from 2021 mainly due to general cost increases and increased personnel costs of \$500,679 (7%) which includes wages, payroll taxes and pension expenses.
- Culture and recreation expenses increased by \$426,029 (14%) from 2021 mainly due increased personnel costs of \$152,690 (11%) which includes wages, payroll taxes and pension expenses and approximately \$100,000 increased recreational fees to provide events and other activities at the YMCA and approximately \$160,000 increase in support of the Lake Wales History Museum.
- Economic environment expenses increased by \$1,081,465 (106%) from 2021 mainly due to increases in allocated personnel costs of \$78,286 (125%) which includes wages, payroll taxes and pension expenses and \$251,000 of housing redevelopment expenses and \$500,000 in support of the Lincoln Business Incubator, neither of which are capital assets of the City and therefore are recorded as expenses of the economic environment function.

City of Lake Wales, Florida
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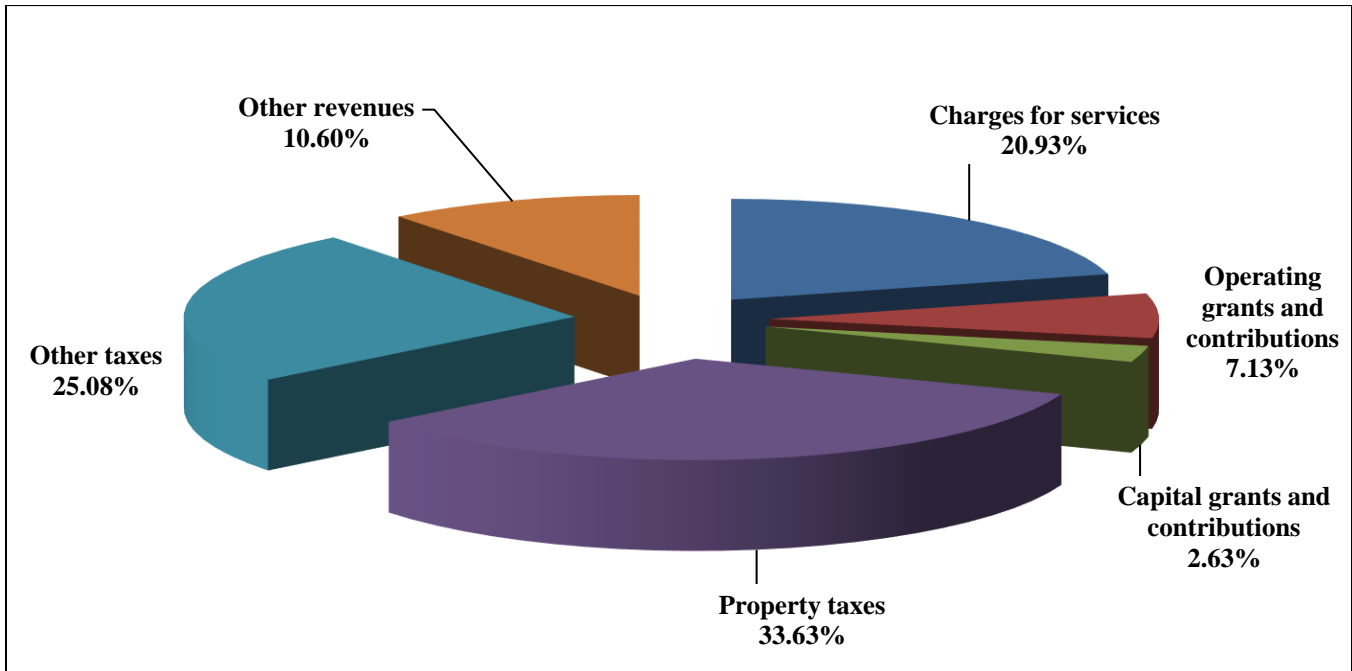
The following chart compares expenses with program revenues for the City's governmental activities:

Expenses and Program Revenues – Governmental Activities



The following graph shows the composition of revenues for the City's governmental activities.

Revenues by Source – Governmental Activities



City of Lake Wales, Florida

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Business-type Activities

Business-type activities increased the City's net position by \$1,290,623 which is \$153,317 (11%) less than the prior year increase in net position. Key elements of this change are as follows:

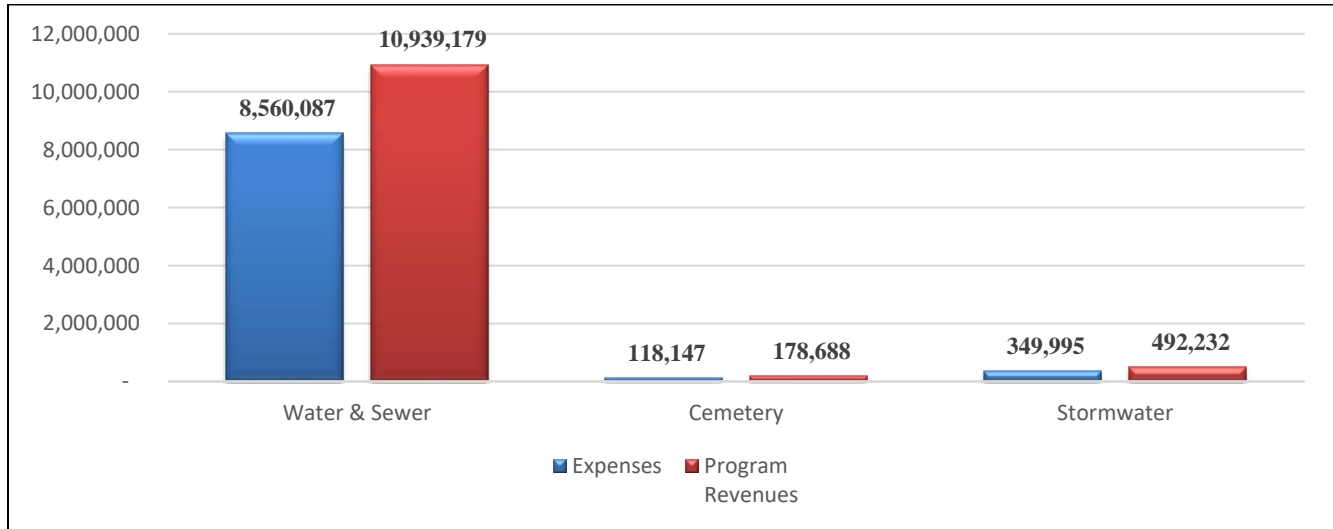
- Charges for services increased in 2022 by \$1,226,921 (12%). This change is mainly due to an increase in water and sewer rates for FY 2022.
- Capital grants and contributions decreased by \$300,578 (41%) due to increased impact fee revenue (\$115,000) which was more than offset by decreased grant revenue (\$405,865).
- Overall business-type expenses increased by \$925,484 mainly driven by increased water and sewer expenses of \$978,572 (13%) due to the following:
 - Increased repair and maintenance costs of \$78,380 (6%) caused by a wide-ranging series of major repairs and non-capital improvements.
 - Increased personnel expenses of approximately \$285,000 or 14%.
 - Increased depreciation expense of \$264,500 (15%) due to new capital assets being added that contributes to depreciation expense over their useful lives.
 - Increased general administrative expenses allocated from the governmental activities of \$185,652 or 27% due to a reassessment of the business-type activities burden on general governmental activities.
- During 2022, \$1,514,000 was transferred out to the governmental activities, as compared to \$1,377,044 transferred out in the prior year. This is an increase of \$136,956 (10%).

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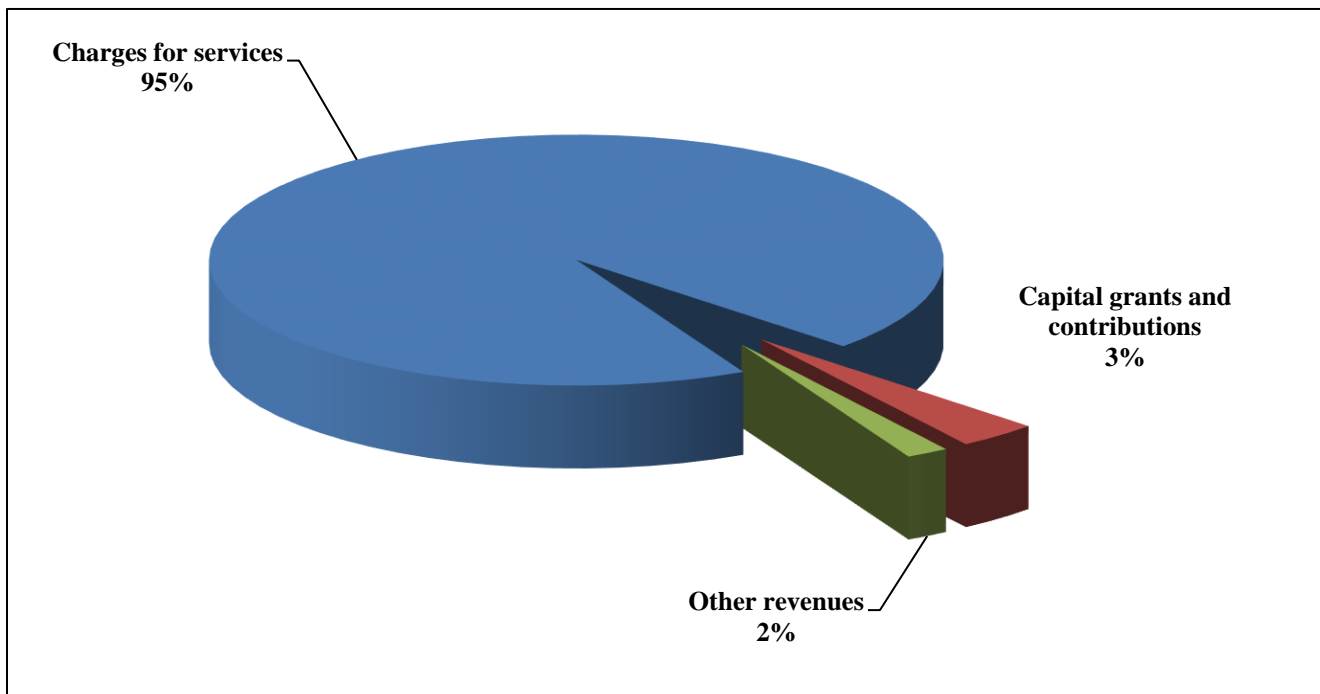
The following chart compares expenses with program revenues for the City's business-type activities:

Expenses and Program Revenues – Business-type Activities



The following graph shows the composition of revenues for the City's business-type activities:

Revenues by Source – Business-type Activities



City of Lake Wales, Florida

Management's Discussion and Analysis
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Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$10,407,370, an decrease of \$251,572 for the year. Approximately 42% of this amount (\$4,341,284) constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The remainder of the fund balance (\$6,066,086) is classified as non-spendable (\$444,738), restricted (\$4,457,940) and assigned (\$1,163,408).

The general fund is the chief operating fund for the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$3,962,637 while total fund balance reached \$5,440,908. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. In 2011, the City established a reserve policy for the general fund equal to 15% - 20% of total operating costs. As of September 30, 2021, the general fund's unassigned fund balance represents 28% of total general fund expenditures, while total fund balance represents 39% of the same amount.

The minimum fund balance policy has been established by the City Commission to providing funding necessary for sufficient working capital at the beginning of the fiscal year until the time the City begins receiving ad valorem taxes, to advance funds necessary to pay for construction of grant-funded projects until reimbursement is received from federal or state agencies, to advance financial resources necessary for responding to emergencies that will be reimbursed by insurance proceeds or grants from FEMA or other federal or state agencies, and to mitigate current and future revenue shortfalls, unanticipated expenditures, and to ensure stable taxes rates.

Fund balance of the City's general fund increased by \$855,548 during the current fiscal year. Expenditures (\$14,131,180) exceeded revenue (\$13,609,684) which was offset by a net transfer (\$1,377,044) from other funds.

Fund balance of the City's community redevelopment fund decreased by \$842,837 during the current fiscal year. Revenue and other sources within the CRA (\$2,484,858) exceeded debt service requirements (\$692,622) and operating costs (\$2,635,073).

Proprietary funds. The City's proprietary funds provide essentially the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Public Utilities Fund at the end of the year amounted to \$2,843,099, a decrease of \$1,519,325 or 35%. As of September 30, 2022, the utility system had \$4,581,073 restricted for capital projects and \$1,111,578 restricted for debt service. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

City of Lake Wales, Florida

Management's Discussion and Analysis September 30, 2022

General Fund Budgetary Highlights

During the year there was a net \$1,410,235 increase in general fund expenditure appropriations between the original and final amended budget. This increase was mainly due to the following significant amendments:

- The Planning department's budgeted expenditures increased by \$154,500 mainly for personnel costs (\$31,000), and consulting expenditures (\$100,000) due to increased activity in the planning department.
- The non-departmental category's budgeted expenditures increased by \$129,000 mainly due to actual settlement expenditures and other miscellaneous charges which exceeded the original budgeted amounts.
- The Police department's budgeted expenditures increased by \$438,000 mainly due to repair and maintenance (\$40,000), capital outlay expenditures (\$140,000) and personnel services expenditures (\$160,000).
- The Fire department's budgeted expenditures increased by \$190,000 mainly due to increased personnel services expenditures of \$150,000.
- The recreational facilities department's budgeted expenditures increased by \$190,000 mainly due to increased recreational contracted services of \$110,000 related to the agreement with the YMCA.

During the year there was a net \$1,540,000 increase in general fund revenues between the original and final amended budget. All revenue categories except for investment earnings were increased and these increases were due to greater than anticipated economic activity within the City as well as greater than expected grant revenues.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2022 is \$81,242,035 (net of accumulated depreciation). This investment in capital assets includes land, construction-in-progress, buildings and improvements, machinery and equipment, and infrastructure (roads, right-of-ways, stormwater and utility). The net increase (additions less retirements and depreciation) in the City's investment in capital assets was \$768,296, an increase of 1%. This consisted of a 2% increase for governmental activities and <1% increase for business-type activities. Information on the City's capital assets as of September 30 of the current and prior year is summarized in the following table:

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 4,847,561	\$ 4,779,181	\$ 850,497	\$ 850,497	\$ 5,698,058	\$ 5,629,678
Construction in progress	1,601,518	422,335	1,188,864	356,971	2,790,382	779,306
Buildings	15,719,394	15,676,809	6,370,870	6,370,870	22,090,264	22,047,679
Improvements other than buildings	9,518,265	9,133,146	70,314,063	69,344,920	79,832,328	78,478,066
Machinery & equipment	12,165,565	11,960,394	7,062,350	6,641,166	19,227,915	18,601,560
Right-to-use leased equipment	4,586,362	4,178,786	375,906	350,971	4,962,268	4,529,757
Infrastructure	20,971,277	20,732,150	-	-	20,971,277	20,732,150
Total	69,409,942	66,882,801	86,162,550	83,915,395	155,572,492	150,798,196
Less: accumulated depreciation	(43,819,955)	(41,874,507)	(30,510,502)	(28,449,950)	(74,330,457)	(70,324,457)
Capital assets, net	\$ 25,589,987	\$ 25,008,294	\$ 55,652,048	\$ 55,465,445	\$ 81,242,035	\$ 80,473,739

Additional information on the City's capital assets can be found in note C of the Notes to Financial Statements which can be found by referencing the table of contents of this report.

City of Lake Wales, Florida

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Capital asset acquisitions during the current fiscal year included the following:

Governmental Activities:

- CWIP – Downtown Improvements Plan - \$47,155 - (total capitalized costs - \$208,425)
- CWIP – Grove Manor design - \$0 (total capitalized costs - \$12,680)
- CWIP - Lake Wales connector trail - \$818,709 (total capitalized costs - \$923,776)
- CWIP – Recreation master plan - \$62,814 (total capitalized costs - \$206,130)
- CWIP – Park Avenue – design/construction - \$48,322 (total capitalized costs - \$48,322)
- CWIP – First Street – design/construction - \$176,328 (total capitalized costs - \$176,328)
- CWIP – Sidewalks – design/construction - \$3,700 (total capitalized costs - \$3,700)
- CWIP - Alternative water source project - \$22,156 (total capitalized costs - \$22,156)
- Land - \$171,048
- Lighting improvements (underground electric) - \$226,072
- Sidewalks - \$123,217
- Conference table - \$2,800
- Reception chair - \$1,368
- Development Service Department remodel - \$9,731
- (2) Canines - \$19,900
- (9) Police vehicles - \$391,291
- Gator utility vehicle - \$10,152
- Fencing improvements - \$26,099
- Air conditioning unit - \$6,900
- Austin Center Roofing improvements - \$42,585
- John Deere mower - \$2,659
- Kubota spreader - \$3,209
- Road resurfacing - \$239,127
- Message board - \$21,230
- Message board - \$12,036
- Mini excavator - \$53,134
- Scarifier - \$4,325
- Library books and materials - \$64,385
- (2) Handguns - \$3,074
- Copiers - \$58,182

Business-Type Activities

- CWIP - NW water main - \$86,133 (total capitalized costs - \$26,103)
- CWIP – Water system modeling - \$480,795 (total capitalized costs - \$480,795)
- CWIP - Infiltration and Intrusion Study - \$165,396 (total capitalized costs - \$306,761)
- CWIP – Stormwater master plan - \$99,569 (total capitalized costs - \$128,569)
- Stormwater improvements - \$18,720
- Water and system expansion and improvements - \$950,424
- Golf cart - \$11,800
- Ditch witch - \$28,689
- Submersible pump - \$3,700
- Inspection camera - \$9,957
- CCTV inspection system - \$151,613
- Lift station improvements - \$207,720
- Portable valve operators - \$7,704
- Copiers - \$24,935

City of Lake Wales, Florida

Management's Discussion and Analysis September 30, 2022

Debt. At the end of the current fiscal year the City had total debt outstanding of \$28,572,521, including the addition of \$46,400 in notes payable during fiscal year 2022 to fund construction projects and \$474,408 of additions to leases payable to acquire the right to use vehicles and equipment. The debt obligations are secured by the equipment acquired, a covenant to budget, or a pledge of revenue sources. Information on the City's notes and leases payable as of September 30 of the current and prior year is summarized in the following table:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Notes payable	\$ 5,043,531	\$ 5,702,641	\$ 22,037,072	\$ 23,449,577	\$ 27,080,603	\$ 29,152,218
Leases payable	1,343,246	1,678,663	148,672	196,736	1,491,918	1,875,399
Total debt obligations	<u>\$ 6,386,777</u>	<u>\$ 7,381,304</u>	<u>\$ 22,185,744</u>	<u>\$ 23,646,313</u>	<u>\$ 28,572,521</u>	<u>\$ 31,027,617</u>

Additional information on the City's long-term debt can be found in note G of the Notes to Financial Statements which can be found by referencing the table of contents of this report.

Economic Factors and Next Year's Budget and Rates

The unemployment rate at the end of fiscal year 2022 for Lakeland/Winter Haven Metro Area was 3.5%. The following is a summary of the applicable unemployment rates for Lakeland/Winter Haven Metro Area, the State of Florida, and United States:

<u>Region Name</u>	<u>Current Year Sept. 2022</u>	<u>Previous Year Sept. 2021</u>
Lakeland/Winter Haven Metro Area	3.5%	4.9%
State of Florida	2.9%	4.8%
United States	3.6%	4.7%

*Source: Bureau of Labor Statistics, <http://www.bls.gov/lau/>

The tax base for the City is composed of real property, personal property and centrally assessed property. The taxable value of such property increased 19.61% from 2021 to 2022.

The City's population increased from 17,001 in 2021 to 17,359 in 2022, a 2% increase.

All of these factors were considered in preparing the City of Lake Wales's budget for the 2022'23 fiscal year.

Requests for Information

The financial report is designed to provide a general overview of the City of Lake Wales, Florida's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to the Office of the Finance Director, City of Lake Wales, 201 Central Avenue, Lake Wales, Florida 33859. Information is also available on our website at www.cityoflakewales.com.



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City of Lake Wales, Florida

Statement of Net Position

September 30, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Airport Authority
Assets				
Cash and cash equivalents	\$ 16,548,844	\$ 2,893,098	\$ 19,441,942	\$ 164,192
Receivable, net	678,279	4,717,513	5,395,792	10,745
Due from component unit	638,518	-	638,518	-
Intergovernmental receivables	547,590	-	547,590	31,100
Restricted assets:				
Cash and cash equivalents	1,082,315	5,730,843	6,813,158	295,745
Investments	-	1,453,262	1,453,262	-
Inventories	194,577	400,844	595,421	61,041
Note receivable	517,500	-	517,500	-
Prepaid items	250,161	3,866	254,027	-
Capital assets:				
Nondepreciable	6,449,079	2,039,361	8,488,440	1,836,565
Depreciable, net	19,140,908	53,612,687	72,753,595	14,960,445
Total assets	46,047,771	70,851,474	116,899,245	17,359,833
Deferred outflows of resources				
Deferred outflows related to OPEB	133,209	31,191	164,400	-
Deferred outflows related to pensions	2,014,959	216,898	2,231,857	-
Total deferred outflows of resources	2,148,168	248,089	2,396,257	-
Liabilities				
Accounts payable	981,579	348,799	1,330,378	25,207
Construction payable	49,857	45,359	95,216	-
Accrued liabilities	465,430	91,603	557,033	5,716
Accrued interest	107,766	85,887	193,653	11,030
Due to primary government	-	-	-	638,518
Deposits	1,176	1,410,003	1,411,179	5,662
Unearned revenues	8,034,872	190,028	8,224,900	-
Noncurrent liabilities:				
Due within one year	1,508,888	1,622,238	3,131,126	107,301
Due in more than one year	10,295,838	21,498,304	31,794,142	1,467,176
Total liabilities	21,445,406	25,292,221	46,737,627	2,260,610
Deferred inflows of resources				
Deferred inflows related to OPEB	43,662	9,870	53,532	-
Deferred inflows related to pensions	2,718,155	206,264	2,924,419	-
Deferred inflows related to leases	-	2,901,734	2,901,734	-
Total deferred inflows of resources	2,761,817	3,117,868	5,879,685	-
Net position				
Net investment in capital assets	19,153,353	33,420,945	52,574,298	15,421,563
Restricted for:				
Law enforcement	103,728	-	103,728	-
Library	437,522	-	437,522	-
Transportation	617,152	-	617,152	-
Community redevelopment	1,877,034	-	1,877,034	-
Street lighting	4,667	-	4,667	-
Debt service	638,425	1,111,578	1,750,003	89,480
Capital projects	779,412	4,581,073	5,360,485	-
Unrestricted (deficit)	377,423	3,575,878	3,953,301	(411,820)
Total net position	\$ 23,988,716	\$ 42,689,474	\$ 66,678,190	\$ 15,099,223

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

City of Lake Wales, Florida
Statement of Activities
For the Year Ending September 30, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 2,391,433	\$ 10,481	\$ 38,780	\$ 521,667
Public safety	10,183,503	2,664,385	494,925	15,519
Physical environment	1,544,932	1,534,167	51	-
Transportation	1,614,964	167,080	187,647	-
Economic environment	2,098,925	-	-	29,392
Human services	10,174	-	-	-
Culture and recreation	3,378,402	134,870	814,583	54
Interest on long-term debt	223,980	-	-	-
Total governmental activities	21,446,313	4,510,983	1,535,986	566,632
Business-type activities:				
Water and sewer utility	8,560,087	10,518,381	-	420,798
Cemetery	118,147	178,688	-	-
Stormwater	349,995	492,232	-	-
Total business-type activities	9,028,229	11,189,301	-	420,798
Total primary government	30,474,542	15,700,284	1,535,986	987,430
Component unit:				
Airport Authority	\$ 1,818,635	\$ 432,739	\$ -	\$ 1,236,682

General revenues

Taxes:

- Property taxes
- Franchise fees
- Public service taxes
- Communication service taxes
- Fuel taxes
- Local business tax
- State and county shared revenues
- Investment earnings
- Gain on disposal of capital assets
- Miscellaneous revenues

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning of year - as previously reported

Restatement of beginning net position

Net position, beginning of year

Net position, end of year

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

Net (Expenses) Revenues and Changes in Net Position			
Primary Government			Component Unit
Governmental	Business-Type		Airport
Activities	Activities	Total	Authority
\$ (1,820,505)	\$ -	\$ (1,820,505)	
(7,008,674)	-	(7,008,674)	
(10,714)	-	(10,714)	
(1,260,237)	-	(1,260,237)	
(2,069,533)	-	(2,069,533)	
(10,174)	-	(10,174)	
(2,428,895)	-	(2,428,895)	
(223,980)	-	(223,980)	
<u>(14,832,712)</u>	<u>-</u>	<u>(14,832,712)</u>	
-	2,379,092	2,379,092	
-	60,541	60,541	
-	142,237	142,237	
-	2,581,870	2,581,870	
<u>(14,832,712)</u>	<u>2,581,870</u>	<u>(12,250,842)</u>	

\$ (149,214)

7,249,859	-	7,249,859	-
1,594,076	-	1,594,076	-
2,381,442	-	2,381,442	-
471,302	-	471,302	-
892,116	-	892,116	-
66,893	-	66,893	-
2,113,955	-	2,113,955	-
7,222	73,916	81,138	48
-	1,899	1,899	-
164,389	146,938	311,327	-
1,514,000	(1,514,000)	-	-
<u>16,455,254</u>	<u>(1,291,247)</u>	<u>15,164,007</u>	<u>48</u>
1,622,542	1,290,623	2,913,165	(149,166)
22,366,174	41,369,851	63,736,025	15,248,389
-	29,000	29,000	-
<u>22,366,174</u>	<u>41,398,851</u>	<u>63,765,025</u>	<u>15,248,389</u>
<u>\$ 23,988,716</u>	<u>\$ 42,689,474</u>	<u>\$ 66,678,190</u>	<u>\$ 15,099,223</u>

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

City of Lake Wales, Florida

Balance Sheet - All Governmental Funds September 30, 2022

	<u>General</u>	<u>Community Redevelopment</u>	<u>American Rescue Plan Act Special Revenue Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Assets					
Cash and cash equivalents	\$ 4,831,423	\$ 2,203,489	\$ 7,872,168	\$ 1,641,764	\$ 16,548,844
Receivable, net	661,793	16,486	-	-	678,279
Due from component unit	638,518	-	-	-	638,518
Inventories	194,577	-	-	-	194,577
Intergovernmental receivables	358,410	29,392	-	159,788	547,590
Restricted cash and cash equivalents:					
Impact fees	-	-	-	1,082,315	1,082,315
Note receivable	-	517,500	-	-	517,500
Prepaid items	245,354	-	-	4,807	250,161
Total assets	<u>\$ 6,930,075</u>	<u>\$ 2,766,867</u>	<u>\$ 7,872,168</u>	<u>\$ 2,888,674</u>	<u>\$ 20,457,784</u>
Liabilities and fund balances					
Liabilities					
Accounts payable	\$ 408,812	\$ 310,187	\$ -	\$ 262,580	\$ 981,579
Accrued liabilities	412,760	12,289	-	40,381	465,430
Construction payable	-	49,857	-	-	49,857
Deposits	1,176	-	-	-	1,176
Unearned revenues	162,704	-	7,872,168	-	8,034,872
Total liabilities	<u>985,452</u>	<u>372,333</u>	<u>7,872,168</u>	<u>302,961</u>	<u>9,532,914</u>
Deferred inflows of resources					
Unavailable revenue	-	517,500	-	-	517,500
Total deferred inflows of resources	<u>-</u>	<u>517,500</u>	<u>-</u>	<u>-</u>	<u>517,500</u>
Fund balances					
Nonspendable:					
Inventories and prepaid items	439,931	-	-	4,807	444,738
Restricted for:					
Law enforcement expenditures	-	-	-	103,728	103,728
Library expenditures	-	-	-	437,522	437,522
Transportation expenditures	-	-	-	617,152	617,152
Community redevelopment expenditures	-	1,877,034	-	-	1,877,034
Street lighting expenditures	-	-	-	4,667	4,667
Debt service	-	-	-	638,425	638,425
Capital projects	-	-	-	779,412	779,412
Assigned for:					
Subsequent years' expenditure	1,163,408	-	-	-	1,163,408
Unassigned	4,341,284	-	-	-	4,341,284
Total fund balance	<u>5,944,623</u>	<u>1,877,034</u>	<u>-</u>	<u>2,585,713</u>	<u>10,407,370</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,930,075</u>	<u>\$ 2,766,867</u>	<u>\$ 7,872,168</u>	<u>\$ 2,888,674</u>	<u>\$ 20,457,784</u>

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

City of Lake Wales, Florida

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position September 30, 2022

Total fund balances of governmental funds	\$ 10,407,370
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.	25,589,987
Revenues not received within the "availability" period are deferred at the fund level and recognized in the statement of activities.	517,500
Interest payable on long-term debt does not require current financial resources and, therefore, interest payable is not reported as a liability in the governmental funds balance sheet.	(107,766)
Long-term liabilities (including certain accounts payable, compensated absences and OPEB liabilities) are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.	(11,804,726)
Deferred outflows of resources represent a consumption of net position or fund balance that applies to future periods and, therefore, are not reported in the governmental funds	2,148,168
Deferred inflows of resources represent an acquisition of net position or fund balance that applies to future periods and, therefore, are not reported in the governmental funds	(2,761,817)
Net position of governmental activities	<u>\$ 23,988,716</u>

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

City of Lake Wales, Florida

Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Funds
For the Year Ended September 30, 2022

	General	Community Redevelopment	American Rescue Plan Act Special Revenue Fund	Other Governmental Funds	Total
Revenues					
Taxes	\$ 6,278,522	\$ 1,170,557	\$ -	\$ 2,426,499	\$ 9,875,578
Special assessment	-	-	-	14,856	14,856
Licenses and permits	2,265,026	-	-	-	2,265,026
Intergovernmental	2,617,876	1,246,384	521,667	985,155	5,371,082
Charges for services	3,968,903	-	-	167,080	4,135,983
Fines and forfeits	300,480	-	-	69,580	370,060
Investment earnings	4,675	2,000	489	139	7,303
Impact fees	-	-	-	196,133	196,133
Miscellaneous	175,036	-	-	17,538	192,574
Total revenues	15,610,518	2,418,941	522,156	3,876,980	22,428,595
Expenditures					
Current:					
General government	3,022,195	-	-	-	3,022,195
Public safety	10,243,863	-	-	20,675	10,264,538
Physical environment	1,408,139	-	22,156	13,750	1,444,045
Transportation	332,111	-	-	1,171,688	1,503,799
Economic environment	175,000	2,635,073	500,000	-	3,310,073
Human services	40,000	-	-	-	40,000
Culture and recreation	1,921,812	-	-	1,278,614	3,200,426
Debt Service:					
Principal	-	-	-	1,444,000	1,444,000
Interest and fiscal charges	-	-	-	243,164	243,164
Capital outlay	-	-	-	310,529	310,529
Total expenditures	17,143,120	2,635,073	522,156	4,482,420	24,782,769
Excess (deficiency) of revenues over (under) expenditures	(1,532,602)	(216,132)	-	(605,440)	(2,354,174)
Other financing sources (uses)					
Transfers in	1,678,000	-	-	692,622	2,370,622
Transfers out	(164,000)	(692,622)	-	-	(856,622)
Insurance recoveries	-	-	-	368	368
Issuance of debt	507,655	-	-	-	507,655
Sale of capital assets	14,662	65,917	-	-	80,579
Total other financing (uses) sources	2,036,317	(626,705)	-	692,990	2,102,602
Net change in fund balances	503,715	(842,837)	-	87,550	(251,572)
Fund balances, beginning of year	5,440,908	2,719,871	-	2,498,163	10,658,942
Fund balances, end of year	\$ 5,944,623	\$ 1,877,034	\$ -	\$ 2,585,713	\$ 10,407,370

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

City of Lake Wales, Florida

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of the Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2022

Net change in fund balances of the governmental funds \$ (251,572)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is depreciated over their estimated useful lives.

Capital asset additions	\$ 2,683,718	
Capital asset disposals	(132,141)	
Depreciation expense	<u>(1,969,884)</u>	581,693

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but are instead deferred. This item represents the change caused by the "available" revenue recognition criteria.

(28,750)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes resources of the governmental funds. Neither transaction, however, has any effect on the change in net position.

Principal paid	<u>1,444,000</u>	994,527
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Other long-term obligations are reported in the government-wide statement of net position as liabilities, but not at the fund level as they do not require the use of current financial resources and therefore are reported as revenues when received and expenditures when paid:

(Increase) in compensated absences liability	(185,007)	
(Increase) in interest accrued on bonds	<u>19,186</u>	(165,821)

Pension expense is reported in the statement of activities which differs from pension expenditures as reported in governmental funds:

Increase in deferred outflows related to pensions	(1,982,770)	
(Increase) in deferred inflows related to pensions	(1,481,017)	
(Increase) in the net pension liability	<u>4,015,732</u>	551,945

Other postemployment benefit (OPEB) expense is reported in the statement of activities which differs from OPEB expenditures as reported in governmental funds:

(Decrease) in deferred outflows related to OPEB	(48,375)	
(Increase) in deferred inflows related to OPEB	(27,965)	
(Increase) decrease in the total OPEB liability	<u>16,860</u>	<u>(59,480)</u>

Change in net position of governmental activities \$ 1,622,542

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

City of Lake Wales, Florida
Statement of Net Position - Proprietary Funds
September 30, 2022

	Business-type Activities - Enterprise Funds		
	Public Utilities Fund	Nonmajor Enterprise Funds	Total Enterprise Funds
Assets			
Current assets			
Cash and cash equivalents	\$ 2,189,595	\$ 703,503	\$ 2,893,098
Receivables, net	1,754,238	75,128	1,829,366
Lease receivable, current	141,329	-	141,329
Restricted cash, cash equivalents and investments:			
Debt reserve accounts	165,868	-	165,868
Escrow - C street project	8,610	-	8,610
Impact fees	4,146,269	-	4,146,269
Customer deposits	1,410,096	-	1,410,096
Debt reserve accounts - investment	1,027,068	-	1,027,068
Impact fees - investment	426,194	-	426,194
Inventories	400,844	-	400,844
Prepaid items	3,866	-	3,866
Total current assets	<u>11,673,977</u>	<u>778,631</u>	<u>12,452,608</u>
Noncurrent assets			
Lease receivable, noncurrent	2,746,818	-	2,746,818
Capital assets:			
Nondepreciable	1,706,223	333,138	2,039,361
Depreciable, net	<u>53,201,342</u>	<u>411,345</u>	<u>53,612,687</u>
Total noncurrent assets	<u>57,654,383</u>	<u>744,483</u>	<u>58,398,866</u>
Total assets	<u>69,328,360</u>	<u>1,523,114</u>	<u>70,851,474</u>
Deferred outflows of resources			
Deferred outflows related to OPEB	31,191	-	31,191
Deferred outflows related to pensions	<u>216,898</u>	<u>-</u>	<u>216,898</u>
Total deferred outflows of resources	<u>248,089</u>	<u>-</u>	<u>248,089</u>
Total assets and deferred outflows of resources	<u>\$ 69,576,449</u>	<u>\$ 1,523,114</u>	<u>\$ 71,099,563</u>

Continued ...

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

City of Lake Wales, Florida

Statement of Net Position - Proprietary Funds

September 30, 2022

(Concluded)

	Business-type Activities - Enterprise Funds		
	Public Utilities Fund	Nonmajor Enterprise Funds	Total Enterprise Funds
Liabilities			
Current liabilities			
Accounts payable	\$ 307,476	\$ 41,323	\$ 348,799
Construction payable	45,359	-	45,359
Accrued liabilities	91,603	-	91,603
Accrued interest	81,358	4,529	85,887
Customer deposits	1,410,003	-	1,410,003
Unearned revenues	190,028	-	190,028
Accrued compensated absences	19,416	-	19,416
Current portion of long-term debt	1,566,833	35,989	1,602,822
Total current liabilities	3,712,076	81,841	3,793,917
Noncurrent liabilities			
Notes and lease obligations payable - noncurrent	20,291,814	291,108	20,582,922
Accrued compensated absences	174,743	-	174,743
Total OPEB liability	122,606	-	122,606
Net pension liability	202,847	-	202,847
Joint venture loan guarantee	415,186	-	415,186
Total noncurrent liabilities	21,207,196	291,108	21,498,304
Total liabilities	24,919,272	372,949	25,292,221
Deferred inflows of resources			
Deferred inflows related to OPEB	9,870	-	9,870
Deferred inflows related to pensions	206,264	-	206,264
Deferred inflows related to leases	2,901,734	-	2,901,734
Total deferred inflows of resources	3,117,868	-	3,117,868
Net position			
Net investment in capital assets	33,003,559	417,386	33,420,945
Restricted for capital projects	4,581,073	-	4,581,073
Restricted for debt service	1,111,578	-	1,111,578
Unrestricted	2,843,099	732,779	3,575,878
Total net position	\$ 41,539,309	\$ 1,150,165	\$ 42,689,474

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

City of Lake Wales, Florida

Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds
For the Year Ended September 30, 2022

	Business-type Activities - Enterprise Funds		
	Public	Nonmajor	Total
	Utilities	Enterprise	Enterprise
	Fund	Funds	Funds
Operating revenues:			
Charges for services	\$ 10,518,381	\$ 670,920	\$ 11,189,301
Other income	146,938	-	146,938
Total operating revenues	10,665,319	670,920	11,336,239
Operating expenses:			
Personnel services	2,340,022	-	2,340,022
Contractual services	404,339	50,661	455,000
Repairs and maintenance	1,442,597	44,413	1,487,010
Materials and supplies	333,381	-	333,381
General and administrative	1,685,825	315,006	2,000,831
Depreciation	2,017,086	43,466	2,060,552
Total operating expenses	8,223,250	453,546	8,676,796
Operating income (loss)	2,442,069	217,374	2,659,443
Nonoperating revenues (expenses)			
Interest income	73,880	36	73,916
Interest expense and fiscal charges	(259,086)	(14,596)	(273,682)
Other nonoperating expense	(77,751)	-	(77,751)
Gain (loss) on sale of capital assets	1,899	-	1,899
Total nonoperating revenues (expenses)	(261,058)	(14,560)	(275,618)
Income (loss) before contributions and transfers	2,181,011	202,814	2,383,825
Capital contributions			
Impact fees	420,798	-	420,798
Total capital contributions	420,798	-	420,798
Transfers			
Transfers in	-	164,000	164,000
Transfers out	(1,678,000)	-	(1,678,000)
Total transfers	(1,678,000)	164,000	(1,514,000)
Change in net position	923,809	366,814	1,290,623
Net position, beginning of year - as previously reported	40,615,500	754,351	41,369,851
Restatement of beginning net position	-	29,000	29,000
Net position, beginning of year as restated	40,615,500	783,351	41,398,851
Net position, end of year	\$ 41,539,309	\$ 1,150,165	\$ 42,689,474

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

City of Lake Wales, Florida
Statement of Cash Flows - Proprietary Funds
For the Year Ended September 30, 2022

	Business-type Activities - Enterprise Funds		
	Public	Nonmajor	Total
	Utilities	Enterprise	Enterprise
	Fund	Funds	Funds
Cash flows from operating activities			
Cash received from customers	\$ 10,439,307	\$ 648,312	\$ 11,087,619
Cash payments to suppliers for goods and services	(3,880,959)	(397,699)	(4,278,658)
Cash payments for employee services	(2,329,763)	-	(2,329,763)
Net cash provided by operating activities	4,228,585	250,613	4,479,198
Cash flows from noncapital financing activities			
Loans (to) from other funds	55,000	(55,000)	-
Transfer to (from) other funds	(1,678,000)	164,000	(1,514,000)
Net cash (used in) provided by noncapital financing activities	(1,623,000)	109,000	(1,514,000)
Cash flows from capital and related financing activities			
Acquisition and construction of capital assets	(2,058,571)	(118,290)	(2,176,861)
Impact fees	420,798	-	420,798
Debt issuance proceeds	-	46,400	46,400
Principal payments on long-term debt	(1,487,603)	(44,301)	(1,531,904)
Interest paid	(350,769)	(15,244)	(366,013)
Proceeds from sale of equipment	1,899	-	1,899
Net cash used in capital and related financing activities	(3,474,246)	(131,435)	(3,605,681)
Cash flows from investing activities			
Purchase of investments	(401,154)	-	(401,154)
Interest income	73,880	36	73,916
Net cash (used in) provided by investing activities	(327,274)	36	(327,238)
Net increase (decrease) in cash and cash equivalents	(1,195,935)	228,214	(967,721)
Cash and cash equivalents, beginning of year	9,116,373	475,289	9,591,662
Cash and cash equivalents, end of year	<u>\$ 7,920,438</u>	<u>\$ 703,503</u>	<u>\$ 8,623,941</u>

continued...

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

City of Lake Wales, Florida
Statement of Cash Flows - Proprietary Funds
For the Year Ended September 30, 2022
(Concluded)

	Business-type Activities - Enterprise Funds		
	Public	Nonmajor	Total
	Utilities	Enterprise	Enterprise
	Fund	Funds	Funds
Reconciliation of cash and cash equivalents to statement of net position:			
Cash and cash equivalents	\$ 2,189,595	\$ 703,503	\$ 2,893,098
Restricted cash and cash equivalents	5,730,843	-	5,730,843
Cash and cash equivalents, end of year	\$ 7,920,438	\$ 703,503	\$ 8,623,941
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ 2,442,069	\$ 217,374	\$ 2,659,443
Adjustments to reconcile operating income to cash provided by operating activities:			
Depreciation	2,017,086	43,466	2,060,552
(Increase) decrease in assets and deferred outflows:			
Accounts receivable	(321,063)	(22,608)	(343,671)
Inventories	(80,549)	-	(80,549)
Prepaid	2,810	-	2,810
Lease receivables	(2,888,147)	-	(2,888,147)
Deferred outflows related to pensions	77,562	-	77,562
Deferred outflows related to OPEB	10,796	-	10,796
Increase (decrease) in liabilities and deferred inflows:			
Accounts payable	62,922	12,381	75,303
Accrued liabilities	33,712	-	33,712
Customer deposits	83,436	-	83,436
Unearned revenue	(1,972)	-	(1,972)
Compensated absences	16,417	-	16,417
Total OPEB liability	(3,763)	-	(3,763)
Net pension liability	(277,313)	-	(277,313)
Deferred inflows related to OPEB	6,240	-	6,240
Deferred inflows related to pensions	146,608	-	146,608
Deferred inflows related to leases	2,901,734	-	2,901,734
Net cash provided by operating activities	\$ 4,228,585	\$ 250,613	\$ 4,479,198

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

City of Lake Wales, Florida
Statement of Net Position - Fiduciary Funds
September 30, 2022

	Pension Trust Funds	Custodial Fund
Assets		
Cash and cash equivalent	\$ -	\$ 86,227
Investments, at fair value:		
Money market funds	1,500,424	-
Government bonds	1,052,676	-
Government assets backed/CMO securities	5,364,740	-
Taxable municipal bonds	548,747	-
Foreign bonds	196,798	-
Corporate bonds and notes	2,003,705	-
Common and preferred stock	23,296,032	-
Real estate investment fund	3,536,769	-
Total investments	37,499,891	-
Receivable (net):		
Interest and dividends	61,243	-
Due from City	139,624	-
Total receivable	200,867	-
Total assets	37,700,758	86,227
Liabilities		
Accounts payable	150,536	-
Due to other governments	-	86,227
Total liabilities	150,536	86,227
Net position		
Net position restricted for pension benefits	\$ 37,550,222	\$ -

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

City of Lake Wales, Florida

Statement of Changes in Fiduciary Net Position - Fiduciary Funds
For the Year Ended September 30, 2022

	Pension Trust Funds	Custodial Fund
Additions		
Contributions:		
Employer	\$ 1,310,416	\$ -
State of Florida	275,278	-
Employee	469,770	-
Fees collected on behalf of other governments	-	698,990
Total contributions	<u>2,055,464</u>	<u>698,990</u>
Interest and dividends	1,011,617	-
Net decrease in the fair value of investments	<u>(6,823,868)</u>	-
Investment gain	(5,812,251)	-
Investment expense	<u>(234,598)</u>	-
Investment gain, less investment expense	<u>(6,046,849)</u>	-
Total additions	<u>(3,991,385)</u>	<u>698,990</u>
Deductions		
Benefit payments, including refunds of employee contributions	2,323,226	-
Administration	178,415	-
Remittance of fees to other governments	-	698,990
Total deductions	<u>2,501,641</u>	<u>698,990</u>
Change in net position	(6,493,026)	-
Total net position - beginning of year	<u>44,043,248</u>	-
Total net position - end of year	<u>\$ 37,550,222</u>	<u>\$ -</u>

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

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2022

I. Summary of significant accounting policies

A. Reporting entity

The City of Lake Wales (City) is a political subdivision of the State of Florida founded under the Laws of Florida 7664 in 1917, which act was superseded by Chapter 29224, Special Acts 1953, and incorporated under the authority of Chapter 165, Florida Statutes. The legislative branch of the City is composed of a five-member elected commission. The City Commission is responsible for the establishment and adoption of policy. The execution of such policy is the responsibility of a Commission-appointed City Manager.

The City provides a variety of governmental services to residents including public works (streets and roads), law enforcement, fire protection, parks, community development and culture and recreation. Additionally, the City has a business-type operation that offers services associated with water and sewer utilities, stormwater management and Lake Wales Memorial Garden (LWMG) cemetery operations and management. The financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) for governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. The blended component unit, although a legally separate entity is, in substance, part of the government's operations. The discretely presented component unit is reported in a separate column in the government-wide financial statements (see below for description) to emphasize that it is legally separate from the primary government.

Blended Component Unit. The following component units were determined to be blended component units of the primary government for financial reporting:

- The Lake Wales Community Redevelopment Agency (CRA) was created pursuant to Chapter 163, Florida Statutes, and is governed by Sections 2-71 through 2-74 of the City Code of Ordinances. In accordance with Section 2-72, the City Commission serves as the CRA governing board. In addition, the City and CRA have the same management team. In evaluating this potential component unit, it was determined that the CRA is a separate legal entity but should be treated as a blended component unit and included as part of the primary government for reporting purposes. The CRA is presented in the financial statements of the City as a special revenue fund and issued separate stand-alone audited financial statements for fiscal year ending September 30, 2022.
- The Lake Wales Library Board (Library Board) was created pursuant to Chapter 57-1488, Laws of Florida, and is governed by Section 2-116 of the Code of Ordinances. The City Commission appoints the Board of Directors. Chapter 57-1488, Laws of Florida, authorizes the City Commission to levy up to one mil in property taxes to establish, maintain, and operate a public municipal library. The City Commission approves the Library Board's budget, levies the ad valorem property tax for the library operations, and appoints the Library Board of Directors. In evaluating this potential component unit, it was determined that the Library Board is a separate legal entity but should be treated as a blended component unit and included as part of the primary government for reporting purposes. Accordingly, the Library Board's operations are reported in a non-major special revenue fund and its capital assets are included under governmental activities in the statement of net position.

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2022

Discretely Presented Component Unit. The Lake Wales Airport Authority (the Authority) was re-created by Ordinance 2005-44 (the Ordinance) of the City on September 29, 2005, pursuant to Section 189.4041, Florida Statutes. The Ordinance codified, amended, reenacted, and repealed all prior ordinances relating to the Authority and the Airport Advisory Committee. Prior to the adoption of the Ordinance, the activities of the Lake Wales Municipal Airport (the Airport) had been accounted for in the general fund of the City. The Authority was re-created as a dependent special district of the City, a legally separate governmental entity. The Authority has no taxing authority.

A board of seven members known as the Lake Wales Airport Authority Board (the Board) governs the Authority. The City must approve appointments to the Board, and the City retains approval rights over most of the major decisions of the Authority. In addition, the City Manager and City Finance Director serve as the Airport Manager and Airport Finance Director, respectively.

The Airport Authority meets the criteria provided by Florida Statute 189-403(2) of a dependent special district of the City of Lake Wales. Florida Statute 218.39(3) provides that a dependent special district may make provision for an annual financial audit by being included within the audit of another local governmental entity upon which it is dependent. The Airport Authority and the City of Lake Wales have made this election. The Lake Wales Airport Authority did not issue separate audited financial statements for fiscal year ending September 30, 2022.

Other Related Organizations. The following discussion is a brief review of other potential component units that were determined to not be part of the City's reporting entity:

- **Lake Wales Housing Authority (the Housing Authority)** - The Housing Authority was created by Resolution No. 68-3 pursuant to Chapter 421, Florida Statutes. The Housing Authority members are appointed by the City Commission; however, the City's accountability for the Housing Authority does not extend beyond making these appointments. Accordingly, the Housing Authority is considered to be a related organization only and is not included in the financial reporting entity.
- **Lake Wales Library Association, Inc. (the Association)** - The Association is a separate legal entity established as a direct support organization for the Lake Wales Public Library. The City Commission does not appoint a voting majority of the Association's Board of Directors, nor can it impose its will on the Association. Accordingly, the Association is not considered to be a component unit of the City.

B. Government-wide and fund 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 primary government and its component units. *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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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 segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2022

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. 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 and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when the 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Sales taxes, franchise fees, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual. Property taxes are accounted for when measurable and available. Voluntary non-exchange transactions are recorded as revenues when all eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

- **General Fund** - is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- **Community Redevelopment Fund** – accounts for revenues derived from the tax increment funds collected in the City-wide community redevelopment area.
- **American Rescue Plan Special Revenue Fund** – accounts for the collection and expenditure of the Coronavirus State and Local Fiscal Recovery Funds, a part of the American Rescue Plan Act.

The City reports the following major proprietary fund:

- **Public Utilities Fund** - accounts for the provision of water and wastewater services to the residents and businesses of the City. All activities necessary to provide such services are accounted for in this fund, including administration, operations, construction, maintenance, financing and related debt service costs, billing and collection.

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2022

Additionally, the City reports the following fund types:

- **Special Revenue Funds (government fund type)** - account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects).
- **Capital Projects Funds (government fund type)** - account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.
- **Pension Trust Funds (fiduciary fund type)** - account for the activities of the employee retirement systems, which accumulate resources for pension benefit payments to qualified public safety or general employees.
- **Custodial Fund (fiduciary fund type)** – account for impact fees collected on behalf of Polk County, Florida (the “County”). These funds are collected on behalf of the County as new construction takes place within the City and remitted to the County monthly.
- **Lake Wales Memorial Garden (LWMG) Cemetery Fund (proprietary fund type)** – accounts for the operation and maintenance of the City’s LWMG cemetery.
- **Stormwater Fund (proprietary fund type)** – accounts for the operation and maintenance of the City’s stormwater system.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government’s public utility fund and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including impact fees. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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 Public Utilities Fund, Stormwater Fund and the LWMG Cemetery Fund are charges to customers for sales and services. The Public Utilities Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include personal and contractual services, repairs and maintenance, material and supplies, and general and administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2022

D. Assets, liabilities, and net position or equity

1. Deposits and investments

Cash and Cash Equivalents and Investments

The City maintains a cash and investment pool, which is available for use by all funds and component units. The City considers all investments with an original maturity of three months or less (these include investments with the State Board of Administration, amounts invested in repurchase agreements, and money market mutual funds) as well as investments in the City's cash and investment pool to be cash equivalents for purposes of the statement of cash flows. The City's cash and investment pool essentially allows individual funds, at any time, to deposit additional cash or make withdrawals without prior notice or penalties. Investment earnings are distributed monthly in accordance with the participating funds' relative percentage of the pool.

The City's cash and investment pool includes cash deposits, investments with an original maturity of three months or less and amounts on deposit with paying agents.

Investments – City

By Ordinance No. 95-44 and Florida Statutes, the City is authorized to invest in the Florida PRIME Fund; negotiable direct obligations of the United States Government, or obligations unconditionally guaranteed by the U.S. government; bonds, debentures, notes or other indebtedness of U.S. agencies which are backed by the full faith and credit of the U.S. Government; obligations of certain other government agencies (the Federal Farm Credit Bank (FFCB), Federal Home Loan Bank (FHLB), Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation, (FHLMC), and the Student Loan Marketing Association (SLMA). In addition, the City may invest in nonnegotiable interest-bearing time certificates of deposits or repurchase agreements in qualified public depositories, as well as certain banker' acceptances, commercial paper, state and/or local government taxable and tax-exempt debt, general obligation and/or revenue bonds, or fixed income mutual funds, assuming they are rated as specified in the Ordinance.

Investments – Pension Funds

Section 16-47(e)(2) of the City Code of Ordinances provides that general employees' pension plan funds may be invested and reinvested in such securities or property, real or personal, wherever situated and of whatever kind, as shall be approved by the Board of Trustees including, but not limited to, stocks (common or preferred), bonds, and other evidences of indebtedness or ownership. Sections 16-161 and 16-231 of the Code of Ordinances provide that the Boards of Trustees of the firefighters' and police officers' pension plan funds shall not invest more than 5% (at cost) of their assets in the common stock or capital stock of any one issuing company, nor shall the aggregate investment in any one issuing company exceed 5% (at cost) of the outstanding capital stock of that company, or the aggregate of the fund's investments in all common stock or capital stock (at cost) exceed 50% of the fund's total assets.

In addition to investments authorized for the City as a whole, the pension trust funds are also authorized to invest in other fixed-income and equity securities, within the individual plan guidelines. All investments are reported at fair value or amortized cost, which approximates fair value.

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2022

2. *Receivables*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.” Trade receivables are reported net of an allowance for uncollectible accounts.

3. *Inventories and prepaid items*

Inventories consist of expendable supplies held for consumption during the City’s operations. Enterprise fund supplies inventories are stated at cost on the average cost basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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. Prepaid items are recorded using the consumption method of accounting. Under the consumption method, services paid for in advance are reported as an asset until the period in which the services are consumed.

4. *Restricted assets*

Certain proceeds of the water and sewer utility fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants. Impact fees and capacity reserve assets are also restricted in their use.

Community redevelopment fund asset use is limited to certain community redevelopment activities within the community redevelopment area designated in Resolution No. 99-02.

Debt service asset use is restricted or assigned to the payment of principal and interest on long-term debt obligations of the governmental funds.

Impact fees collected within the special revenue, debt service and capital project funds are restricted in their use. Impact fee expenditures are limited to capital outlay which provides new capacity, or debt service related thereto.

Library fund restricted assets are limited to activities provided within the library.

Other restricted assets reflect net position that is not subject solely to the government’s own discretion. This category includes resources subject to externally imposed restrictions such as the case with many grant receipts received in advance of all eligibility requirements being met.

5. *Interest Costs*

Interest costs incurred before the end of a construction period is a financing activity separate from the related capital asset and interest costs incurred before the end of the construction period are recognized as an expense in the period in which the cost is incurred. These interest costs are not capitalized as part of the historical cost of the capital asset.

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2022

6. Capital assets

Capital assets, which include property, plant, equipment, intangible and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, other than infrastructure assets, are defined by the government as assets with an initial, individual cost of more than \$1,000 and estimated useful life in excess of one year. The government reports infrastructure assets on a network and subsystem basis. Accordingly, the amount spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements regardless of their amount.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the City chose to include all such items regardless of their acquisition date or amount. The City was able to determine the historical cost of the initial reporting of these assets through research and estimating techniques. As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at cost. The reported value excludes normal maintenance and repairs, which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations, the City presents these assets at the acquisition value of the item at the date of donation.

Property, plant, and equipment of the primary government, as well as the component unit, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Water and Wastewater Treatment Disposal Plants	50-67
Other Buildings	10-50
Water Distribution System	40
Sewer Collection System	50
Tanks and Storage	40
Airport Runways and Other Airport Infrastructure	10-20
Equipment	3-25
Vehicles	6-10
Wells and Pumping Equipment	15-50
Other Improvements	5-50
Other Infrastructure	15-50

7. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues that are deferred and recognized as an inflow of resources in the period that the amounts become available.

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2022

8. *Compensated absences*

The City's policies permit employees to accumulate vacation and sick time up to certain limits and to be compensated for these upon termination of employment. The liability for these compensated absences is recorded in the government-wide statements and in the proprietary fund financial statement under noncurrent liabilities. The governmental funds do not report the compensated absence liability unless the liability has matured as a result of employee resignations or retirements.

9. *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. Bond premiums and discounts, as well as refunding losses, are amortized over the life of the bonds using the bonds outstanding method or the straight-line method, which both approximate the effective interest method. Bonds payable are reported net of the applicable bond premium, discount or refunding loss. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while 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 debt service expenditures.

10. *Leases*

Lessee: The City recognizes lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements when the initial, individual value of the lease liability is \$1,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight - line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor: The City is a lessor for several noncancellable antenna placement leases. The City recognizes a lease receivable and a deferred inflow of resources in the business-type activities and the public utilities enterprise fund financial statements.

City of Lake Wales, Florida

Notes to the Financial Statements

September 30, 2022

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses the stated interest rate in the lease agreement if available and if not, will attempt to calculate an interest rate implicit within the lease agreement and if that is not possible will mainly use a high-quality municipal bond rate based on the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices nearest to the date of lease commencement. The City reserves the right to use other discount rates if the circumstances require it.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset, receivable, liability and/or deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease liability.

11. Fund Balances

In accordance with GASB Cod. Sec 1800, the governmental fund balances are categorized into components that comprise a hierarchy based primarily on the extent to which the organization is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported, to the extent applicable, in five components – nonspendable, restricted, committed, assigned and unassigned:

- **Nonspendable** – This component of fund balance consists of amounts that cannot be spent because (a) they are not expected to be converted to cash or (b) they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund.
- **Restricted** - This component of fund balances consists of amounts that are constrained either (a) externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments), or (b) by law through constitutional provisions or enabling legislation.
- **Committed** - This component of fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by ordinance of the organization's governing authority (the City Commission). These committed amounts cannot be used for any other purpose unless the City Commission removes or changes the specified use by taking the same type of action (ordinance) employed to constrain those amounts.
- **Assigned** -This component of fund balance consists of amounts that are constrained by a less-than-formal action of the organization's governing authority, or by an individual or body to whom the governing authority has delegated this responsibility. At fiscal year end, the Commission has not delegated this responsibility. In addition, residual balances in special revenue, capital projects, and debt service funds are considered assigned for the general purpose of the respective fund.
- **Unassigned** -This classification is used for (a) negative unrestricted fund balances in any governmental fund, or (b) fund balances within the general fund that are not restricted, committed or assigned.

Flow Assumption - When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) as they are needed. When unrestricted resources (committed, assigned and unassigned) are available for use it is the City's policy to use committed resources first, then assigned, and then unassigned as needed.

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2022

Minimum Fund Balance Policy - Pursuant to a fund balance policy adopted, July 19, 2011, under the City Commission's Ordinance 2011-11, the City established an emergency sinking account in the general fund.

In the general fund, there shall be created an emergency sinking account with a lower limit of 15% and an upper limit of 20% of General Fund operating expenditures, excluding capital outlay, calculated based on the original adopted fiscal year budget. The purpose of this policy is to provide sufficient working capital at the beginning of the fiscal year until the time the City begins receiving ad valorem taxes, to advance funds necessary to pay for construction of grant-funded projects until reimbursement is received from federal or state agencies, to advance financial resources necessary for responding to emergencies that will be reimbursed by insurance proceeds or grants from FEMA or other federal or state agencies, and to mitigate current and future revenue shortfalls, unanticipated expenditures, and to ensure stable taxes rates.

Law Enforcement – Per Florida Statute 932.705(5)(a), proceeds and interest earned from disposition of liens and forfeited property shall be used for school resource officers, crime prevention, safe neighborhood, drug abuse education and prevention programs, or for other law enforcement purposes, which include defraying the cost of protracted or complex investigations, providing additional equipment or expertise, purchasing automated external defibrillators for use in law enforcement vehicles, and providing matching funds to obtain federal grants. The proceeds and interest may not be used to meet normal operating expenses of the law enforcement agency.

Transportation Expenditures - Per Florida Statute 206.41(1)9d)-(e), 206.87(1)(b)-(c), 336.021, and 336.025, county governments are authorized to levy up to 12 cents of local option fuel taxes in the form of three separate levies. The first is a tax of 1 cent on every net gallon of motor and diesel fuel sold within the county. Known as the ninth-cent fuel tax, this tax may be authorized by an ordinance adopted by an extraordinary vote of the governing body or voter approval in a countywide referendum. Generally, the proceeds may be used to fund transportation expenditures.

The second is a tax of 1 to 6 cents on every net gallon of motor and diesel fuel sold within a county. This tax may be authorized by an ordinance adopted by a majority vote of the governing body or voter approval in a countywide referendum. Generally, the proceeds may be used to fund transportation expenditures.

The third tax is a 1 to 5 cents levy upon every net gallon of motor fuel sold within a county. Diesel fuel is not subject to this tax. This additional tax shall be levied by an ordinance adopted by a majority plus one vote of the membership of the governing body or voter approval in a countywide referendum. Proceeds received from this additional tax may be used for transportation expenditures needed to meet the requirements of the capital improvement element of an adopted local government comprehensive plan.

Community Redevelopment - Per Florida Statute 163.387, funds allocated to a community redevelopment area shall be used by the agency to finance or refinance any community redevelopment it undertakes pursuant to the approved community redevelopment plan.

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City of Lake Wales, Florida

Notes to the Financial Statements September 30, 2022

12. Revenue Recognition

Utility revenues are recognized when customers are billed, unless there has been a significant change in meter reading dates. In that event, unbilled or unearned revenues are recorded for consistency. Included in accounts receivable on September 30, 2022, are unbilled amounts totaling \$716,805 (\$572,332 enterprise funds and \$144,473 general fund).

13. Property Taxes

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the Polk County Property Appraiser and the Polk County Tax Collector. The laws of the state regulating tax assessments are also designed to assure a consistent property valuation method state-wide. Florida Statutes permit municipalities to levy property taxes at a rate of up to 10.00 mills. The City's millage rate for the 2022 fiscal year was 6.7697 mills.

The tax levy of the City is established by the City Commission prior to October 1 of each year and the Polk County Property Appraiser incorporates the City millages into the total tax levy, which includes the Polk County and the Polk County District School Board tax requirements.

All property is reassessed according to its fair market value January 1 of each year. Each assessment roll is submitted to the Executive Director of the State Department of Revenue for review to determine if the rolls meet all of the appropriate requirements of Florida Statutes.

All taxes are levied on November 1 of each year or as soon thereafter as the assessment roll is certified and delivered to the Polk County Tax Collector. All unpaid taxes become delinquent on April 1 following the year in which they are assessed. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January, and 1% in the month of February. The taxes paid in March are without discount.

On or prior to June 1 following the tax year, certificates are sold for all delinquent taxes on real property. After sale, tax certificates bear interest of 18% per year or at any lower rate bid by the buyer. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years. Unsold certificates are held by the County. Delinquent taxes on personal property bear interest at 18% per year until the tax is satisfied either by seizure and sale of the property or by the five-year statute of limitations.

14. Pension Plans

The City accounts for its fiduciary pension trust funds under GASB Cod. Sec Po5. The pension plans cover substantially all of the City's full-time employees.

15. Change in Accounting Principle

During the fiscal year ended September 30, 2022, the City implemented the provision of GASB Statement No. 87 - *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. It establishes a single model for lease accounting based on the foundational principle that leases are financing of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2022

As lessee – During implementation the City identified several right-to-use assets that are required to be reported as assets and liabilities under this Statement and that were previously reported as operating leases. Due to the implementation guidance of this Statement, the lease asset and liability are equal at the beginning of the period of implementation (October 1, 2021) and as a result, this implementation did not result in the restatement of previously reported net position but did require the restatement of previously reported balances of capital assets and long-term obligations to reflect the right-to-use leases asset balances and the related leases payable at that date. In addition to the above items, several leases (under the guidance of GASB 87) were previously reported as capital leases and these were reclassified to right-to-use assets and leases payable. The effects are as follows:

Governmental Activities				
Capital Assets				Long-term obligations
Right to use leased assets	Machinery & Equipment	Accumulated depreciation equipment	Leases payable	
October 1, 2021, previously reported	\$ -	\$ 16,139,180	\$ (12,423,056)	\$ 1,678,663
Implementation of GASB 87:				
Reclass previously reported capital leases	4,178,786	(4,178,786)	1,733,091	-
	\$ 4,178,786	\$ 11,960,394	\$ (10,689,965)	\$ 1,678,663
Business-type Activities				
Capital Assets				Long-term obligations
Right to use leased assets	Machinery & Equipment	Accumulated depreciation equipment	Leases payable	
October 1, 2021, previously reported	\$ -	\$ 6,992,137	\$ (5,853,511)	\$ 196,736
Implementation of GASB 87:				
Reclass previously reported capital leases	350,971	(350,971)	133,018	-
	\$ 350,971	\$ 6,641,166	\$ (5,720,493)	\$ 196,736

As lessor – During implementation the City identified several lease receivables related to antenna placement lease agreements executed in a prior year that are required to be reported under this Statement. While the provisions of this Statement are required to be applied retroactively, the Statement allows for leases to be recognized and measured using the facts and circumstances that existed at the beginning of the period of implementation (October 1, 2021), based upon the remaining lease term as of that date, as opposed to determination of the lease receivable and deferred inflow of resources based upon the origination date of the lease agreement. The effects of the implementation resulted in the measurement and reporting of a lease receivable and lease-related deferred inflows of resources totaling \$3,049,827 on October 1, 2021.

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2022

II. Stewardship, compliance, and accountability

A. Budgetary information

Annual appropriations budgets are adopted for all funds except the pension trust funds. Budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles. The budget for the public utilities enterprise fund is prepared on the modified accrual basis of accounting, which is not the same basis of accounting that is used to account for the actual results of operations (the actual results of operations are accounted for on the accrual basis). The following item indicates the primary difference between the budgetary basis and the GAAP basis used to account for the results of operations for the enterprise fund:

- Depreciation expense is not budgeted; however, expenditures for principal payments and capital outlays are budgeted. These outlays have been capitalized on the statements of net position and eliminated from the results of operations for financial reporting purposes.

The annual operating budget serves as legal authorization for expenditures and the proposed means of financing them. The City Charter prescribes the following procedures for the establishment of final budget balances:

- On or before September 1 of each year, the City Manager is to submit to the City Commission a budget for the ensuing fiscal year and an accompanying budget report.
- The budget is to provide a financial plan of municipal funds and activities for the ensuing fiscal year, with the expenditures classified for the main functional divisions and departments of the City.
- The City Commission is to adopt the budget by ordinance after two public hearings.
- Supplemental appropriations are to be made by the City Commission by ordinance when the City Manager certifies that there are revenues in excess of those estimated in the budget available for appropriation. At any time during the fiscal year, the City Manager may transfer part or all of any unencumbered appropriation balance among programs within a department, office, or agency. Upon written request by the City Manager, the City Commission may, by ordinance, transfer part or all of any unencumbered appropriation balance from one department, office, or agency to another. This policy effectively establishes the legal level of budgetary control at the department level.
- Appropriations, except those for capital expenditures, lapse at year-end to the extent that they have not been expended or encumbered. Appropriations for capital expenditures continue in force until the purposes for which they were made have been accomplished or abandoned.
- Appropriations are controlled at the object level within each department or function. Budgetary information is integrated into the accounting system and, to facilitate budget control, budget balances are encumbered when purchase orders are issued.

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2022

III. Detailed notes on all funds

A. Deposits and investments

Deposits

All of the City's public deposits are held in qualified public depositories pursuant to Florida Statutes, Chapter 280, *Florida Security for Public Deposits Act*. Under the Act, all qualified public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits, times the depository's collateral pledged level. The pledging level may range from 50% to 200%, depending upon the depository's financial condition and establishment period. All collateral must be deposited with an approved financial institution. Any losses to public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessments against other qualified public depositories of the same type as the depository in default.

On September 30, 2022, the carrying amount of cash on hand and on deposit with banks, including interest-bearing deposits was \$26,255,100, and the related bank balance was \$26,959,816.

Investments – City

On September 30, 2022, the carrying amount of investments was \$1,453,262. The investments consisted of nonparticipating certificates of deposit and are presented at amortized cost. The City seeks to optimize return on investments within the constraints of safety and liquidity.

Investments – Pension Funds

The City's pension trust fund investment portfolios are measured against the returns of the benchmarks, the S&P 500 Stock Index, Barclays Capital U.S. Government/Credit Bond Index and Morgan Stanley Capital International EAFE Index. The volatility of returns is expected to be similar to the benchmarks, and the total return is expected to be in the top half of similarly managed portfolios.

On September 30, 2022, pension trust funds' investments are valued at fair value, with the exception of money market mutual funds, which are presented at amortized cost, and the fire and police pension plans' pooled real estate investments which are presented at net asset value (NAV).

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City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2022

Investments – Fair Value

The City categorizes its fair value measurements within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City’s pension trust funds have the following carrying values as of September 30, 2022, based on measurement criteria as specified:

General Employees' Pension Trust Fund:

	September 30, 2022	Level 1	Level 2	Amortized Cost
Investments at fair value				
Money market mutual funds	\$ 587,743	\$ -	\$ -	\$ 587,743
Government bonds	326,349	40,253	286,096	-
Government asset-backed/ CMO securities	1,987,573	-	1,987,573	-
Taxable municipal bonds	202,262	-	202,262	-
Foreign bonds	109,232	-	109,232	-
Corporate bonds and notes	797,515	58,439	739,076	-
Common and preferred stock	7,606,035	7,075,294	530,741	-
Total investments measured at fair value	<u>\$ 11,616,709</u>	<u>\$ 7,173,986</u>	<u>\$ 3,854,980</u>	<u>\$ 587,743</u>

Firefighters' Pension Trust Fund:

	September 30, 2022	Level 1	Level 2	Amortized Cost
Investments at fair value				
Money market mutual funds	\$ 394,576	\$ -	\$ -	\$ 394,576
Government bonds	332,084	41,140	290,944	-
Government asset-backed/ CMO securities	1,073,347	-	1,073,347	-
Taxable municipal bonds	139,581	-	139,581	-
Foreign bonds	32,244	-	32,244	-
Corporate bonds and notes	572,994	32,466	540,528	-
Common and preferred stock	5,831,381	5,430,496	400,885	-
Total investments measured at fair value	<u>8,376,207</u>	<u>\$ 5,504,102</u>	<u>\$ 2,477,529</u>	<u>\$ 394,576</u>
Investments measured at net asset value (NAV)				
Real estate investment fund	<u>1,291,844</u>			
Total investments	<u>\$ 9,668,051</u>			

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2022

Police Officers' Pension Trust Fund:

	September 30, 2022	Level 1	Level 2	Amortized Cost
Investments at fair value				
Money market mutual funds	\$ 518,105	\$ -	\$ -	\$ 518,105
Government bonds	394,243	93,753	300,490	-
Government asset-backed/ CMO securities	2,303,820	-	2,303,820	-
Taxable municipal bonds	206,904	-	206,904	-
Foreign bonds	55,322	-	55,322	-
Corporate bonds and notes	633,196	83,330	549,866	-
Common and preferred stock	9,858,616	9,060,909	797,707	-
Total investments measured at fair value	<u>13,970,206</u>	<u>\$ 9,237,992</u>	<u>\$ 4,214,109</u>	<u>\$ 518,105</u>
Investments measured at net asset value (NAV)				
Real estate investment fund	<u>2,244,925</u>			
Total investments	<u>\$ 16,215,131</u>			

Common and preferred stock of the fair value hierarchy are valued using prices quoted in active markets for those securities. Government bonds, government asset-backed securities, taxable municipal bonds and corporate bonds and notes in Level 2 of the fair value hierarchy are valued by surveying various market makers and dealers, as well as data from the new issue market. Foreign bonds in Level 2 of the fair value hierarchy are valued using a discounted cash-flow model using a benchmark yield plus a maturity spread to discount coupon and principal cash flows.

The Firefighters' and Police Officers' pension plans own shares in a real estate investment fund which is a pooled investment fund that is a broadly diversified core real estate fund that reports its value at net asset value (NAV) per share. Redemption requests of units in the real estate investment fund may be made at any time and are effective at the end of the calendar quarter in which the request is received by the investment fund. The units that are subject to a redemption notice may be redeemed in installments as funds become available for such purpose and the redemption price will be the value per unit at such time the payment is made. The real estate investment fund is not required to liquidate or encumber assets or defer investments in order to make redemptions.

The Pension Boards have established the following target asset allocations for the separate pension funds:

	<u>General Employees</u>	<u>Fire Fighters</u>	<u>Police Officers</u>
Domestic and Equity Securities	50%	45%	45%
Fixed Income Securities	35%	30%	30%
International Equity	15%	15%	15%
Private Real Estate	0%	10%	10%

This allocation target is intended as a maximum exposure to each security class based on the cost value of the assets. The use of cash equivalent securities is not restricted and may be used within both equity and fixed income portfolios.

City of Lake Wales, Florida

Notes to the Financial Statements September 30, 2022

Credit ratings and maturities of investments in pension trust funds on September 30, 2022, are presented below:

General Employees' Pension Trust Fund:

<u>Investment Type</u>	<u>Credit Rating (S&P's)</u>	<u>Fair Value/ Amortized Cost</u>	<u>Less Than 6 Months</u>	<u>6-12 Months</u>	<u>1-3 Years</u>	<u>Over 3 Years</u>
Money Market Funds	N/R	\$ 587,743	\$ 587,743	\$ -	\$ -	\$ -
Corporate Bonds	*	797,515	25,153	34,704	163,670	573,988
Government Bonds	AA+	326,349	-	-	65,333	261,016
Government asset-backed/CMO Sec.	AA+	1,987,573	-	-	94,863	1,892,710
Foreign Bonds	**	109,232	-	-	39,412	69,820
Taxable Municipal Bonds	***	202,262	17,947	-	53,462	130,853
Equities	N/R	7,606,035	N/A	N/A	N/A	N/A
Total Fair Value		<u>\$ 11,616,709</u>	<u>\$ 630,843</u>	<u>\$ 34,704</u>	<u>\$ 416,740</u>	<u>\$ 2,928,387</u>

Firefighters' Pension Trust Fund:

<u>Investment Type</u>	<u>Credit Rating (Moody)</u>	<u>Fair Value/ Amortized Cost</u>	<u>Less Than 6 Months</u>	<u>6-12 Months</u>	<u>1-3 Years</u>	<u>Over 3 Years</u>
Money Market Funds	N/R	\$ 394,576	\$ 394,576	\$ -	\$ -	\$ -
Corporate Bonds	*	572,994	25,153	29,746	124,048	394,047
Government Bonds	AA+	332,084	-	-	79,982	252,102
Government asset-backed/CMO Sec.	AA+	1,073,347	-	-	91,107	982,240
Foreign Bonds	**	32,244	-	-	-	32,244
Taxable Municipal Bonds	***	139,581	14,955	-	20,211	104,415
Real estate investment fund	N/R	1,291,844	N/A	N/A	N/A	N/A
Equities	N/R	5,831,381	N/A	N/A	N/A	N/A
Total Fair Value		<u>\$ 9,668,051</u>	<u>\$ 434,684</u>	<u>\$ 29,746</u>	<u>\$ 315,348</u>	<u>\$ 1,765,048</u>

Police Officers' Pension Trust Fund:

<u>Investment Type</u>	<u>Credit Rating (S&P's)</u>	<u>Fair Value/ Amortized Cost</u>	<u>Less Than 6 Months</u>	<u>6-12 Months</u>	<u>1-3 Years</u>	<u>Over 3 Years</u>
Money Market Funds	N/R	\$ 518,105	\$ 518,105	\$ -	\$ -	\$ -
Corporate Bonds	*	633,196	40,244	-	82,739	510,213
Government Bonds	AA+	394,243	-	-	53,658	340,585
Government asset-backed/CMO Sec.	AA+	2,303,820	-	-	108,983	2,194,837
Foreign Bonds	**	55,322	-	-	-	55,322
Municipal Bonds	***	206,904	29,911	-	-	176,993
Real estate investment fund	N/R	2,244,925	N/A	N/A	N/A	N/A
Equities	N/R	9,858,616	N/A	N/A	N/A	N/A
Total Fair Value		<u>\$ 16,215,131</u>	<u>\$ 588,260</u>	<u>\$ -</u>	<u>\$ 245,380</u>	<u>\$ 3,277,950</u>

*Credit rating on the above bonds varied from AAA to BBB

**Credit rating on the above bonds varied from A+ to A-

***Credit rating on the above bonds varied from AAA to A-

N/R = Not rated

Pension fund investment policies specify that the quality minimum of all fixed income securities purchased for the fund shall be Standard & Poor's and Moody's rated A or its equivalent.

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2022

Interest rate risk

Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's fair value. The City and Pension Board limit their exposure to fair value losses arising from rising interest rates by varying investment maturities.

Concentration of credit risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the government's investment in a single issuer. The City and Pension Board investment policies require that assets be diversified to control the risk of loss resulting from over concentration in a specific maturity, issuer, instrument, dealer, or bank through which financial instruments are bought and sold.

Custodial credit risk - deposits

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of September 30, 2022, the City's cash deposits were entirely covered by federal depository insurance or by the banking network provided by Chapter 280 of the Florida Statutes. Florida Statutes provide for collateral pooling by banks and savings and loans and limit local government deposits to "qualified public depositories."

Custodial credit risk - investments

For investments, this is the risk that in the event of the failure of the counterparty, the City or Pension Board will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The investment policies require that securities and repurchase agreements only be purchased from certain qualified financial institutions or dealers, that repurchase agreements require a master repurchase agreement, and that all securities purchased (or collateral obtained) be properly designated as an asset of the City/Board and held in safekeeping by a qualified third-party custodial bank or institution.

B. Receivables

Receivables as of year-end for the City's individual major funds and in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Community Redevelopment	Other Governmental Funds	Total Governmental Funds	Enterprise - Business Type	Total
Receivable:						
Taxes	\$ 208,865	\$ -	\$ -	\$ 208,865	\$ -	\$ 208,865
Franchise fees	193,962	-	-	193,962	-	193,962
Accounts	215,527	16,486	-	232,013	2,155,479	2,387,492
Unbilled amounts	144,473	-	-	144,473	572,332	716,805
Gross receivables	762,827	16,486	-	779,313	2,727,811	3,507,124
Less: allowance for uncollectibles	(101,034)	-	-	(101,034)	(898,445)	(999,479)
Net total receivable	<u>\$ 661,793</u>	<u>\$ 16,486</u>	<u>\$ -</u>	<u>\$ 678,279</u>	<u>\$ 1,829,366</u>	<u>\$ 2,507,645</u>
Intergovernmental						
Receivables	<u>\$ 358,410</u>	<u>\$ 29,392</u>	<u>\$ 159,788</u>	<u>\$ 547,590</u>	<u>\$ -</u>	<u>\$ 547,590</u>
Lease receivables	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,888,147</u>	<u>\$ 2,888,147</u>

Governmental funds delay revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unearned revenue* reported in the governmental funds consisted of \$162,704 of unearned revenue in the general fund and \$7,872,168 of unearned American Rescue Plan Coronavirus State and Local Fiscal Recovery Funds in the American Rescue Plan special revenue fund, which are reported as unearned as these funds have not been used on allowable expenditures as of September 30, 2022.

City of Lake Wales, Florida

Notes to the Financial Statements September 30, 2022

C. Capital assets

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

	<u>Beginning Balance (*)</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 4,779,181	\$ 171,048	\$ (102,668)	\$ 4,847,561
Construction in progress	422,335	1,179,183	-	1,601,518
Total capital assets, not being depreciated	<u>5,201,516</u>	<u>1,350,231</u>	<u>(102,668)</u>	<u>6,449,079</u>
Capital assets being depreciated:				
Buildings	15,676,809	45,451	(2,866)	15,719,394
Improvements other than buildings	9,133,146	385,616	(497)	9,518,265
Machinery and equipment	11,960,394	205,171	-	12,165,565
Infrastructure	20,732,150	247,776	(8,649)	20,971,277
Right to use leased equipment	4,178,786	449,473	(41,897)	4,586,362
Total depreciable capital assets	<u>61,681,285</u>	<u>1,333,487</u>	<u>(53,909)</u>	<u>62,960,863</u>
Total all capital assets	<u>66,882,801</u>	<u>2,683,718</u>	<u>(156,577)</u>	<u>69,409,942</u>
Less accumulated depreciation for:				
Buildings	(5,973,707)	(368,291)	1,738	(6,340,260)
Improvements other than buildings	(6,221,244)	(267,460)	-	(6,488,704)
Machinery and equipment	(10,689,965)	(290,074)	-	(10,980,039)
Infrastructure	(17,256,500)	(502,260)	4	(17,758,756)
Right to use leased equipment	(1,733,091)	(541,799)	22,694	(2,252,196)
Total accumulated depreciation	<u>(41,874,507)</u>	<u>(1,969,884)</u>	<u>24,436</u>	<u>(43,819,955)</u>
Depreciable capital assets, net	<u>19,806,778</u>	<u>(636,397)</u>	<u>(29,473)</u>	<u>19,140,908</u>
Total governmental activities capital assets, net	<u>\$ 25,008,294</u>	<u>\$ 713,834</u>	<u>\$ (132,141)</u>	<u>\$ 25,589,987</u>

Depreciation expense was charged to the functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 125,268
Public safety	623,698
Physical environment	122,143
Transportation	571,035
Economic environment	13,523
Human services	10,174
Culture and recreation	504,043
Total governmental activities depreciation expense	<u>\$ 1,969,884</u>

(*) – the previously reported balances above on October 1, 2021 have been restated due to the implementation of GASB Statement No. 87. See Note 1.15 for more detail.

City of Lake Wales, Florida

Notes to the Financial Statements September 30, 2022

	Beginning Balance (*)	Additions	Disposals	Ending Balance
Business-type activities				
Capital assets not being depreciated				
Land	\$ 850,497	\$ -	\$ -	\$ 850,497
Construction in progress	356,971	831,893	-	1,188,864
Total capital assets, not being depreciated	1,207,468	831,893	-	2,039,361
Capital assets being depreciated:				
Buildings	6,370,870	-	-	6,370,870
Improvements other than buildings	69,344,920	969,143	-	70,314,063
Machinery and equipment	6,641,166	421,184	-	7,062,350
Right to use leased equipment	350,971	24,935	-	375,906
Total depreciable capital assets	82,707,927	1,415,262	-	84,123,189
Total all capital assets	83,915,395	2,247,155	-	86,162,550
Less accumulated depreciation for:				
Buildings	(736,801)	(150,995)	-	(887,796)
Improvements other than buildings	(21,859,638)	(1,686,655)	-	(23,546,293)
Machinery and equipment	(5,720,493)	(162,762)	-	(5,883,255)
Right to use leased equipment	(133,018)	(60,140)	-	(193,158)
Total accumulated depreciation	(28,449,950)	(2,060,552)	-	(30,510,502)
Depreciable capital assets, net	54,257,977	(645,290)	-	53,612,687
Total business-type activities capital assets, net	\$ 55,465,445	\$ 186,603	\$ -	\$ 55,652,048

Depreciation expense was charged to the functions/programs of the primary government as follows:

Business-type activities:

Water	\$ 876,466
Sewer	1,140,620
Cemetery	38,851
Stormwater	4,615
	\$ 2,060,552

Total business-type activities depreciation expense

\$ 2,060,552

(*) – the previously reported balances above on October 1, 2021 have been restated due to the implementation of GASB Statement No. 87. See Note 15 for more detail.

	Beginning Balance	Additions	Disposals	Ending Balance
Discretely presented component unit				
Capital assets not being depreciated				
Land	\$ 1,625,274	\$ -	\$ -	\$ 1,625,274
Construction in progress	146,104	90,187	(25,000)	211,291
Total capital assets, not being depreciated	1,771,378	90,187	(25,000)	1,836,565
Capital assets being depreciated:				
Buildings	2,597,291	11,575	-	2,608,866
Improvements other than buildings	19,902,378	917,211	-	20,819,589
Machinery and equipment	866,699	17,182	-	883,881
Total depreciable capital assets	23,366,368	945,968	-	24,312,336
Total all capital assets	25,137,746	1,036,155	(25,000)	26,148,901
Less accumulated depreciation for:				
Buildings	(691,035)	(55,501)	-	(746,536)
Improvements other than buildings	(6,950,220)	(1,087,216)	-	(8,037,436)
Machinery and equipment	(519,934)	(47,985)	-	(567,919)
Total accumulated depreciation	(8,161,189)	(1,190,702)	-	(9,351,891)
Depreciable capital assets, net	15,205,179	(244,734)	-	14,960,445
Total governmental activities capital assets, net	\$ 16,976,557	\$ (154,547)	\$ (25,000)	\$ 16,797,010

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2022

D. Construction commitments

The City has active construction projects as of September 30, 2022. At year-end, the City's commitments with contractors are as follows:

Projects	Spent-to-Date	Remaining Commitment
NW Water Main Extension	\$ 685,632	\$ 1,879,745
Watershed Management Plan	78,210	253,790
Septic to Sewer Project	249,066	2,970,315
Water Main Replacement Phase II	212,346	4,492,449
Sewer Evaluation	-	115,200
Ongoing Modeling	-	31,450
Total primary government	<u>\$ 1,225,254</u>	<u>\$ 9,742,949</u>

Other Commitments:

The City has signed several Inducement and Development Agreements with private businesses as an inducement for those businesses to relocate to the new planned industrial park. In these agreements, the City commits to landscaping and roadway infrastructure improvements.

E. Leases

Lease receivable – In 2022, the City implemented GASB Statement No. 87 – *Leases* and as a result identified several lease receivables related to antenna placement lease agreements, the oldest originally executed in 1998 and the most recent executed in 2006. Several of the lease agreements have been amended since the inception. The lease terms vary slightly but generally are for an initial 5-year period with the option of five additional 5-year renewal periods thereafter. The Town recognized approximately \$148,000 in lease revenue during the fiscal year related to these leases. On September 30, 2022, the City's receivable for future lease payments was \$2,888,147. Also, the Town reports a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term on a straight-line basis. On September 30, 2022, the balance of the deferred inflow of resources was \$2,901,734.

The future lease receipts were discounted using an interest rate of 2.43% which was an estimated yield on high quality municipal bonds as of the beginning of the period of implementation (October 1, 2021).

Leases payable – The City is a party to various lease agreements as lessee for the acquisition and use of vehicles and equipment in both the governmental and business-type activities. The total amount of leased assets, related accumulated amortization and balances of the leases payable, including principal and interest requirements to maturity, can be found at Note C and Note G.

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City of Lake Wales, Florida

Notes to the Financial Statements

September 30, 2022

F. Interfund receivable, payables and transfers

There were no interfund receivable or payable balances on September 30, 2022.

The composition of interfund transfers for the year ended September 30, 2022 is as follows:

	Transfer In:			Total
	General	Debt Service	LWVG Cemetery	
Transfer Out:				
General	\$ -	\$ -	\$ 164,000	\$ 164,000
CRA	-	692,622	-	692,622
Public Utilities	1,678,000	-	-	1,678,000
Total	<u>\$ 1,678,000</u>	<u>\$ 692,622</u>	<u>\$ 164,000</u>	<u>\$ 2,534,622</u>

Transfers during the year were used to 1) move revenue from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due, 2) move resources from the capital projects fund to the general fund to return resources that were not utilized for capital projects, 3) move general fund resources as a subsidy to the LWVG fund and 4) fund the annual budgeted transfer from the public utilities fund to the general fund.

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City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2022

G. Long-term debt

Following is a summary of the changes in long-term debt for the year:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Notes and lease obligations payable:					
Notes payable	\$ 5,702,641	\$ -	\$ (659,110)	\$ 5,043,531	\$ 682,332
Lease payable	1,678,663	449,473	(784,890)	1,343,246	692,095
Total notes and lease payable	<u>7,381,304</u>	<u>449,473</u>	<u>(1,444,000)</u>	<u>6,386,777</u>	<u>1,374,427</u>
Other liabilities:					
Net pension liabilities	7,547,557	-	(4,015,732)	3,531,825	-
OPEB liability	558,367	-	(16,860)	541,507	-
Compensated absences	1,159,610	185,007	-	1,344,617	134,461
Total other liabilities	<u>9,265,534</u>	<u>185,007</u>	<u>(4,032,592)</u>	<u>5,417,949</u>	<u>134,461</u>
Governmental long-term liabilities	<u>\$ 16,646,838</u>	<u>\$ 634,480</u>	<u>\$ (5,476,592)</u>	<u>\$ 11,804,726</u>	<u>\$ 1,508,888</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type activities:					
Notes and lease obligations payable:					
Notes payable	\$ 23,449,577	\$ 46,400	\$ (1,458,905)	\$ 22,037,072	\$ 1,531,540
Lease payable	196,736	24,935	(72,999)	148,672	71,282
Total notes and lease payable	<u>23,646,313</u>	<u>71,335</u>	<u>(1,531,904)</u>	<u>22,185,744</u>	<u>1,602,822</u>
Other liabilities:					
Net pension liabilities	480,160	-	(277,313)	202,847	-
OPEB liability	126,369	-	(3,763)	122,606	-
Compensated absences	177,742	16,417	-	194,159	19,416
Joint venture loan guarantee	337,435	77,751	-	415,186	-
Total other liabilities	<u>1,121,706</u>	<u>94,168</u>	<u>(281,076)</u>	<u>934,798</u>	<u>19,416</u>
Business-type long-term liabilities	<u>\$ 24,768,019</u>	<u>\$ 165,503</u>	<u>\$ (1,812,980)</u>	<u>\$ 23,120,542</u>	<u>\$ 1,622,238</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Discretely presented component unit:					
Notes payable:					
Notes payable	\$ 1,676,900	\$ -	\$ (106,218)	\$ 1,570,682	\$ 106,922
Total notes payable	<u>1,676,900</u>	<u>-</u>	<u>(106,218)</u>	<u>1,570,682</u>	<u>106,922</u>
Other liabilities:					
Compensated absences	2,617	1,178	-	3,795	379
Total other liabilities	<u>2,617</u>	<u>1,178</u>	<u>-</u>	<u>3,795</u>	<u>379</u>
Discretely presented component unit					
Total long-term liabilities	<u>\$ 1,679,517</u>	<u>\$ 1,178</u>	<u>\$ (106,218)</u>	<u>\$ 1,574,477</u>	<u>\$ 107,301</u>

City of Lake Wales, Florida

Notes to the Financial Statements September 30, 2022

Long-term liabilities, including accumulated compensated absences, OPEB liabilities and the City's net pension liabilities are typically liquidated by the individual fund to which the liability is directly associated. In regard to the governmental funds, other long-term liabilities as mentioned above have historically been liquidated by the general fund.

Listed below are the individual debt issues and the outstanding principal balance on September 30, 2022:

	Purpose (2)	Frequency of Payment (1)	Maturity	Originally Issued	Outstanding Amount	Interest Rate
Governmental activities						
Note payable:						
Redevelopment Revenue Note, Series 2007	5	S	2028	\$ 9,500,000	\$ 3,587,578	4.34%
Ascending Lien Capital Improvement, Revenue Note, Series 2013	7	S	2028	1,200,000	660,035	3.54%
Capital Improvement Revenue Notes, Series 2019	8	S	2035	900,000	795,917	2.59%
Lease obligations						
Vehicle Lease Payable - FY 2015'16	9	M	2021	693,512	33,280	1.93%
Vehicle Lease Payable - FY 2016'17	11	M	2022	646,803	-	3.90%
Vehicle Lease Payable - FY 2017'18	14	M	2023	627,229	119,379	3.90%
Vehicle Lease Payable - FY 2018'19	17	M	2024	804,974	259,466	4.35%
Vehicle Lease Payable - FY 2019'20	20	M	2025	318,365	175,312	4.35%
Vehicle Lease Payable - FY 2021'22	25	M	2026	391,291	305,329	4.67%
Copier leases payable - FY 2021'22	24	M	2026	58,182	50,539	6.00%
Fire Department Equipment Lease - 2017'18	15	M	2025	119,889	54,078	2.45%
Fire Department Fire Truck Lease - 2018'19	18	S	2024	581,875	183,803	3.26%
Motorola Radio Lease/Purchase	19	A	2024	388,423	162,061	2.90%
Total governmental activities					<u>\$ 6,386,777</u>	
Business-type activities						
Note payable:						
State Revolving Fund Loan - 5912S	2	S	2024	1,429,755	127,972	2.14%
State Revolving Fund Loan - 5913P	3	S	2028	1,025,345	321,204	1.88%
State Revolving Fund Loan - 59140	6	S	2033	368,589	218,502	2.30%
State Revolving Fund Loan - 530300	6	S	2033	4,163,664	2,419,304	1.91%
State Revolving Fund Loan - 530310	10	S	2036	5,380,510	4,289,589	1.82%
State Revolving Fund Loan - 530320	13	S	2039	2,216,402	1,887,028	0.72%
State Revolving Fund Loan - 530330	13	S	2039	3,206,386	2,777,045	0.00%
State Revolving Fund Loan - 530380	10	S	2029	1,158,429	992,755	0.00%
State Revolving Fund Loan - 531301	21	S	2040	2,240,580	2,044,737	0.97%
State Revolving Fund Loan - 530350	22	S	2040	1,073,008	987,773	0.29%
State Revolving Fund Loan - 530390	12	S	2041	5,010,126	4,846,049	0.96%
State Revolving Fund Loan - 5303A0	1	S	2025	46,400	46,400	0.00%
Ascending Lien Capital Improvement, Revenue Note, Series 2013	7	S	2028	500,000	275,450	3.54%
Utility System Refunding Note, Series 2006B	4	S	2027	2,550,000	803,264	1.14%
Lease obligations						
Vehicle Lease Payable - FY 2017'18	14	M	2023	153,014	24,953	3.90%
Vehicle Lease Payable - FY 2018'19	17	M	2024	73,440	27,473	4.35%
Vehicle Lease Payable - FY 2019'20	20	M	2025	54,480	29,620	4.35%
Vehicle Lease Payable - FY 2020'21	23	M	2026	70,037	44,967	4.35%
Copier leases payable - FY 2021'22	24	M	2026	24,935	21,659	6.00%
Total business-type activities					<u>\$ 22,185,744</u>	
Discretely presented component unit						
Notes payable:						
Subordinate Lien Capital Improvement Revenue Note (Airport Project), Series 2017	16	S	2037	\$ 1,825,000	\$ 1,511,000	2.92%
Lease obligations:						
Vehicle Lease Payable - FY 2017'18	14	M	2022	43,650	5,248	3.90%
Vehicle Lease Payable - FY 2019'20	20	M	2025	97,150	54,434	4.35%
Total discretely presented component unit					<u>\$ 1,570,682</u>	

(1) Frequency: S = Semiannual, M = Monthly

City of Lake Wales, Florida

Notes to the Financial Statements September 30, 2022

(2) Purpose:

1. Stormwater master plan. (SRF – 5303A0).
2. Construction of sludge dewatering facilities. (SRF – 5912S).
3. Planning and design of wastewater treatment plant expansion. (SRF – 5913P).
4. Construction of water and wastewater system improvements, including rehabilitation of lift station #2, southside force main and water main extension, and southside reuse transmission lines. This note was initially issued as a non-revolving line of credit during May 2006 but on October 1, 2009, the loan converted to a term loan. (Series 2006B).
5. Acquisition, construction and equipping of various capital improvements within the Community Redevelopment Area. (Series 2007).
6. Construction of wastewater plant rehabilitation and expansion. (SRF – 59140 & 530300).
7. Construction funding for fire substation \$1,200,000 and cemetery addition \$500,000. (Series 2013).
8. Acquisition, construction, rehabilitation and equipping of various capital improvements, including a YMCA facility.
9. Lease financing for 18 vehicles including 9 police vehicles and one pumper truck for the fire department. (Lease FY 2015'16).
10. Construction of major sewer system rehabilitation/replacement project (SRF – 530310 & SRF - 530380).
11. Lease financing for 15 vehicles including 6 police vehicles and one dump truck for the transportation fund (Lease FY 2016'17).
12. Acquisition of Park Water Company (SRF 530390).
13. Construction of the State Road 60 utilities extensions (SRF – 530320 & SRF - 530330).
14. Lease financing for 11 passenger vehicles, grapple truck, two tractors and an excavator (Lease FY 2017'18).
15. Lease financing for fire department equipment (Fire Department Equipment Lease – 2017'2018).
16. Lake Wales Municipal Airport capital improvement projects including design, construction and rehabilitation of taxiways, runways, construction of hangars, aircraft apron expansion, access road construction and parking improvements. (Series 2017).
17. Lease financing for 5 passenger vehicles, 12 police vehicles, 2 backhoes, one utility tractor and one boom truck (Lease FY 2018'19).
18. Lease financing for a new Fire Truck and related fire equipment.
19. Lease financing of 93 Motorola radios for the police and fire departments.
20. Lease financing for 11 passenger vehicles and a tractor (Lease FY 2019'20).
21. Water line replacement and ground storage tank (SRF – 531301).
22. Rehabilitation of the City's reuse system (SRF – 530350).
23. Lease financing for a F350 4x4 crane truck (Lease FY 2020'21).
24. Lease financing for several multi-function copiers.
25. Lease financing for 6 police vehicles (Leases FY 2021'22).

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2022

The debt obligations are secured by the equipment acquired, a covenant to budget, and/or a pledge of the following revenue sources:

- Utility System Revenue and Refunding Revenue Notes, Series 2006B - senior lien on utility system net revenues;
- Redevelopment Revenue Note, Series 2007 – shall not constitute a general obligation of the City or the Community Redevelopment Area but shall be payable solely from the tax increment revenues and the non-ad valorem revenues as budgeted and appropriated;
- State Revolving Fund Loans - junior lien on utility system net revenues;
- Ascending Lien Cap Imp Rev Note, Series 2013 – senior lien on communication service taxes and a junior lien on electric franchise fees and public service (utility) taxes.
- Subordinate Lien Capital Improvement Revenue Note (Airport Project), Series 2017 – junior lien of electric franchise fees.

Most of the debt obligations may be prepaid in whole or in part without penalty, except as follows:

- There is a “breakage fee” on the Utility System Revenue Note, Series 2006B, if interest rates have generally decreased.
- There is a “prepayment charge” on the Redevelopment Revenue Note, Series 2007 to compensate the Bank for all losses, costs and expenses incurring in connection with such prepayment.

There are no large “balloon payments” due in future years. Certain notes require the establishment of sinking or reserve accounts.

- The Utility System Refunding Revenue Note, Series 2006B requires annual debt service reserves equal to 1/6th per month of all interest and 1/12th per month of the annual principal amount coming due. As of September 30, 2022, the sinking fund balance for Series 2006B was \$165,868.
- The Subordinate Lien Capital Improvement Revenue Note (Airport Project), Series 2017 requires annual debt service reserves equal to 1/6th per month of all interest and 1/12th per month of the annual principal amount coming due. As of September 30, 2022, the sinking fund balance for Series 2017 was \$100,510.
- State Revolving Fund loans require a “Loan Debt Service Account”. Beginning six months prior to each semiannual loan payment, the City shall make five monthly loan deposits into the Loan Debt Service Account. The amount set aside in the Loan Debt Service Account for the existing State Revolving Fund loans is \$982,399.
- One of the existing State Revolving Fund loans requires a “Loan Replacement Reserve Account”. The Replacement Reserve Account for loan 5912S was \$44,669 on September 30, 2022.

City of Lake Wales, Florida

Notes to the Financial Statements

September 30, 2022

The debt obligations all allow for the obligors to take whatever legal actions necessary to collect the amounts due in the event of default. The following debt obligations have additional remedies in the event of defaults as follows:

- Redevelopment Revenue Note, Series 2007 – The note holder may declare the entire remaining liability balance due and payable and the City would be obligated to pay all costs of collection and enforcement of the provisions of the note.
- Capital Improvement Revenue Note, Series 2013 – The note holder may, upon written notice, declare the outstanding principal on the note due and payable immediately. The City would also be obligated to pay all costs of collection and enforcement of the note, including such reasonable attorneys' fees as may be incurred during the process by the note holder.
- Capital Improvement Revenue Note, Series 2019 – The note holder may charge a late fee of 5% of any payment not received by the note holder within ten days of the due date and may charge an interest rate of 5.59% on the unpaid balance during the period of default.
- Utility System Refunding Note, Series 2006B - Any amounts due under this note that are not paid when due shall bear interest equal to the current rate of 1.14% plus 2.00% for a total interest rate from and after the date due of 3.14%.
- Capital lease/purchase agreements – The lessor/lender typically has the right to declare the unpaid principal components of the remaining payment to be due and payable upon default and in some cases, can forcibly repossess the asset securing the lease/purchase.
- State Revolving Funds (SRF) Loans – The lender, subject to the rights of superior liens on the pledged revenues, may request a court to appoint a receiver to manage the water and sewer systems, intercept the delinquent amount from any unobligated funds due to the City under any revenue or tax sharing fund established by the State of Florida, impose a penalty in the amount not to exceed a rate of 18 percent per annum on the amount due, notify financial market credit rating agencies and potential creditors and may accelerate the repayment schedule or increase the interest rate on the unpaid principal of the loan to as much as three times the loan interest rate.

City of Lake Wales, Florida

Notes to the Financial Statements September 30, 2022

All City notes and capital lease/purchase obligations arose through direct borrowings or direct placements.

Annual debt service requirements of the City's notes payable and lease obligations as of September 30, 2022, are as follows:

Fiscal Year	Governmental Activities					
	Notes		Leases		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 682,332	\$ 186,933	\$ 692,095	\$ 43,483	\$ 1,374,427	\$ 230,416
2024	707,371	158,253	407,247	22,600	1,114,618	180,853
2025	732,259	128,484	155,253	9,914	887,512	138,398
2026	759,025	97,588	88,651	4,137	847,676	101,725
2027	785,704	65,618	-	-	785,704	65,618
2028-2032	1,170,922	69,320	-	-	1,170,922	69,320
2033-2037	205,918	8,197	-	-	205,918	8,197
Total	\$ 5,043,531	\$ 714,393	\$ 1,343,246	\$ 80,134	\$ 6,386,777	\$ 794,527

Fiscal Year	Business-type Activities					
	Notes		Leases		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 1,531,540	\$ 234,147	\$ 71,282	\$ 5,240	\$ 1,602,822	\$ 239,387
2024	1,529,346	216,858	44,402	2,672	1,573,748	219,530
2025	1,503,616	197,379	28,811	909	1,532,427	198,288
2026	1,500,333	178,932	4,177	50	1,504,510	178,982
2027	1,518,401	160,685	-	-	1,518,401	160,685
2028-2032	5,576,353	505,184	-	-	5,576,353	505,184
2033-2037	5,787,354	270,907	-	-	5,787,354	270,907
2038-2042	3,090,129	44,243	-	-	3,090,129	44,243
Total	\$ 22,037,072	\$ 1,808,335	\$ 148,672	\$ 8,871	\$22,185,744	\$ 1,817,206

Fiscal Year	Discretely Presented Component Unit					
	Notes		Leases		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 106,922	\$ 45,013	\$ -	\$ -	\$ 106,922	\$ 45,013
2024	104,547	41,606	-	-	104,547	41,606
2025	101,213	38,237	-	-	101,213	38,237
2026	89,000	35,434	-	-	89,000	35,434
2027	92,000	32,792	-	-	92,000	32,792
2028-2032	500,000	121,618	-	-	500,000	121,618
2033-2037	577,000	43,085	-	-	577,000	43,085
Total	\$ 1,570,682	\$ 357,785	\$ -	\$ -	\$ 1,570,682	\$ 357,785

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2022

Joint Venture Loan Guarantee – The City has entered into an agreement with the Florida Department of Environmental Protection to guarantee to pay the principal and interest of their proportional share of SRF loan funds borrowed by the Polk Regional Water Cooperative to fund the projects of the combined projects implementation agreement. The SRF loan bears interest at 1.89% and principal and interest are due semiannually beginning on December 15, 2024 for a ten-year term to maturity on December 15, 2033. As of September 30, 2022, the Polk Regional Water Cooperative has borrowed \$8,804,576 through this SRF funding of which, \$415,186 has been guaranteed by the City and has been recorded as a liability in the City’s public utilities enterprise fund. See Note IV.G for more information on the Polk Regional Water Cooperative and the relationship with the City.

Annual debt service requirements of the City’s joint venture loan guarantee are as follows:

Fiscal Year	Business-type Activities	
	Joint Venture Loan	
	Principal	Interest
2023	\$ -	\$ -
2024	-	-
2025	38,110	7,668
2026	38,834	6,944
2027	39,571	6,207
2028-2032	209,418	19,472
2033-2037	89,253	2,116
Total	\$ 415,186	\$ 42,407

Future Revenues that are Pledged

The City has pledged various future revenue sources for various debt issues. For the water and sewer system, the City has pledged future water and sewer customer revenues, net of certain operating expenses. The following table provides a summary of the pledged revenues for the City’s outstanding debt issue.

	Debt Obligation Reference	Total Principal and Interest Outstanding	Current Year Principal and Interest	Current Year Revenue	% of Revenue to Principal and Interest Paid
CRA Tax Increment Revenues	Series 2007	\$ 4,075,542	\$ 692,623	\$ 2,356,590	340%
Communication Service Taxes	Series 2013	1,055,133	154,108	471,302	306%
Stormwater System Net Revenue	SRF 5303A0	46,400	-	146,852	n/a
Water and Sewer Net Revenue	SRF and Series 2006B	23,485,944	1,767,054	4,459,155	252%
		<u>\$ 28,663,019</u>	<u>\$ 2,613,785</u>	<u>\$ 7,433,899</u>	

Conduit Debt

The City has issued bonds to provide financing assistance to a private sector entity for acquisition, construction and equipping a senior care facility deemed to be in the public interest. These bonds are payable solely from the revenues of the private sector entity.

The Retirement Facility Revenue Bonds, Series 2008 (Series 2008) and interest thereon do not constitute an indebtedness or pledge of the general credit of the City, Polk County, the State of Florida or any political subdivision or agency thereof. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. Series 2008 was initially issued for \$26,885,000. As of September 30, 2022, the outstanding balance on these bonds is \$14,290,000.

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2022

IV. Other Information

A. Related party transactions

During 2022, the City provided the use of certain City personnel to the Authority (the discretely presented component unit) at no cost. The City Manager and City Finance Director currently serve as the Airport Manager and Airport Finance Director, respectively. The City's Public Service Director acted in a liaison capacity between the City Commission and the Airport Authority Board. Additional services were provided by City purchasing, information technology, and finance departments. Public Service department costs totaling \$30,000 were charged to the Authority for the year ended September 30, 2022.

In the Ordinance that recreated the Authority, the City retained approval rights over most of the major decisions of the Authority. The following Board actions are subject to the approval of the Lake Wales City Commission:

- Adopting bylaws.
- Adopting an official seal.
- Maintaining an office.
- Suing or being sued.
- Acquiring, leasing, constructing, reconstructing, improving, extending, enlarging, equipping, repairing, maintaining, or operating any airport which may be located on the property of the Authority.
- Issuing bonds, refunding bonds, and revenue certificates.
- Fixing and revising rates, fees, or other charges.
- Acquiring real or personal property.
- Entering into certain contracts or agreements, including those to operate other airports.
- Accepting grant money.
- Doing all things necessary or convenient to carry out the powers granted by the Ordinance

An interlocal agreement was approved and executed by the Airport Authority Board and the City Commission in October 2007 and renewed in October 2012. In this new agreement, both parties reaffirmed that the Authority did not have sufficient funds available to pay all of the costs of operating the Authority, and as a result thereof, it was in the mutual interest of the parties for the City to pay certain costs incurred by the Authority. However, payments by the City contemplated under the agreement were not to continue past five years, at which time it was expected that the Authority would be capable of bearing these costs. In all events, the Authority agreed to comply with the policies and procedures of the City, including but not limited to the policies governing investments and the purchase and acquisition of goods and services. The Airport Authority has a liability to the General Fund of \$638,518 on September 30, 2022.

B. Contingent liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the City.

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2022

C. Other postemployment benefits (OPEB)

The City follows GASB Cod. Sec. P50 for certain post-employment health care benefits provided by the City.

Plan Description

The Other Postemployment Benefits Plan (OPEB Plan) is a single employer defined benefit postemployment health care plan administered by the City. The OPEB Plan allows employees who retire and meet retirement eligibility requirements under one of the City’s retirement plans to purchase health insurance at the City’s group rate.

Benefits Provided

In accordance with Chapter 112.0801, Florida Statutes, the City is required to permit participation in the health insurance program by retirees and their eligible dependents at a cost to the retiree that is no greater than the cost at which coverage is available for active employees. Therefore, the City offers retirees the option of purchasing the City’s group health insurance coverage at the cost applicable to active employees.

The City does not offer any explicit subsidies for retiree coverage. The OPEB Plan does not issue a stand-alone financial report and is not included in the annual report of a public employee retirement system or another entity.

Funding Policy

Currently, the City’s OPEB benefits are unfunded. The City has not advance-funded or established a funding methodology for the annual other postemployment benefit (OPEB) costs or the OPEB obligation, and the OPEB Plan is financed on a pay-as-you-go basis. The City paid an estimated \$31,909 for OPEB costs during fiscal year 2022.

No assets are being accumulated in a trust to pay for plan benefits.

Other postemployment benefits membership is comprised of the following at 9/30/2021, the date in the latest complete actuarial valuation:

Inactive Plan members, or beneficiaries currently receiving benefits	2
Inactive Plan members entitled to but not yet receiving benefits	-
Active Plan members	<u>193</u>
Total	<u><u>195</u></u>

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2022

Total OPEB Liability

The City's total OPEB liability as reported on September 30, 2022 was determined by an actuarial valuation as of September 30, 2021 (measurement date). The actuarial assumptions used in this valuation were as follows:

Inflation rate	2.50%
Discount Rate	2.43%
Initial Trend Rate	7.50%
Ultimate Trend Rate	4.00%
Year to Ultimate Trend Rate	53

Salary Rate Increases: For general pension plan employees, the assumed salary increase is 10% for the first year and 4% each year thereafter. For police and fire pension plan employees, the assumed salary increase is 5.75% per year.

Mortality Rates – Active Lives: For female (non-special risk) lives, the headcount-weighted PubG-2010 female employee table was used. For female special risk lives, the headcount-weighted PubS-2010 female below-median income employee table, set forward one year, was used.

For male (non-special risk) lives, the headcount-weighted PubG-2010 male below-median income employee table, set back one year, was used. For male special risk lives, the headcount-weighted PubS-2010 male below-median income employee table, set forward one year, was used.

Mortality Rates – Inactive Healthy Lives: For female (non-special risk) lives, the headcount-weighted PubG-2010 female below-median income healthy retiree table was used. For female special risk lives, the headcount-weighted PubS-2010 female healthy retiree table, set forward one year, was used.

For male (non-special risk) lives, the headcount-weighted PubG-2010 male below-median income healthy retiree table, set back one year, was used. For male special risk lives, the headcount-weighted PubS-2010 male below-median income healthy retiree table, set forward one year, was used.

For special risk survivors, the headcount-weighted PubG-2010 below-median income healthy retiree table, set back one year for males, was used.

Mortality Rates – Disabled Lives: For female (non-special risk) lives, the headcount-weighted PubG-2010 female disabled retiree table, set forward 3 years, was used. For female special risk lives, an 80% headcount-weighted PubG-2010 female disabled retiree, 20% headcount-weighted PubS-2010 female disabled retiree blended table was used.

For male (non-special risk) lives, the headcount-weighted PubG-2010 male disabled retiree table, set forward 3 years, was used. For male special risk lives, an 80% headcount-weighted PubG-2010 male disabled retiree, 20% headcount-weighted PubS-2010 male disabled retiree blended table was used.

Discount rate – Given the City's decision not to fund the OPEB Plan, all future benefit payments were discounted using a high-quality municipal bond rate of 2.43%. The high-quality municipal bond rate was based on the week closest but not later than the measurement date of the S&P municipal Bond 20-year High Grade Index as published by S&P Dow Jones Indices. The S&P Municipal Bond Index consists of bonds in the S&P Municipal bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor's Ratings Services, Aa2 by Moody's or AA by Fitch. If there are multiple ratings, the lowest rating is used.

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2022

Changes in the Total OPEB Liability:

	Total OPEB Liability	
	<hr/>	
Reporting period ending September 30, 2021	\$	684,736
Changes for the year:		
Service cost		45,022
Interest		15,276
Difference between expected and actual experience		(33,906)
Changes of assumptions		(15,106)
Benefit payments		(31,909)
Net changes		<hr/> (20,623) <hr/>
Reporting period ending September 30, 2022	\$	<hr/> <u>664,113</u> <hr/>

Changes in assumptions reflect a change in discount rate from 2.14% for the reporting period ending September 30, 2021 to 2.43% for the reporting period ending September 30, 2022. The changes in assumptions also reflect updated health care costs, premiums and trend rates, mortality rates, termination and disability rates as well as the rate of line-of-duty disabilities for firefighters.

Sensitivity of the Total OPEB Liability to changes in the discount rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage point higher than the current discount rate:

	1% Decrease (1.43%)	Discount Rate (2.43%)	1% Increase (3.43%)
	<hr/>	<hr/>	<hr/>
Total other postemployment benefits liability	\$ 744,094	\$ 664,113	\$ 593,952

Sensitivity of the Total OPEB Liability to changes in the healthcare cost trend rates

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage point higher than the current healthcare cost trend rates:

	1% Decrease (3.00% to 6.50%)	Discount Rate (4.00% to 7.50%)	1% Increase (5.00% to 8.50%)
	<hr/>	<hr/>	<hr/>
Total other postemployment benefits liability	\$ 584,462	\$ 664,113	\$ 758,650

City of Lake Wales, Florida

Notes to the Financial Statements September 30, 2022

OPEB expense and deferred outflows and inflows of resources related to OPEB

For the year ended September 30, 2022, the City recognized OPEB expense of \$91,506. On September 30, 2022, deferred outflows of resources and deferred inflows of resources related to OPEB were as follows:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 13,507	\$ 29,062
Change in assumptions	132,140	24,470
City contributions subsequent to the measurement date	18,753	-
Total	\$ 164,400	\$ 53,532

Deferred outflows of resources related to City contributions subsequent to the measurement date of September 30, 2021 will be recognized as a reduction of the total OPEB liability in the year ended September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending September 30,	Amount
2023	\$ 28,636
2024	32,718
2025	36,436
2026	8,327
2027	(7,002)
Thereafter	(7,000)
	\$ 92,115

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2022

D. Employee retirement systems and pension plans

The City maintains three defined benefit single-employer pension plans:

- Municipal General Employees' Pension Plan
- Municipal Police Officers' Pension Plan
- Municipal Firefighters' Pension Plan

Summary of Significant Accounting Policies

The City accounts for all three plans as pension trust funds; therefore, they are accounted for in substantially the same manner as proprietary funds with an economic resources measurement focus and the accrual basis of accounting. Plan member contributions, employer contributions, and contributions from other entities are recognized in the period in which the contributions are due. 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 plans and additions to/deductions from the plans' net position have been determined on the same basis as they are reported to the plans. For this purpose, benefits and refunds are recognized when due and payable in accordance with terms of the plans. Plan assets are valued at fair value for financial statement purposes, as reported within the annual trustee statements. The three pension plans were established by City ordinance and can be amended or terminated by City ordinance.

The defined benefit plans do not issue stand-alone financial reports and are not included in any other retirement system's or entity's financial report. Financial statements for the individual pension plans are presented below since separate GAAP financial reports have not been issued for the individual plans.

Cash, Cash Equivalents, and Investments

If available, quoted market prices of identical assets are used to value investments. Purchases and sales of investment securities are recorded on a trade-date basis. Many factors are considered in arriving at fair value. In general, however, certificates of deposit, corporate bonds and government obligations are valued by surveying various market makers and dealers, as well as data from the new issue market and yields currently available on comparable securities of issuers with similar credit ratings. Investments in equity funds are valued at the quoted market price of identical assets. Investments are held with a registered security dealer. Investment decisions are made by the investment advisor who provides quarterly reports of the investment portfolio and its performance to the Board of Trustees for each plan. Performance is assessed quarterly by A.G. Edwards. The Pension Plans did not hold investments in any one organization that represents 5% or more of each Plan's fiduciary net position.

The money weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested. For the fiscal year ended September 30, 2022, the money-weighted rate of return on plan investments, net of investment expense, was as follows:

	<u>General</u>	<u>Fire</u>	<u>Police</u>
Money-weighted rate of return	-15.73%	-13.09%	-13.00%

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2022

Tax Status: All plans are exempt from federal income taxes under the provisions of Section 501(a) of the Internal Revenue Code.

General Information about the Pension Plans

Plan Description:

Members of the police officers' and firefighters' pension plans consist of full-time police officers and firefighters and members of the general employees' pension plan consists of all full-time employees classified as general employees.

The administration and responsibility for the proper operation of the retirement systems and trusts is vested each plan's Board of Trustees as set forth by City Ordinance. The General Pension Plan's Board consists of: the Mayor and/or Commissioner appointed by the City Commission, the Finance Director as a non-voting member of Board, two employee members to be elected by a majority of the actively employed members of the retirement system, and two members selected by the Board and appointed by the City Commission. The Police and Firefighter Pension Boards each consist of two Commission appointees, two members of the fund elected by membership, and a fifth member elected by the first four members and appointed by the City Commission.

Benefits Provided:

Benefits for police officers and firefighters are payable at normal retirement, the earlier of age 55 with 10 years of creditable service or age 50 with 25 years of creditable service, equal to 3% of average final compensation multiplied by the number of service years with a maximum annual benefit of \$75,000. The average final compensation is based on annual compensation of the 5 highest paid years of the last 10 years of creditable service. Both plans provide for early retirement with reduced benefits at age 50 and provide disability, death, and survivor benefit provisions. Members who have accrued the maximum annual benefit of \$75,000 no longer make contributions to the plan but rather transition to the City's 401(a) defined contribution plan (see Note E for more information on the 401(a) Plan).

Benefits for general employees are payable at normal retirement, upon the attainment of age 60 with 10 years of creditable service. The normal retirement benefit is equal to 2.5% of average final compensation multiplied by the number of creditable service years with a maximum annual benefit of \$75,000. The average final compensation is based on annual compensation of the highest 5 consecutive years of service. The plan provides for early retirement with reduced benefits at age 55 and provides death and survivor benefit provisions. Members who have accrued the maximum annual benefit of \$75,000 no longer make contributions to the plan but rather transition to the City's 401(a) defined contribution plan (see Note E for more information on the 401(a) Plan).

Police, fire and general employees who have satisfied the requirements for normal retirement are eligible to participate in the Deferred Retirement Option Program (DROP) for up to five years. During the DROP period, the member accrues a benefit amount equal to what would have been the members retirement benefit had the member retired as of the date of entry into the DROP program plus earnings. This accumulated amount is paid in a lump-sum when the member leaves active service at the end of the DROP period. Amounts held in DROP accounts as of September 30, 2022, are \$362,191 for the General Pension Plan, \$167,952 for the Police Officers' Pension Plan and \$324,809 for the Firefighters' Pension Plan.

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2022

Participant Data: Plan membership detail is as follows:

	As of October 1, 2021		
	General Employees' Pension Fund	Fire Fighters' Pension Fund	Police Officers' Pension Fund
Inactive Plan members or beneficiaries currently receiving benefits	53	17	28
Inactive Plan members entitled to but not yet receiving benefits	19	7	6
Active Plan members	109	27	45
Total	181	51	79

Contributions Required and Contribution Made

City contributions are based upon an actuarially determined rate recommended by an independent actuary and adopted by the respective Board of Trustees. The City contributes an amount equal to the difference between the total aggregate member contributions and the actuarial required annual contributions to the plans. The Police Officers' and the Firefighters' Pension Funds receive contributions from the State of Florida from a tax on casualty and property insurance premiums, which the City may use to offset the City contribution (subject to limits).

The City's annual contributions for the current year for each plan are as follows:

	General Employees' Pension Fund	Firefighters' Pension Fund	Police Officers' Pension Fund
Contribution rates/amounts:			
City and State contributions	\$ 436,642	\$ 577,145	\$ 540,137
Plan members	5.0%	5.0%	5.0%

The non-employee contributions above include City and State contributions paid to the Plans during the current fiscal year and from contributions recognized as a receivable by the individual Plans.

The annual required contribution for the 2022 fiscal year was determined as part of the October 1, 2020 actuarial valuations. The assumptions did not include post retirement cost of living adjustment.

Changes in the Net Pension Liability: The following schedules represent the changes in the net pension liability as of the City's measurement date of September 30, 2021 for each of the pension plans in which the City participates. As a result, the individual Plan Fiduciary Net Position in the schedules below will not agree to the individual Plan Fiduciary Net Position as of September 30, 2022.

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2022

General Employees' Pension Plan:

	Increase (Decrease)		
	Total	Plan	Net
	Pension	Fiduciary Net	Pension
	Liability	Position	Liability
	(a)	(b)	(a)-(b)
Reporting period ending 9/30/2021	\$ 13,556,949	\$ 11,886,621	\$ 1,670,328
Changes for the year:			
Service cost	344,435	-	344,435
Interest	1,015,346	-	1,015,346
Differences between expected and actual experience	437,748	-	437,748
Changes of assumptions	-	-	-
Contributions - employer	-	333,216	(333,216)
Contributions - employee	-	224,480	(224,480)
Contributions - employee buyback	-	-	-
Net investment income	-	2,274,288	(2,274,288)
Benefit payments, including refunds of employee contributions	(726,870)	(726,870)	-
Administrative expenses	-	(45,410)	45,410
Net changes	<u>1,070,659</u>	<u>2,059,704</u>	<u>(989,045)</u>
Reporting period ending 9/30/2022	<u>\$ 14,627,608</u>	<u>\$ 13,946,325</u>	<u>\$ 681,283</u>

Firefighters' Pension Plan:

	Increase (Decrease)		
	Total	Plan	Net
	Pension	Fiduciary Net	Pension
	Liability	Position	Liability
	(a)	(b)	(a)-(b)
Reporting period ending 9/30/2021	\$ 13,322,750	\$ 9,361,642	\$ 3,961,108
Changes for the year:			
Service cost	289,358	-	289,358
Interest	1,029,607	-	1,029,607
Differences between expected and actual experience	74,660	-	74,660
Contributions - employer	-	445,969	(445,969)
Contributions - State of Florida	-	102,992	(102,992)
Contributions - employee	-	87,289	(87,289)
Net investment income	-	1,909,693	(1,909,693)
Benefit payments, including refunds of employee contributions	(653,723)	(653,723)	-
Administrative expenses	-	(53,098)	53,098
Net changes	<u>739,902</u>	<u>1,839,122</u>	<u>(1,099,220)</u>
Reporting period ending 9/30/2022	<u>\$ 14,062,652</u>	<u>\$ 11,200,764</u>	<u>\$ 2,861,888</u>

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2022

Police Officers' Pension Plan:

	Increase (Decrease)		
	Total	Plan	Net
	Pension Liability (a)	Fiduciary Net Position (b)	Pension Liability (a)-(b)
Reporting period ending 9/30/2021	\$ 18,303,171	\$ 15,906,890	\$ 2,396,281
Changes for the year:			
Service cost	448,363	-	448,363
Interest	1,390,652	-	1,390,652
Share plan allocation	23,304	-	23,304
Differences between expected and actual experience	(265,579)	-	(265,579)
Changes of assumptions	94,715	-	94,715
Contributions - employer	-	394,219	(394,219)
Contributions - State of Florida	-	142,767	(142,767)
Contributions - employee	-	121,621	(121,621)
Net investment income	-	3,317,196	(3,317,196)
Benefit payments, including refunds of employee contributions	(906,966)	(906,966)	-
Administrative expenses	-	(79,568)	79,568
Net changes	<u>784,489</u>	<u>2,989,269</u>	<u>(2,204,780)</u>
Reporting period ending 9/30/2022	<u>\$ 19,087,660</u>	<u>\$ 18,896,159</u>	<u>\$ 191,501</u>

The net pension liability of each Plan was measured as of September 30, 2021 for financial reporting purposes and the total pension liability used to calculate the net pension liability for this purpose was determined by actuarial valuations as of October 1, 2020, updated to September 30, 2021 (measurement date). Significant actuarial assumptions used to measure the total pension liability are as follows:

	General Employees' Pension Fund	Firefighters' Pension Fund	Police Officers' Pension Fund
Significant assumptions:			
Investment rate of return	7.50%	7.75%	7.55%
Projected salary increase*	Service based	Service based	Service based
*Includes inflation at	2.50%	2.50%	2.50%
Post retirement COLA	0.00%	0.00%	0.00%
Experience study used	July 25, 2018	September 24, 2018	September 24, 2018

Mortality rates used to determine the total pension liability as of the September 30, 2021 measurement date were based on The Society of Actuaries' Retirement Plans Experience Committee (RPEC) Pub-2010 Public Retirement Plans Mortality Tables Reports for active, inactive and disabled males or females, as appropriate, with adjustments for mortality improvements based on MP-2018.

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

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2022

Best estimates of arithmetic real rates of return for each major asset class included in each pension plan's target asset allocation as of September 30, 2022 are summarized below:

General Employees' Pension Plan:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	50%	6.61%
International Equity	15%	6.55%
Fixed Income	35%	4.00%
	<u>100%</u>	

Firefighters' and Police Officers' Pension Plans:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	45%	7.10%
International Equity	15%	3.10%
Bonds	30%	2.00%
Private Real Estate	10%	6.40%
	<u>100%</u>	

Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions

For the year ended September 30, 2022, the City recognized total pension expense of \$980,438 comprised of pension expense of \$228,690 \$479,891, and \$479,891 for the General Employees' Pension Fund, Firefighters' Pension Fund and Police Officers' Pension Fund, respectively. On September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

General Employees' Pension Fund:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 291,832	\$ 31,432
City contributions made subsequent to the measurement date of September 30, 2021	436,642	-
Change in assumptions	-	64,255
Net difference between projected and actual earnings on pension plan investments	-	597,071
Total	<u>\$ 728,474</u>	<u>\$ 692,758</u>

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2022

Firefighters' Pension Fund:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 180,177	\$ 154,172
City contributions made subsequent to the measurement date of September 30, 2021	577,145	-
Change in assumptions	48,693	187,072
Net difference between projected and actual earnings on pension plan investments	-	474,204
Total	\$ 806,015	\$ 815,448

Police Officers' Pension Fund:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 456,588
City contributions made subsequent to the measurement date of September 30, 2021	571,907	-
Change in assumptions	125,461	120,966
Net difference between projected and actual earnings on pension plan investments	-	838,659
Total	\$ 697,368	\$ 1,416,213

Amounts reported as deferred outflows of resources related to City contributions subsequent to the measurement date of September 30, 2021 will be recognized as a reduction of the net pension liability in the year ended September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30,	General Employees' Pension Fund	Firefighters' Pension Fund	Police Officers' Pension Fund	Total
2023	\$ (3,038)	\$ (53,642)	\$ (305,499)	\$ (362,179)
2024	52,240	(98,225)	(204,899)	(250,884)
2025	(173,964)	(160,087)	(327,640)	(661,691)
2026	(276,164)	(268,523)	(452,714)	(997,401)
2027	-	(6,101)	-	(6,101)
	\$ (400,926)	\$ (586,578)	\$ (1,290,752)	\$ (2,278,256)

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2022

Discount Rate: The discount rate used to measure the total pension liability for each plan was as follows:

- General Employees' Pension Plan – 7.50%
- Firefighters' Pension Plan – 7.75%
- Police Officers' Pension Plan – 7.55%

The projection of cash flow used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liabilities to Changes in the Discount Rate: The following presents the net pension liabilities of the Plans, calculated using the applicable current discount rate as well as what the Plans' net pension liabilities would be if they were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

Sensitivity of the Net Pension Liabilities as of the City's measurement date of September 30, 2021:

	Current Discount Rate	1% Decrease	Current Discount	1% Increase
City's Net Pension General Employees Liability	7.50%	\$ 2,348,074	\$ 681,283	\$ (705,921)
City's Net Pension Firefighters Liability	7.75%	\$ 4,429,512	\$ 2,861,888	\$ 1,540,063
City's Net Pension Police Officers Liability	7.55%	\$ 2,304,971	\$ 191,501	\$(1,583,696)
Total		<u>\$ 9,082,557</u>	<u>\$ 3,734,672</u>	<u>\$ (749,554)</u>

Sensitivity of the Net Pension Liabilities as of the Plans' current fiscal year of September 30, 2022:

	Current Discount Rate	1% Decrease	Current Discount	1% Increase
City's Net Pension General Employees Liability	7.50%	\$ 5,390,691	\$ 3,655,143	\$ 2,211,426
City's Net Pension Firefighters Liability	7.75%	\$ 6,896,987	\$ 5,273,023	\$ 3,905,163
City's Net Pension Police Officers Liability	7.50%	\$ 5,757,942	\$ 3,583,127	\$ 1,761,105
Total		<u>\$ 18,045,620</u>	<u>\$ 12,511,293</u>	<u>\$ 7,877,694</u>

The net effect of significant changes between the City's measurement date of September 30, 2021 and the Plans' reporting date of September 30, 2022 can be seen in the tables above and are generally due to the changes in fair value of the plan investments between measurement dates above.

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2022

Statement of Fiduciary Net Position as of September 30, 2022

	Pension Trust Fund			Total
	General Employees' Pension	Firefighters' Pension	Police Officers' Pension	
Assets				
Investments, at fair value:				
Money market funds	\$ 587,743	\$ 394,576	\$ 518,105	\$ 1,500,424
Government Bonds	326,349	332,084	394,243	1,052,676
Government Assets backed/CMO Securities	1,987,573	1,073,347	2,303,820	5,364,740
Taxable Municipal Bonds	202,262	139,581	206,904	548,747
Foreign Bonds	109,232	32,244	55,322	196,798
Corporate bonds and notes	797,515	572,994	633,196	2,003,705
Common and preferred stock	7,606,035	5,831,381	9,858,616	23,296,032
Real estate investment fund	-	1,291,844	2,244,925	3,536,769
Total investments	11,616,709	9,668,051	16,215,131	37,499,891
Receivable (net):				
Interest and dividends	21,689	15,812	23,742	61,243
Due from City	90,438	26,072	23,114	139,624
Total receivable	112,127	41,884	46,856	200,867
 Total assets	 11,728,836	 9,709,935	 16,261,987	 37,700,758
Liabilities				
Accounts payable	150,536	-	-	150,536
Total liabilities	150,536	-	-	150,536
Net position				
Held in trust for pension benefits and other purposes	\$ 11,578,300	\$ 9,709,935	\$ 16,261,987	\$ 37,550,222

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2022

Schedule of Changes in Fiduciary Net Position for the year ended September 30, 2022

	Pension Trust Fund			Total
	General Employees' Pension	Firefighters' Pension	Police Officers' Pension	
Additions				
Contributions:				
Employer	\$ 436,642	\$ 461,565	\$ 412,209	\$ 1,310,416
State of Florida	-	115,580	159,698	275,278
Employee	252,073	90,503	127,194	469,770
Total contributions	<u>688,715</u>	<u>667,648</u>	<u>699,101</u>	<u>2,055,464</u>
Interest and dividends	276,469	272,440	462,708	1,011,617
Net increase (decrease) in the fair value of investments	(2,385,223)	(1,660,003)	(2,778,642)	(6,823,868)
Total investments income	(2,108,754)	(1,387,563)	(2,315,934)	(5,812,251)
Less investment expense	(69,474)	(67,795)	(97,329)	(234,598)
Net investment income	(2,178,228)	(1,455,358)	(2,413,263)	(6,046,849)
Total additions	<u>(1,489,513)</u>	<u>(787,710)</u>	<u>(1,714,162)</u>	<u>(3,991,385)</u>
Deductions				
Benefit payments	568,876	636,758	823,547	2,029,181
Refunds of contributions	274,545	7,296	12,204	294,045
Administration	35,091	59,065	84,259	178,415
Total deductions	<u>878,512</u>	<u>703,119</u>	<u>920,010</u>	<u>2,501,641</u>
Change in net position	(2,368,025)	(1,490,829)	(2,634,172)	(6,493,026)
Total net position - beginning	<u>13,946,325</u>	<u>11,200,764</u>	<u>18,896,159</u>	<u>44,043,248</u>
Total net position - ending	<u>\$ 11,578,300</u>	<u>\$ 9,709,935</u>	<u>\$ 16,261,987</u>	<u>\$ 37,550,222</u>

Net Pension Liability:

The components of the net pension liabilities to be reported by the City in fiscal year 2023, measured as of the Plans' most recent fiscal year-end, September 30, 2022, were as follows:

	General Employees' Pension Fund	Firefighters' Pension Fund	Police Officers' Pension Fund	Total
Total pension liability	\$ 15,233,443	\$ 14,982,958	\$ 19,845,114	\$ 50,061,515
Plan fiduciary net position	<u>11,578,300</u>	<u>9,709,935</u>	<u>16,261,987</u>	<u>37,550,222</u>
City's net pension liability	<u>\$ 3,655,143</u>	<u>\$ 5,273,023</u>	<u>\$ 3,583,127</u>	<u>\$ 12,511,293</u>

Plan fiduciary net position as a percentage of the total pension liability

76.01%	64.81%	81.94%	75.01%
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City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2022

E. Defined Contribution Plan

The City of Lake Wales Money Purchase Plan, sponsored by the City, is a defined contribution plan (401(a) Plan) available to upper-level management of the City who elect not to participate in the defined benefit plan offered by the City. During 2022 this defined contribution plan was amended to allow those defined benefit plan members who have earned a retirement benefit under those plans that exceed \$75,000 to participate in this defined contribution plan as the defined benefit plan benefits are capped at that amount. Those participating employees who exceed the benefit cap of the defined benefit pension plans receive a City contribution to their 401(a) Plan account equal to the City contribution rate for the general employees' pension fund multiplied by their compensation.

There were two participants in the 401(a) Plan during the year ended September 30, 2022 which were participating employees who exceeded the benefit cap of the City's defined benefit pension plans.

The funds are invested in life insurance, annuity contracts and a variable rate investment plan. The asset management charge is deducted from individual contracts, where applicable. Total 401(a) Plan pension contributions for the year ended September 30, 2022 were \$143,258 (City contribution), most of which was attributable to previous service from the date the employees exceeded the defined benefit pension plan benefit cap. The vesting schedule allows 100% vesting immediately.

F. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City is a member of Florida Municipal Insurance Trust (FMIT), a non-assessable, nonprofit, tax-exempt risk-sharing pool. The FMIT program is structured under a self-insured retention insurance program, whereby FMIT pays claims up to a specified amount annually for property and general liability, public officials' liability, automobile liability and workers' compensation. FMIT purchases excess insurance or stop-loss insurance from commercial carriers to cover losses above the self-insured retention amounts.

The FMIT is governed by a board of elected officials and these officials approve an actuarially recommended premium structure based on loss experience. Losses, if any, in excess of FMIT's ability to assess its members would revert back to the member that incurred the loss. As of September 30, 2022, no additional assessments (premiums) could be required from the City to fund prior year costs of the risk pool. Settlements have not exceeded coverages for each of the past three years.

G. Joint Venture

Background - The Polk Regional Water Cooperative (PRWC) was created on April 1, 2016 by a interlocal agreement between the City of Lake Wales, City of Auburndale, City of Bartow, City of Davenport, City of Eagle Lake, City of Fort Meade, City of Frostproof, City of Haines City, City of Lake Alfred, City of Lakeland, City of Mulberry, Polk City, City of Winter Haven, Town of Dundee, Town of Lake Hamilton and Polk County in accordance with Chapters 163 and 373 of the Florida Statutes. These local government units are collectively considered the Member Governments. The PRWC is a separate legal entity organized under the laws of the State of Florida, and the Member Governments have no equity ownership in the PRWC.

The PRWC is devoted to encouraging the development of fully integrated, robust public water supply systems comprised of diverse sources managed in a manner that take full advantage of Florida's intense climatic cycles to ensure reliable, sustainable and drought resistant systems which maximize the use of alternative water supplies to the greatest extent practicable. The PRWC will evaluate, plan and implement water projects and coordinate partnerships with other water users.

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2022

Membership fees - The terms of the interlocal agreement require each Member Government to contribute their proportionate share of the PRWC's annual working capital needs which are established annually by a resolution of the PRWC's Board of Directors. For the year ended September 30, 2022, the total annual working capital needs of the PRWC was \$198,000, of which the City's proportionate share was \$7,515.

Combined projects background - The Member Governments, except for the City of Frostproof, entered into a combined projects implementation agreement on March 16, 2017. This agreement established three combined projects to be pursued by the PRWC with a total estimated cost of \$23,000,000. The South West Florida Water Management District (SWFWMD) is funding 50% of the total estimated cost and the remainder is funded by the Member Governments based upon their average water use in comparison to the total average water use by all Member Governments.

Combined projects funding - The PRWC has entered into a state revolving fund (SRF) loan agreement with the State of Florida Department of Environmental Protection (FDEP) to borrow up to \$9,914,390 to assist Member Governments in meeting their local share of the total estimated combined project planning and design costs. Member Governments can elect to fund their local share of the project costs from their existing funds or participate in the SRF loan agreement. The City has elected to participate in the SRF loan agreement to fund their estimated local share (\$467,520) of the project costs and as a result have entered into an agreement with FDEP to guarantee the City's payment of their share of the SRF loan debt service requirements. The SRF loan bears interest at 1.89% and principal and interest are due semiannually beginning on December 15, 2024 for a ten-year term to maturity on December 15, 2033.

As of September 30, 2022, \$8,804,576 of SRF funds have been drawn by the PRWC. The City's proportionate share of this liability totaled \$415,186 as of September 30, 2022 and has been recorded as a City liability in the business-type activities/enterprise fund. See Note III.G for more detail.

Project Participation - The PRWC Board has selected two of the three combined projects for further design and construction. The member governments were given the option to be a participating member or an associate member, the difference being that an associate member can attend meetings but does not have a voting position on the individual project board nor does the associate member have any financial obligations for further design or construction costs. The City has elected to be an associate member for both of the selected projects.

Contact - Complete financial statements of the PRWC may be obtained from the PRWC's Executive Director at 330 W. Church Street, P.O. Box 9005, Drawer CA01, Bartow, FL 33831-9005.

REQUIRED SUPPLEMENTARY INFORMATION

City of Lake Wales, Florida

Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual - General Fund For the year ended September 30, 2022

	Budget Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenues				
Taxes	\$ 5,964,017	\$ 5,964,017	\$ 6,278,522	\$ 314,505
Licenses and permits	1,785,000	2,205,000	2,265,026	60,026
Intergovernmental	2,118,100	2,508,100	2,617,876	109,776
Charges for services	3,602,892	4,162,892	3,968,903	(193,989)
Fines and forfeits	95,000	265,000	300,480	35,480
Investment earnings	13,000	13,000	4,675	(8,325)
Miscellaneous	57,615	57,615	175,036	117,421
Total revenues	13,635,624	15,175,624	15,610,518	434,894
Expenditures				
Current:				
General government:				
City commission	183,247	183,247	163,107	20,140
City manager	545,655	584,655	574,264	10,391
City clerk	96,731	98,131	96,875	1,256
Finance	415,142	483,142	451,016	32,126
Human resources	224,802	224,802	274,006	(49,204)
City attorney	65,117	75,117	70,259	4,858
Planning	586,466	740,966	718,377	22,589
Fleet maintenance	24,837	74,837	62,326	12,511
Facilities maintenance	251,542	251,542	162,172	89,370
Information services	280,109	280,109	167,010	113,099
Municipal building administration	86,267	86,267	76,814	9,453
Non-departmental	45,600	174,600	157,345	17,255
Support services	50,018	54,018	48,624	5,394
Public safety:				
Police	5,523,678	5,961,678	5,949,681	11,997
Fire	3,845,792	4,035,792	3,957,542	78,250
Building permits and inspections	138,931	138,931	171,400	(32,469)
Code Enforcement	153,776	188,776	165,240	23,536
Physical environment:				
Waste disposal	1,200,336	1,225,336	1,216,425	8,911
Cemetery	219,562	219,562	191,714	27,848
Economic environment	180,000	180,000	175,000	5,000
Transportation	413,950	431,285	332,111	99,174
Human services	41,000	41,000	40,000	1,000
Culture and recreation:				
Parks division	854,151	919,151	778,116	141,035
Recreation facilities	824,896	979,896	915,289	64,607
Special events	63,115	63,115	55,219	7,896
Depot museum	150,000	179,000	173,188	5,812
Total expenditures	\$ 16,464,720	\$ 17,874,955	\$ 17,143,120	\$ 731,835

Continued...

City of Lake Wales, Florida

Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual - General Fund
 For the year ended September 30, 2022
 (Conclusion)

	Budget Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Deficiency of revenues under expenditures	\$ (2,829,096)	\$ (2,699,331)	\$ (1,532,602)	\$ 1,166,729
Other financing sources (uses)				
Transfers in	1,534,000	1,678,000	1,678,000	-
Transfers out	(164,000)	(164,000)	(164,000)	-
Sale of capital assets	2,000	2,000	14,662	12,662
Total other financing sources (uses)	1,706,000	1,907,000	2,036,317	129,317
Net change in fund balance	(1,123,096)	(792,331)	503,715	1,296,046
Fund balances, beginning of year	5,440,908	5,440,908	5,440,908	-
Fund balances, end of year	\$ 4,317,812	\$ 4,648,577	\$ 5,944,623	\$ 1,296,046

City of Lake Wales, Florida

Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual - Community Redevelopment Fund For the year ended September 30, 2022

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 1,191,365	\$ 1,191,365	\$ 1,170,557	\$ (20,808)
Intergovernmental	2,191,300	2,191,300	1,246,384	(944,916)
Investment earnings	7,000	7,000	2,000	(5,000)
Total revenues	<u>3,389,665</u>	<u>3,389,665</u>	<u>2,418,941</u>	<u>(970,724)</u>
Expenditures				
Current:				
Economic environment	11,678,796	3,308,796	2,635,073	673,723
Total expenditures	<u>11,678,796</u>	<u>3,308,796</u>	<u>2,635,073</u>	<u>673,723</u>
Excess of revenues over expenditures	<u>(8,289,131)</u>	<u>80,869</u>	<u>(216,132)</u>	<u>(297,001)</u>
Other financing uses				
Transfers out	(671,490)	(692,690)	(692,622)	68
Loan proceeds	8,100,000	-	-	-
Sale of capital assets	28,750	28,750	65,917	37,167
Total other financing uses	<u>7,457,260</u>	<u>(663,940)</u>	<u>(626,705)</u>	<u>37,235</u>
Net change in fund balance	(831,871)	(583,071)	(842,837)	(259,766)
Fund balances, beginning of year	<u>2,719,871</u>	<u>2,719,871</u>	<u>2,719,871</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,888,000</u>	<u>\$ 2,136,800</u>	<u>\$ 1,877,034</u>	<u>\$ (259,766)</u>

City of Lake Wales, Florida

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – American Rescue Plan Act Special Revenue Fund
For the year ended September 30, 2022

	Budget Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 7,000,000	\$ 4,200,000	\$ 521,667	\$ (3,678,333)
Miscellaneous	-	-	489	489
Total revenues	<u>7,000,000</u>	<u>4,200,000</u>	<u>522,156</u>	<u>(3,677,844)</u>
Expenditures				
Current:				
Economic environment	1,000,000	1,000,000	500,000	\$ 500,000
Physical environment	6,000,000	6,000,000	22,156	\$ 5,977,844
Total expenditures	<u>7,000,000</u>	<u>7,000,000</u>	<u>522,156</u>	<u>6,477,844</u>
Net change in fund balance	-	(2,800,000)	-	2,800,000
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ (2,800,000)</u>	<u>\$ -</u>	<u>\$ 2,800,000</u>

City of Lake Wales, Florida

Schedule of Changes in Net Pension Liability and Related Ratios - General Employees' Pension Plan

Last 10 Fiscal Years

City reporting period date	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019
Measurement date	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Total Pension Liability					
Service cost	\$ 351,492	\$ 344,435	\$ 365,044	\$ 335,691	\$ 353,788
Interest	1,091,804	1,015,346	970,319	928,247	880,101
Differences between expected and actual experience	5,961	437,748	(94,295)	(48,457)	252,769
Changes of Assumptions	-	-	(192,764)	-	136,898
Contributions - Buy back	-	-	307,288	-	-
Benefit payments, including refunds of employee contributions	(843,422)	(726,870)	(742,369)	(625,369)	(544,582)
Net change in total pension liability	605,835	1,070,659	613,223	590,112	1,078,974
Total pension liability - beginning	<u>14,627,608</u>	<u>13,556,949</u>	<u>12,943,726</u>	<u>12,353,614</u>	<u>11,274,640</u>
Total pension liability - ending	<u>\$ 15,233,443</u>	<u>\$ 14,627,608</u>	<u>\$ 13,556,949</u>	<u>\$ 12,943,726</u>	<u>\$ 12,353,614</u>
Plan Fiduciary Net Position					
Contributions - Employer	\$ 436,642	\$ 333,216	\$ 334,913	\$ 272,717	\$ 184,179
Contributions - Employee	252,073	224,480	525,100	200,147	187,939
Net investment income (loss)	(2,178,228)	2,274,288	383,844	448,435	666,953
Benefit payments, including refunds of employee contributions	(843,421)	(726,870)	(767,905)	(625,369)	(545,412)
Administrative expense	(35,091)	(45,410)	(52,875)	(44,780)	(44,284)
Net change in plan fiduciary net position	(2,368,025)	2,059,704	423,077	251,150	449,375
Plan fiduciary net position - beginning	<u>13,946,325</u>	<u>11,886,621</u>	<u>11,463,544</u>	<u>11,212,394</u>	<u>10,763,019</u>
Plan fiduciary net position - ending	<u>\$ 11,578,300</u>	<u>\$ 13,946,325</u>	<u>\$ 11,886,621</u>	<u>\$ 11,463,544</u>	<u>\$ 11,212,394</u>
Net pension liability - ending	<u>\$ 3,655,143</u>	<u>\$ 681,283</u>	<u>\$ 1,670,328</u>	<u>\$ 1,480,182</u>	<u>\$ 1,141,220</u>
Plan fiduciary net position as a percentage of the total pension liability	76.01%	95.34%	87.68%	88.56%	90.76%
Covered payroll	\$ 5,041,452	\$ 4,489,593	\$ 4,348,528	\$ 4,002,938	\$ 3,758,773
Net pension liability as a percentage of covered payroll	72.50%	15.17%	38.41%	36.98%	30.36%

Notes to Schedule:

For the year ended September 30, 2018, amounts reported as changes of assumptions resulted from the following:

- The salary increase assumption was changed from 6.50% for all years of service to 10% for the first year of service and 4.5% for all other years.
- The investment return assumption was reduced from 7.75% to 7.50% per year.

For the year ended September 30, 2016, 2018 and 2020, as a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the assumptions used by the Florida Retirement System for special risk employees.

For the year ended September 30, 2016, the inflation rate was lowered from 3.0% to 2.5%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

Continued...

City of Lake Wales, Florida

Schedule of Changes in Net Pension Liability and Related Ratios - General Employees' Pension Plan Last 10 Fiscal Years (concluded)

City reporting period date	9/30/2018	9/30/2017	9/30/2016	9/30/2015
Measurement date	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Total Pension Liability				
Service cost	\$ 348,439	\$ 321,612	\$ 312,998	\$ 313,558
Interest	844,363	760,064	698,894	667,476
Differences between expected and actual experience	(182,488)	158,268	(17,979)	-
Changes of Assumptions	-	374,139	-	-
Contributions - Buy back	-	-	385,692	-
Benefit payments, including refunds of employee contributions	(564,473)	(541,909)	(655,950)	(494,203)
Net change in total pension liability	445,841	1,072,174	723,655	486,831
Total pension liability - beginning	10,828,799	9,756,625	9,032,970	8,546,139
Total pension liability - ending	\$ 11,274,640	\$ 10,828,799	\$ 9,756,625	\$ 9,032,970
Plan Fiduciary Net Position				
Contributions - Employer	\$ 169,482	\$ 238,987	\$ 267,808	\$ 294,882
Contributions - Employee	184,030	175,726	159,410	155,201
Contributions - Buy backs	-	-	385,692	-
Net investment income (loss)	950,065	918,298	(94,331)	848,507
Benefit payments, including refunds of employee contributions	(563,643)	(541,909)	(655,936)	(495,954)
Administrative expense	(36,851)	(41,934)	(22,009)	(54,587)
Net change in plan fiduciary net position	703,083	749,168	40,634	748,049
Plan fiduciary net position - beginning, as reported	10,059,936	9,310,768	9,270,134	8,339,975
Restatement of beginning net position (a)	-	-	-	182,110
Plan fiduciary net position - ending	\$ 10,763,019	\$ 10,059,936	\$ 9,310,768	\$ 9,270,134
Net pension liability - ending	\$ 511,621	\$ 768,863	\$ 445,857	\$ (237,164)
Plan fiduciary net position as a percentage of the total pension liability	95.46%	92.90%	95.43%	102.63%
Covered payroll	\$ 3,680,602	\$ 3,514,557	\$ 3,651,542	\$ 3,104,032
Net pension liability as a percentage of covered payroll	13.90%	21.88%	12.21%	-7.64%

(a) Removal of the obligation for DROP, which is separately disclosed but not recorded under GASB 67.

Notes to Schedule:

Information is not available for years preceding fiscal year 2014.

City of Lake Wales, Florida

Schedule of Changes in Net Pension Liability and Related Ratios - Firefighters' Pension Plan

Last 10 Fiscal Years

City reporting period date	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019
Measurement date	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Total Pension Liability					
Service cost	\$ 258,841	\$ 289,358	\$ 277,388	\$ 255,833	\$ 266,073
Interest	1,084,959	1,029,607	989,877	958,633	923,589
Differences between expected and actual experience	220,560	74,660	116,155	(184,181)	81,645
Changes in Benefit Terms	-	-	-	(1,450)	-
Changes of assumptions	-	-	(245,964)	-	(26,560)
Contributions - buybacks	-	-	10,281	-	-
Benefit payments, including refunds of employee contributions	(644,054)	(653,723)	(640,420)	(656,960)	(904,790)
Net change in total pension liability	920,306	739,902	507,317	371,875	339,957
Total pension liability - beginning	14,062,652	13,322,750	12,815,433	12,443,558	12,103,601
Total pension liability - ending	\$ 14,982,958	\$ 14,062,652	\$ 13,322,750	\$ 12,815,433	\$ 12,443,558
Plan Fiduciary Net Position					
Contributions - Employer	\$ 461,565	\$ 445,969	\$ 459,279	\$ 442,993	\$ 455,648
Contributions - State	115,580	102,992	132,028	120,801	114,965
Contributions - Employee	90,503	87,289	87,217	85,520	81,013
Net investment income (loss)	(1,455,358)	1,909,693	211,397	338,434	540,534
Benefit payments, including refunds of employee contributions	(644,054)	(653,723)	(640,420)	(656,960)	(904,790)
Administrative expense	(59,065)	(53,098)	(50,196)	(61,469)	(63,958)
Net change in plan fiduciary net position	(1,490,829)	1,839,122	199,305	269,319	223,412
Plan fiduciary net position - beginning	11,200,764	9,361,642	9,162,337	8,893,018	8,669,606
Plan fiduciary net position - ending	\$ 9,709,935	\$ 11,200,764	\$ 9,361,642	\$ 9,162,337	\$ 8,893,018
Net pension liability - ending	\$ 5,273,023	\$ 2,861,888	\$ 3,961,108	\$ 3,653,096	\$ 3,550,540
Plan fiduciary net position as a percentage of the total pension liability	64.81%	79.65%	70.27%	71.49%	71.47%
Covered payroll	\$ 1,810,066	\$ 1,710,404	\$ 1,710,404	\$ 1,620,269	\$ 1,545,143
Net pension liability as a percentage of covered payroll	291.32%	167.32%	231.59%	225.46%	229.79%

Notes to Schedule:

For the year ended September 30, 2019, amounts reported as changes of benefit terms resulted from the provisions of Chapter 112.1816 Florida Statutes which states that a death or disability (under the Plan's definition of total and permanent disability) for a firefighter due to the diagnosis of cancer or circumstances that arise out of cancer treatment will be treated as duty-related.

For the year ended September 30, 2018, the assumed rates of salary increases were amended from a flat 5.75% per year to a service based table which assumes a 10.0% increase following the year of employment, 7.50% increases per year in the next four years, and 4.50% increases per year thereafter.

For the year ended September 30, 2016 and 2020, as a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the assumptions used by the Florida Retirement System for special risk employees.

For the year ended September 30, 2016, the inflation rate was lowered from 3.0% to 2.5%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

Continued...

City of Lake Wales, Florida

Schedule of Changes in Net Pension Liability and Related Ratios - Firefighters' Pension Plan Last 10 Fiscal Years *(concluded)*

City reporting period date	9/30/2018	9/30/2017	9/30/2016	9/30/2015
Measurement date	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Total Pension Liability				
Service cost	\$ 237,240	\$ 213,696	\$ 214,792	\$ 197,807
Interest	896,271	849,239	825,592	809,770
Differences between expected and actual experience	(70,642)	(139,447)	(70,554)	-
Share plan allocation	-	724	-	-
Changes in Benefit Terms	-	-	-	-
Changes of assumptions	-	340,853	-	-
Benefit payments, including refunds of employee contributions	(573,619)	(789,877)	(537,358)	(1,103,457)
Net change in total pension liability	489,250	475,188	432,472	(95,880)
Total pension liability - beginning	11,614,351	11,139,163	10,706,691	10,802,571
Total pension liability - ending	<u>\$ 12,103,601</u>	<u>\$ 11,614,351</u>	<u>\$ 11,139,163</u>	<u>\$ 10,706,691</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 411,611	\$ 373,680	\$ 390,377	\$ 394,982
Contributions - State	125,811	134,242	134,243	132,572
Contributions - Employee	77,257	70,978	66,407	63,503
Net investment income (loss)	729,125	722,458	(70,904)	675,710
Benefit payments, including refunds of employee contributions	(573,619)	(789,877)	(537,358)	(1,101,302)
Administrative expense	(53,515)	(63,628)	(51,457)	(45,836)
Net change in plan fiduciary net position	716,670	447,853	(68,692)	119,629
Plan fiduciary net position - beginning, as reported	\$ 7,952,936	\$ 7,505,083	\$ 7,573,775	6,747,553
Restatement of beginning net position (a)	-	-	-	706,593
Plan fiduciary net position - ending	<u>\$ 8,669,606</u>	<u>\$ 7,952,936</u>	<u>\$ 7,505,083</u>	<u>\$ 7,573,775</u>
Net pension liability - ending	<u>\$ 3,433,995</u>	<u>\$ 3,661,415</u>	<u>\$ 3,634,080</u>	<u>\$ 3,132,916</u>
Plan fiduciary net position as a percentage of the total pension liability	71.63%	68.48%	67.38%	70.74%
Covered payroll	\$ 1,419,567	\$ 1,419,567	\$ 1,372,085	\$ 1,270,068
Net pension liability as a percentage of covered payroll	241.90%	257.92%	264.86%	246.67%

(a) Removal of the obligation for DROP, which is separately disclosed but not recorded under GASB 67.

Notes to Schedule:

Information is not available for years preceding fiscal year 2014.

City of Lake Wales, Florida

Schedule of Changes in Net Pension Liability and Related Ratios - Police Officers' Pension Plan

Last 10 Fiscal Years

City reporting period date Measurement date	9/30/2023 9/30/2022	9/30/2022 9/30/2021	9/30/2021 9/30/2020	9/30/2020 9/30/2019	9/30/2019 9/30/2018
Total Pension Liability					
Service cost	\$ 428,732	\$ 448,363	\$ 443,274	\$ 425,683	\$ 484,141
Interest	1,441,938	1,390,652	1,349,908	1,296,200	1,281,973
Share plan allocation	31,770	23,304	22,306	17,808	13,118
Differences between expected and actual experience	(407,901)	(265,579)	(63,157)	(122,778)	(595,515)
Changes in Benefit Terms	-	-	-	-	-
Timing differences	-	-	-	-	-
Changes of assumptions	98,666	94,715	(201,609)	93,011	62,423
Contributions - buy back	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(835,751)	(906,966)	(900,265)	(930,594)	(860,412)
Net change in total pension liability	<u>757,454</u>	<u>784,489</u>	<u>650,457</u>	<u>779,330</u>	<u>385,728</u>
Total pension liability - beginning	<u>19,087,660</u>	<u>18,303,171</u>	<u>17,652,714</u>	<u>16,873,384</u>	<u>16,487,656</u>
Total pension liability - ending	<u>\$ 19,845,114</u>	<u>\$ 19,087,660</u>	<u>\$ 18,303,171</u>	<u>\$ 17,652,714</u>	<u>\$ 16,873,384</u>
Plan Fiduciary Net Position					
Contributions - Employer	\$ 412,209	\$ 394,219	\$ 407,254	\$ 443,994	\$ 489,776
Contributions - State	159,698	142,767	140,771	131,776	122,394
Contributions - Employee	127,194	121,621	122,066	125,983	119,874
Net investment income	(2,413,263)	3,317,196	320,510	565,635	931,772
Benefit payments, including refunds of employee contributions	(835,751)	(906,966)	(901,078)	(930,594)	(860,413)
Administrative expense	(84,259)	(79,568)	(67,444)	(60,860)	(75,189)
Net change in plan fiduciary net position	<u>(2,634,172)</u>	<u>2,989,269</u>	<u>22,079</u>	<u>275,934</u>	<u>728,214</u>
Plan fiduciary net position - beginning	<u>18,896,159</u>	<u>15,906,890</u>	<u>15,884,811</u>	<u>15,608,877</u>	<u>14,880,663</u>
Plan fiduciary net position - ending	<u>\$ 16,261,987</u>	<u>\$ 18,896,159</u>	<u>\$ 15,906,890</u>	<u>\$ 15,884,811</u>	<u>\$ 15,608,877</u>
Net pension liability - ending	<u>\$ 3,583,127</u>	<u>\$ 191,501</u>	<u>\$ 2,396,281</u>	<u>\$ 1,767,903</u>	<u>\$ 1,264,507</u>
Plan fiduciary net position as a percentage of the total pension liability	81.94%	99.00%	86.91%	89.99%	92.51%
Covered payroll	\$ 2,543,883	\$ 2,432,424	\$ 2,441,324	\$ 2,519,599	\$ 2,397,486
Net pension liability as a percentage of covered payroll	140.85%	7.87%	98.15%	70.17%	52.74%

Notes to Schedule:

For the year ended September 30, 2022, amounts reported as changes of assumptions resulted from lowering the investment return assumption from 7.55% to 7.50%.

For the year ended September 30, 2021, amounts reported as changes of assumptions resulted from lowering the investment return assumption from 7.65% to 7.55%.

For the year ended September 30, 2019, amounts reported as changes of assumptions resulted from lowering the investment return assumption from 7.70% to 7.65%.

For the year ended September 30, 2018, amounts reported as changes of assumptions resulted from the following:

- The salary increase assumption was changed from 5.75% for all years of service to 10% for the first year of service and 5.0% for all other years.
- The investment return assumption was reduced from 7.75% to 7.70% per year.
- The assumed rates of withdrawal were amended from an age-based assumption to a service-based assumption.

For the year ended September 30, 2016 and 2020, as a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the assumptions used by the Florida Retirement System for special risk employees

Continued...

City of Lake Wales, Florida

Schedule of Changes in Net Pension Liability and Related Ratios - Police Officers' Pension Plan Last 10 Fiscal Years *(concluded)*

City reporting period date Measurement date	<u>9/30/2018</u> <u>9/30/2017</u>	<u>9/30/2017</u> <u>9/30/2016</u>	<u>9/30/2016</u> <u>9/30/2015</u>	<u>9/30/2015</u> <u>9/30/2014</u>
Total Pension Liability				
Service cost	\$ 457,088	\$ 421,452	\$ 439,663	\$ 417,622
Interest	1,244,658	1,170,401	1,125,422	1,064,424
Share plan allocation	9,083	5,983	-	-
Differences between expected and actual experience	(228,096)	(109,886)	(181,415)	-
Changes of assumptions	-	387,470	-	-
Contributions - buy back	-	58,016	-	-
Benefit payments, including refunds of employee contributions	(1,196,188)	(825,635)	(744,552)	(689,470)
Net change in total pension liability	<u>286,545</u>	<u>1,107,801</u>	<u>639,118</u>	<u>792,576</u>
Total pension liability - beginning	<u>\$ 16,201,111</u>	<u>\$ 15,093,310</u>	<u>14,454,192</u>	<u>13,661,616</u>
Total pension liability - ending	<u>\$ 16,487,656</u>	<u>\$ 16,201,111</u>	<u>\$ 15,093,310</u>	<u>\$ 14,454,192</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 471,415	\$ 429,834	\$ 419,527	\$ 490,676
Contributions - State	114,325	108,125	100,182	96,680
Contributions - Employee	118,654	172,173	106,063	108,368
Net investment income	1,274,464	1,256,859	(120,063)	1,153,544
Benefit payments, including refunds of employee contributions	(1,196,188)	(826,863)	(746,774)	(679,118)
Administrative expense	(64,545)	(67,326)	(66,726)	(52,141)
Net change in plan fiduciary net position	<u>718,125</u>	<u>1,072,802</u>	<u>(307,791)</u>	<u>1,118,009</u>
Plan fiduciary net position - beginning, as reported	<u>14,162,538</u>	<u>13,089,736</u>	<u>13,397,527</u>	<u>12,187,247</u>
Restatement of beginning net position (a)	-	-	-	92,271
Plan fiduciary net position - ending	<u>\$ 14,880,663</u>	<u>\$ 14,162,538</u>	<u>\$ 13,089,736</u>	<u>\$ 13,397,527</u>
Net pension liability - ending	<u>\$ 1,606,993</u>	<u>\$ 2,038,573</u>	<u>\$ 2,003,574</u>	<u>\$ 1,056,665</u>
Plan fiduciary net position as a percentage of the total pension liability	90.25%	87.42%	86.73%	92.69%
Covered payroll	\$ 2,373,081	\$ 2,283,146	\$ 2,124,365	\$ 2,167,367
Net pension liability as a percentage of covered payroll	67.72%	89.29%	94.31%	48.75%

(a) Removal of the obligation for DROP, which is separately disclosed but not recorded under GASB 67.

Notes to Schedule:

For the year ended September 30, 2016, the inflation rate was lowered from 3.0% to 2.5%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

Information is not available for years preceding fiscal year 2014.

City of Lake Wales, Florida
Schedule of Contributions - General Employees' Pension Plan

Last 10 Fiscal Years

	9/30/2013	9/30/2014	9/30/2015	9/30/2016	9/30/2017	9/30/2018	9/30/2019	9/30/2020	9/30/2021	9/30/2022
Actuarially Determined Contribution (A)	\$ 245,477	\$ 294,883	\$ 267,808	\$ 238,987	\$ 169,308	\$ 184,180	\$ 272,200	\$ 334,837	\$ 332,230	\$ 438,606
Interest on NPO	(5,926)	-	-	-	-	-	-	-	-	-
Adjustment to (A)	13,343	-	-	-	-	-	-	-	-	-
Annual Pension Cost	252,894	294,883	267,808	238,987	169,308	184,180	272,200	334,837	332,230	438,606
Contributions in Relation to the Actuarially Determined Contributions	245,477	294,883	238,987	238,987	169,482	184,179	272,717	334,913	333,216	436,642
Contribution Deficiency (Excess)	7,417	-	28,821	-	(174)	1	(517)	(76)	(986)	1,964
Covered Payroll	\$ 3,219,722	\$ 3,104,032	\$ 3,651,542	\$ 3,514,557	\$ 3,680,602	\$ 3,758,773	\$ 4,002,938	\$ 4,348,528	\$ 4,489,593	\$ 5,041,452
Contributions as a Percentage of Covered Payroll	7.62%	9.50%	6.54%	6.80%	4.60%	4.90%	6.81%	7.70%	7.42%	8.66%

Notes to Schedule of Contributions

Valuation Date 10/1/2020

Actuarial determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method: Frozen entry age
Actuarial Asset Method: 4-year average market value return, net of fees
Inflation: 2.50%
Payroll Growth: 1.55%
10% for the first year of service and 4.5% for all other years.
Pensionable Earnings Increase:
Interest Rate: 7.50% per year, compounded annually, net of investment related expenses.
Retirement Age: Age 60 and 10 years of service
Mortality: Society of Actuaries' Retirement Plans Experience Committee (RPEC) PUB-2010 Public Retirement Plans Mortality Tables Report, as appropriate, with adjustments for mortality improvements based on Mortality Improvement Scale MP-2018.

Termination and Disability Rates:

Age	20	25	30	35	40	45	50	55	60	65+
% becoming disabled during the year	0.05%	0.50%	0.06%	0.07%	0.12%	0.22%	0.43%	0.89%	1.61%	2.80%
% terminating during the year	46.30%	34.00%	23.30%	22.10%	13.10%	10.40%	10.40%	10.40%	10.40%	10.40%

City of Lake Wales, Florida
Schedule of Contributions – Firefighters’ Pension Plan

Last 10 Fiscal Years

	<u>9/30/2013</u>	<u>9/30/2014</u>	<u>9/30/2015</u>	<u>9/30/2016</u>	<u>9/30/2017</u>	<u>9/30/2018</u>	<u>9/30/2019</u>	<u>9/30/2020</u>	<u>9/30/2021</u>	<u>9/30/2022</u>
Actuarially Determined Contribution (A)	\$ 473,635	\$ 532,159	\$ 524,620	\$ 505,366	\$ 539,255	\$ 568,714	\$ 562,723	\$ 579,119	\$ 562,141	\$ 573,791
Interest on NPO	(5,277)	-	-	-	-	-	-	-	-	-
Adjustment to (A)	4,062	-	-	-	-	-	-	-	-	-
Annual Pension Cost	472,420	532,159	524,620	505,366	539,255	568,714	562,723	579,119	562,141	573,791
Contributions in Relation to the Actuarially Determined Contributions	473,635	532,159	524,620	507,922	537,422	570,613	563,794	591,307	548,961	577,145
Contribution Deficiency (Excess)	(1,215)	-	-	(2,556)	1,833	(1,899)	(1,071)	(12,188)	13,180	(3,354)
Covered Payroll	\$ 1,214,019	\$ 1,270,068	\$ 1,372,085	\$ 1,419,567	\$ 1,545,143	\$ 1,620,269	\$ 1,710,404	\$ 1,744,335	\$ 1,745,780	\$ 1,810,066
Contributions as a Percentage of Covered Payroll	39.01%	41.90%	38.24%	35.78%	34.78%	35.22%	32.96%	33.90%	31.45%	31.89%

Notes to Schedule of Contributions

Valuation Date 10/1/2020

Actuarial determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method: Entry age normal
4-year average market value return, net of
Actuarial Asset Method: fees
Inflation 2.50%
Payroll Growth 1.0% per year
Salary Increases: 10% for the first year of service, 7.50% for the next four years and 4.5% for all other years.
Interest Rate: 7.75% per year, compounded annually, net of investment related expenses.
Retirement Age: Earlier of age 55 and 10 years of credited service, or age 50 and 25 years of credited service.
Mortality: Society of Actuaries' Retirement Plans Experience Committee (RPEC) PUB-2010 Public Retirement Plans Mortality Tables Report, as appropriate, with adjustments for mortality improvements based on Mortality Improvement Scale MP-2018.

The Covered Employee Payroll numbers shown are in compliance with GASB 82, except for the 9/30/2015 measurement period which includes DROP payroll.

Termination and Disability Rates:

Age	<u>20</u>	<u>30</u>	<u>40</u>	<u>50</u>
% becoming disabled during the year	0.14%	0.18%	0.30%	1.00%
% terminating during the year	6.00%	5.00%	2.60%	0.80%

City of Lake Wales, Florida
Schedule of Contributions – Police Officers’ Pension Plan

Last 10 Fiscal Years

	<u>9/30/2013</u>	<u>9/30/2014</u>	<u>9/30/2015</u>	<u>9/30/2016</u>	<u>9/30/2017</u>	<u>9/30/2018</u>	<u>9/30/2019</u>	<u>9/30/2020</u>	<u>9/30/2021</u>	<u>9/30/2022</u>
Actuarially Determined Contribution (A)	\$ 508,870	\$ 587,357	\$ 519,709	\$ 531,976	\$ 576,659	\$ 592,179	\$ 564,390	\$ 512,678	\$ 498,647	\$ 534,216
Interest on NPO	(10,530)	-	-	-	-	-	-	-	-	-
Adjustment to (A)	8,318	-	-	-	-	-	-	-	-	-
Annual Pension Cost	506,658	587,357	519,709	531,976	576,659	592,179	564,390	512,678	498,647	534,216
Contributions in Relation to the										
Actuarially Determined Contributions	508,870	587,357	519,709	537,959	585,740	599,052	557,964	525,719	513,682	540,137
Contribution Deficiency (Excess)	(2,212)	-	-	(5,983)	(9,081)	(6,873)	6,426	(13,041)	(15,035)	(5,921)
Covered Payroll	\$ 2,178,365	\$ 2,167,367	\$ 2,124,365	\$ 2,283,146	\$ 2,373,081	\$ 2,397,486	\$ 2,519,599	\$ 2,441,324	\$ 2,432,424	\$ 2,543,883
Contributions as a Percentage of Covered Payroll	23.36%	27.10%	24.46%	23.56%	24.68%	24.99%	22.14%	21.53%	21.12%	21.23%

Notes to Schedule of Contributions

Valuation Date	10/1/2020									
Actuarial determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.										
<u>Methods and assumptions used to determine contribution rates:</u>										
Actuarial Cost Method:	Entry age normal									
Actuarial Asset Method:	4-year average market value return, net of fees									
Inflation	2.50%									
Payroll Growth	1.38% per year									
Salary Increases:	10% for the first year of service and 5.0% for all other years.									
Interest Rate:	7.60% per year, compounded annually, net of investment related expenses.									
Retirement Age:	Earlier of age 55 and 10 years of credited service, or age 50 and 25 years of credited service.									
Early Retirement:	Age 50 with 10 years of credited service									
Mortality:	Society of Actuaries' Retirement Plans Experience Committee (RPEC) PUB-2010 Public Retirement Plans Mortality Tables Report, as appropriate, with adjustments for mortality improvements based on Mortality Improvement Scale MP-2018.									
Disability Rates:										
Age	20	25	30	35	40	45	50	55	60	
% becoming disabled during the year	0.14%	0.15%	0.18%	0.23%	0.30%	0.51%	1.00%	1.55%	2.09%	
Termination and Disability Rates:										
Years of service	0-2	3	4	5	6	7	8-9	10-19	20+	
% terminating during the year	10%	9%	8%	7%	6%	5%	1%	4%	1%	

City of Lake Wales, Florida
Schedule of Investment Returns – Pension Plans
Last 10 Fiscal Years

	<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>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
General Employees' Pension Plan									
Annual Money-Weighted Rate of Return net of Investment Expense	-15.73%	19.23%	3.10%	3.90%	5.86%	9.71%	9.83%	-1.14%	10.18%
Firefighters' Pension Plan									
Annual Money-Weighted Rate of Return net of Investment Expense	-13.09%	20.52%	2.29%	3.73%	6.41%	9.25%	9.75%	-1.01%	9.51%
Police Officers' Pension Plan									
Annual Money-Weighted Rate of Return net of Investment Expense	-13.00%	20.94%	2.00%	3.56%	6.28%	9.20%	9.59%	-0.97%	9.59%

Note: Information is not available for years preceding fiscal year 2014.

City of Lake Wales, Florida

Schedule of Changes in the Total OPEB Liability and Related Ratios Last 10 Fiscal Years

Measurement date	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017
Reporting period ending	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Total OPEB Liability					
Service cost	\$ 45,022	\$ 32,270	\$ 24,912	\$ 26,168	\$ 27,720
Interest	15,276	21,004	16,530	14,567	12,429
Differences between expected and actual experience	(33,906)	-	27,016	-	-
Change in assumptions	(15,106)	91,979	141,642	(22,330)	(24,495)
Benefit payments	(31,909)	(29,683)	(22,762)	(20,979)	(19,291)
Net change in total OPEB liability	(20,623)	115,570	187,338	(2,574)	(3,637)
Total OPEB liability, beginning	684,736	569,166	381,828	384,402	388,039
Total OPEB liability, ending	<u>\$ 664,113</u>	<u>\$ 684,736</u>	<u>\$ 569,166</u>	<u>\$ 381,828</u>	<u>\$ 384,402</u>
Covered-employee payroll	\$ 8,591,671	\$ 7,242,473	\$ 6,890,375	\$ 7,523,224	\$ 7,149,077
Total OPEB liability as a percentage of covered-employee payroll	7.73%	9.45%	8.26%	5.08%	5.38%

Notes to Schedule:

No assets are being accumulated in a trust to pay for plan benefits.

Additional information will be provided annually until ten years of data is presented.

Changes of Assumptions:

The following discount rates are those used for each measurement date:

Measurement Date	Discount Rate
September 30, 2016	3.06%
September 30, 2017	3.64%
September 30, 2018	4.18%
September 30, 2019	3.64%
September 30, 2020	2.14%
September 30, 2021	2.43%

Additional changes in assumptions for the September 30, 2019 measurement date include:

- Updated health care costs, premiums and cost trend rates.
- Updated mortality tables.
- Updated termination and disability rates.
- Added assumption regarding the rate of disabilities occurring in the line of duty for firefighters.

SUPPLEMENTARY INFORMATION

City of Lake Wales, Florida

Combining Balance Sheet - Nonmajor Governmental Funds September 30, 2022

	Special Revenue Funds							Total
	Law							
	Forfeitures 106	Library 110	Enforcement Block Grant 116	Transportation 102	Street Lighting District 103	Debt Service 201	Capital Projects 330	
Assets								
Cash and cash equivalents	\$ 103,728	\$ 174,109	\$ -	\$ 720,835	\$ 4,667	\$ 638,425	\$ -	\$ 1,641,764
Intergovernmental receivables	-	-	-	159,788	-	-	-	159,788
Restricted cash and cash equivalents:								
Impact fees - investments	-	296,676	-	-	-	-	785,639	1,082,315
Prepaid items	-	4,807	-	-	-	-	-	4,807
Total assets	\$ 103,728	\$ 475,592	\$ -	\$ 880,623	\$ 4,667	\$ 638,425	\$ 785,639	\$ 2,888,674
Liabilities and fund balances								
Liabilities								
Accounts payable	\$ -	\$ 6,345	\$ -	\$ 250,008	\$ -	\$ -	\$ 6,227	\$ 262,580
Accrued liabilities	-	26,918	-	13,463	-	-	-	40,381
Total liabilities	-	33,263	-	263,471	-	-	6,227	302,961
Fund balances								
Nonspendable:								
Prepaid items	-	4,807	-	-	-	-	-	4,807
Restricted for:								
Law enforcement expenditures	103,728	-	-	-	-	-	-	103,728
Library expenditures	-	437,522	-	-	-	-	-	437,522
Street lighting expenditures	-	-	-	-	4,667	-	-	4,667
Transportation expenditures	-	-	-	617,152	-	-	-	617,152
Debt service	-	-	-	-	-	638,425	-	638,425
Capital projects	-	-	-	-	-	-	779,412	779,412
Total fund balances	103,728	442,329	-	617,152	4,667	638,425	779,412	2,585,713
Total liabilities and fund balances	\$ 103,728	\$ 475,592	\$ -	\$ 880,623	\$ 4,667	\$ 638,425	\$ 785,639	\$ 2,888,674

City of Lake Wales, Florida

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds
Year Ended September 30, 2022

	Special Revenue Funds							Total
	Forfeitures 106	Library 110	Law Enforcement	Transportation 102	Street Lighting District	Debt Service 201	Capital Projects 330	
			Block Grant 116		103			
Revenues								
Taxes	\$ -	\$ 422,383	\$ -	\$ 892,116	\$ -	\$ 1,112,000	\$ -	\$ 2,426,499
Special assessment	-	-	-	-	14,856	-	-	14,856
Intergovernmental	-	765,960	15,491	203,704	-	-	-	985,155
Charges for services	-	-	-	167,080	-	-	-	167,080
Fines and forfeits	69,580	-	-	-	-	-	-	69,580
Investment earnings	4	34	-	-	-	-	101	139
Impact fees	-	19,518	-	-	-	-	176,615	196,133
Miscellaneous	-	17,538	-	-	-	-	-	17,538
Total revenues	69,584	1,225,433	15,491	1,262,900	14,856	1,112,000	176,716	3,876,980
Expenditures								
Current:								
Public safety	5,184	-	15,491	-	-	-	-	20,675
Transportation	-	-	-	1,171,688	-	-	-	1,171,688
Physical environment	-	-	-	-	13,750	-	-	13,750
Culture and recreation	-	1,278,614	-	-	-	-	-	1,278,614
Debt Service:								
Principal	-	-	-	-	-	1,444,000	-	1,444,000
Interest and fiscal charges	-	-	-	-	-	243,164	-	243,164
Capital outlay	-	-	-	-	-	-	310,529	310,529
Total expenditures	5,184	1,278,614	15,491	1,171,688	13,750	1,687,164	310,529	4,482,420
Excess (deficiency) of revenues over (under) expenditures	64,400	(53,181)	-	91,212	1,106	(575,164)	(133,813)	(605,440)
Other financing sources								
Transfers in	-	-	-	-	-	692,622	-	692,622
Insurance Recoveries	-	-	-	368	-	-	-	368
Total other financing sources	-	-	-	368	-	692,622	-	692,990
Net change in fund balances	64,400	(53,181)	-	91,580	1,106	117,458	(133,813)	87,550
Fund balances, beginning of year	39,328	495,510	-	525,572	3,561	520,967	913,225	2,498,163
Fund balances, end of year	\$ 103,728	\$ 442,329	\$ -	\$ 617,152	\$ 4,667	\$ 638,425	\$ 779,412	\$ 2,585,713

City of Lake Wales, Florida

Combining Statement of Net Position - Nonmajor Enterprise Funds
September 30, 2022

	LWMG Cemetary Fund	Stormwater Fund	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 690,405	\$ 13,098	\$ 703,503
Receivables, net	8,880	66,248	75,128
Total current assets	<u>699,285</u>	<u>79,346</u>	<u>778,631</u>
Noncurrent assets			
Capital assets:			
Nondepreciable	204,569	128,569	333,138
Depreciable, net	315,278	96,067	411,345
Total noncurrent assets	<u>519,847</u>	<u>224,636</u>	<u>744,483</u>
Total assets	<u>1,219,132</u>	<u>303,982</u>	<u>1,523,114</u>
Liabilities			
Current liabilities			
Accounts payable	-	41,323	41,323
Accrued interest	4,529	-	4,529
Current portion of long-term debt	35,989	-	35,989
Total current liabilities	<u>40,518</u>	<u>41,323</u>	<u>81,841</u>
Noncurrent liabilities			
Notes and lease obligations payable - noncurrent	244,708	46,400	291,108
Total noncurrent liabilities	<u>244,708</u>	<u>46,400</u>	<u>291,108</u>
Total liabilities	<u>285,226</u>	<u>87,723</u>	<u>372,949</u>
Net position			
Net investment in capital assets	239,150	178,236	417,386
Unrestricted	694,756	38,023	732,779
Total net position	<u>\$ 933,906</u>	<u>\$ 216,259</u>	<u>\$ 1,150,165</u>

City of Lake Wales, Florida

Combining Statement of Revenue, Expenses and Changes in Fund Net Position - Nonmajor Enterprise Funds Year ended September 30, 2022

	LWVG Cemetery Fund	Stormwater Fund	Total
Operating revenues:			
Charges for services	\$ 178,688	\$ 492,232	\$ 670,920
Total operating revenues	<u>178,688</u>	<u>492,232</u>	<u>670,920</u>
Operating expenses:			
Contractual services	-	50,661	50,661
Repairs and maintenance	-	44,413	44,413
General and administrative	64,700	250,306	315,006
Depreciation	38,851	4,615	43,466
Total operating expenses	<u>103,551</u>	<u>349,995</u>	<u>453,546</u>
Operating income (loss)	<u>75,137</u>	<u>142,237</u>	<u>217,374</u>
Nonoperating revenues (expenses)			
Interest income	36	-	36
Interest expense and fiscal charges	(14,596)	-	(14,596)
Total nonoperating revenues (expenses)	<u>(14,560)</u>	<u>-</u>	<u>(14,560)</u>
Income (loss) before contributions and transfers	<u>60,577</u>	<u>142,237</u>	<u>202,814</u>
Transfers			
Transfers in	164,000	-	164,000
Total transfers	<u>164,000</u>	<u>-</u>	<u>164,000</u>
Change in net position	224,577	142,237	366,814
Net position, beginning of year - as previously reported	709,329	45,022	754,351
Restatement of beginning net position	-	29,000	29,000
Net position, beginning of year as restated	<u>709,329</u>	<u>74,022</u>	<u>783,351</u>
Net position, end of year	<u>\$ 933,906</u>	<u>\$ 216,259</u>	<u>\$ 1,150,165</u>

City of Lake Wales, Florida

Combining Statement of Cash Flows - Nonmajor Enterprise Funds Year ended September 30, 2022

	LWMG Cemetery Fund	Stormwater Fund	Total
Cash flows from operating activities			
Cash received from customers	\$ 175,506	\$ 472,806	\$ 648,312
Cash payments to suppliers for goods and services	(64,700)	(332,999)	(397,699)
Net cash provided by operating activities	<u>110,806</u>	<u>139,807</u>	<u>250,613</u>
Cash flows from noncapital financing activities			
Transfers from other funds	164,000	-	164,000
Loan from other funds	-	(55,000)	(55,000)
Net cash provided (used) by noncapital financing activities	<u>164,000</u>	<u>(55,000)</u>	<u>109,000</u>
Cash flows from capital and related financing activities			
Acquisition and construction of capital assets	-	(118,290)	(118,290)
Debt issuance proceeds	-	46,400	46,400
Principal payments on long-term debt	(44,301)	-	(44,301)
Interest paid	(15,244)	-	(15,244)
Net cash used in capital and related financing activities	<u>(59,545)</u>	<u>(71,890)</u>	<u>(131,435)</u>
Cash flows from investing activities			
Interest income	36	-	36
Net cash provided by investing activities	<u>36</u>	<u>-</u>	<u>36</u>
Net increase in cash and cash equivalents	215,297	12,917	228,214
Cash and cash equivalents, beginning of year	<u>475,108</u>	<u>181</u>	<u>475,289</u>
Cash and cash equivalents, end of year	<u>\$ 690,405</u>	<u>\$ 13,098</u>	<u>\$ 703,503</u>

Continued...

City of Lake Wales, Florida

Combining Statement of Cash Flows - Nonmajor Enterprise Funds (*concluded*)
Year ended September 30, 2022

	LWVG Cemetery Fund	Stormwater Fund	Total
Reconciliation of cash and cash equivalents to statement of net position			
Cash and cash equivalents	\$ 690,405	\$ 13,098	\$ 703,503
Restricted cash and cash equivalents	-	-	-
Cash and cash equivalents, end of year	<u>\$ 690,405</u>	<u>\$ 13,098</u>	<u>\$ 703,503</u>
Reconciliation of operating loss to net cash used in operating activities			
Operating income (loss)	\$ 75,137	\$ 142,237	\$ 217,374
Adjustments to reconcile operating income to cash provided by operating activities:			
Depreciation	38,851	4,615	43,466
(Increase) decrease in assets:			
Accounts receivable	(3,182)	(19,426)	(22,608)
Increase (decrease) in liabilities:			
Accounts payable	-	12,381	12,381
Net cash provided by operating activities	<u>\$ 110,806</u>	<u>\$ 139,807</u>	<u>\$ 250,613</u>
Schedule of non-cash capital and related financing activities:			
None	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Lake Wales, Florida

Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual - Transportation Fund For the year ended September 30, 2022

	Budget Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenues				
Taxes	\$ 855,000	\$ 875,000	\$ 892,116	\$ 17,116
Intergovernmental	143,600	203,600	203,704	104
Charges for services	162,476	168,276	167,080	(1,196)
Investment earnings	100	100	-	(100)
Miscellaneous	100	100	-	(100)
Total revenues	1,161,276	1,247,076	1,262,900	15,824
Expenditures				
Current:				
Transportation	1,244,843	1,264,843	1,171,688	93,155
Total expenditures	1,244,843	1,264,843	1,171,688	93,155
Excess (deficiency) of revenues over (under) expenditures	(83,567)	(17,767)	91,212	108,979
Other financing sources (uses)				
Insurance recoveries	-	-	368	368
Total other financing sources (uses)	-	-	368	368
Net change in fund balance	(83,567)	(17,767)	91,580	109,347
Fund balances, beginning of year	525,572	525,572	525,572	-
Fund balances, end of year	\$ 442,005	\$ 507,805	\$ 617,152	\$ 109,347

City of Lake Wales, Florida

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual - Debt Service Fund For the Year Ended September 30, 2022

	Budget Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenues				
Taxes	\$ 1,012,000	\$ 1,012,000	\$ 1,112,000	\$ 100,000
Total revenues	<u>1,012,000</u>	<u>1,012,000</u>	<u>1,112,000</u>	<u>100,000</u>
Expenditures				
Current:				
Principal	1,316,429	1,382,429	1,444,000	(61,571)
Interest and fiscal charges	327,368	346,368	243,164	103,204
Total expenditures	<u>1,643,797</u>	<u>1,728,797</u>	<u>1,687,164</u>	<u>41,633</u>
Deficiency of revenues under expenditures	<u>(631,797)</u>	<u>(716,797)</u>	<u>(575,164)</u>	<u>141,633</u>
Other financing sources				
Transfers in	782,231	803,431	692,622	(110,809)
Total other financing sources	<u>782,231</u>	<u>803,431</u>	<u>692,622</u>	<u>(110,809)</u>
Net change in fund balance	150,434	86,634	117,458	30,824
Fund balances, beginning of year	<u>520,967</u>	<u>520,967</u>	<u>520,967</u>	<u>-</u>
Fund balances, end of year	<u>\$ 671,401</u>	<u>\$ 607,601</u>	<u>\$ 638,425</u>	<u>\$ 30,824</u>

City of Lake Wales, Florida

Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual - Forfeitures Fund
For the Year Ended September 30, 2022

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and forfeits	\$ 23,500	\$ 23,500	\$ 69,580	\$ 46,080
Investment earnings	-	-	4	4
Total revenues	<u>23,500</u>	<u>23,500</u>	<u>69,584</u>	<u>46,084</u>
Expenditures				
Current:				
Public safety	<u>23,500</u>	<u>23,500</u>	<u>5,184</u>	<u>18,316</u>
Total expenditures	<u>23,500</u>	<u>23,500</u>	<u>5,184</u>	<u>18,316</u>
Net change in fund balance	-	-	64,400	64,400
Fund balances, beginning of year	<u>39,328</u>	<u>39,328</u>	<u>39,328</u>	<u>-</u>
Fund balances, end of year	<u>\$ 39,328</u>	<u>\$ 39,328</u>	<u>\$ 103,728</u>	<u>\$ 64,400</u>

City of Lake Wales, Florida

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Library Fund
For the Year Ended September 30, 2022

	Budget Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenues				
Taxes	\$ 422,383	\$ 422,383	\$ 422,383	\$ -
Intergovernmental	680,000	755,000	765,960	10,960
Investment earnings	1,350	1,350	34	(1,316)
Impact fees	70,000	20,000	19,518	(482)
Miscellaneous	6,600	6,600	17,538	10,938
Total revenues	<u>1,180,333</u>	<u>1,205,333</u>	<u>1,225,433</u>	<u>20,100</u>
Expenditures				
Current:				
Culture and recreation	1,161,637	1,321,637	1,278,614	43,023
Total expenditures	<u>1,161,637</u>	<u>1,321,637</u>	<u>1,278,614</u>	<u>43,023</u>
Net change in fund balance	18,696	(116,304)	(53,181)	63,123
Fund balances, beginning of year	<u>495,510</u>	<u>495,510</u>	<u>495,510</u>	<u>-</u>
Fund balances, end of year	<u>\$ 514,206</u>	<u>\$ 379,206</u>	<u>\$ 442,329</u>	<u>\$ 63,123</u>

City of Lake Wales, Florida

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Law Enforcement Block Grant Fund For the Year Ended September 30, 2022

	Budget Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 12,800	\$ 12,800	\$ 15,491	\$ 2,691
Total revenues	12,800	12,800	15,491	2,691
Expenditures				
Current:				
Public safety	12,800	15,800	15,491	309
Total expenditures	12,800	15,800	15,491	309
Net change in fund balance	-	(3,000)	-	3,000
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	\$ -	\$ (3,000)	\$ -	\$ 3,000

City of Lake Wales, Florida

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Street Lighting District Fund
For the Year Ended September 30, 2022

	Budget Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenues				
Special Assessment	\$ 13,485	\$ 13,485	\$ 14,856	\$ 1,371
Total revenues	13,485	13,485	14,856	1,371
Expenditures				
Current:				
Physical environment	13,555	15,555	13,750	1,805
Total expenditures	13,555	15,555	13,750	1,805
Net change in fund balance	(70)	(2,070)	1,106	3,176
Fund balances, beginning of year	3,561	3,561	3,561	-
Fund balances, end of year	\$ 3,491	\$ 1,491	\$ 4,667	\$ 3,176

City of Lake Wales, Florida

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Capital Projects Fund

For the Year Ended September 30, 2022

	Budget Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenues				
Investment earnings	\$ -	\$ -	\$ 101	\$ 101
Impact fees	500,000	176,000	176,615	615
Total revenues	500,000	176,000	176,716	716
Expenditures				
Capital outlay	150,000	280,000	310,529	(30,529)
Total expenditures	150,000	280,000	310,529	(30,529)
Excess (deficiency) of revenues over (under) expenditures	350,000	(104,000)	(133,813)	(29,813)
Other financing sources (uses)				
Transfers in	110,741	110,741	-	(110,741)
Total other financing sources (uses)	110,741	110,741	-	(110,741)
Net change in fund balance	460,741	6,741	(133,813)	(140,554)
Fund balances, beginning of year	913,225	913,225	913,225	-
Fund balances, end of year	\$ 1,373,966	\$ 919,966	\$ 779,412	\$ (140,554)

City of Lake Wales, Florida

Statement of Net Position - Lake Wales Airport Authority September 30, 2022

	<u>2022</u>
Assets	
Current Assets	
Cash and cash equivalents	\$ 164,192
Receivables, net	10,745
Restricted cash and cash equivalents:	
Unspent bond proceeds	195,235
Debt service reserve account	100,510
Inventories	61,041
Due from other governments	<u>31,100</u>
Total Current Assets	<u>562,823</u>
Noncurrent Assets	
Capital assets:	
Nondepreciable	1,836,565
Depreciable, net	<u>14,960,445</u>
Total Noncurrent Assets	<u>16,797,010</u>
Total Assets	<u>17,359,833</u>
Liabilities	
Current Liabilities	
Accounts payable	25,207
Accrued liabilities	5,716
Accrued interest	11,030
Accrued compensated absences	379
Deposits	5,662
Due to primary government	638,518
Current portion of long-term debt	<u>106,922</u>
Total Current Liabilities	<u>793,434</u>
Noncurrent liabilities	
Accrued compensated absences	3,416
Notes and lease obligations payable - noncurrent	<u>1,463,760</u>
Total noncurrent liabilities	<u>1,467,176</u>
Total Liabilities	<u>2,260,610</u>
Net Position	
Net investment in capital assets	15,421,563
Restricted for debt service	89,480
Unrestricted (deficit)	<u>(411,820)</u>
Total Net Position	<u>\$ 15,099,223</u>

City of Lake Wales, Florida

Statement of Revenues, Expenses, and Changes in Net Position - Lake Wales Airport Authority For the Year Ended September 30, 2022

	<u>2022</u>
Operating Revenues	
Charges for services	\$ 432,739
Operating Expenses	
Personnel services	169,106
Contractual services	5,469
Repairs and maintenance	56,026
Materials and supplies	240,511
General and administrative	109,003
Depreciation	1,190,702
Total operating expenses	<u>1,770,817</u>
Operating Loss	<u>(1,338,078)</u>
Nonoperating revenues (expenses)	
Interest expense and fiscal charges	(47,818)
Interest income	48
Total nonoperating expenses	<u>(47,770)</u>
Loss before contributions and transfers	<u>(1,385,848)</u>
Capital Contributions	
Grants	1,036,847
From City of Lake Wales	199,835
Total capital contributions	<u>1,236,682</u>
Change in Net Position	(149,166)
Total Net Position, Beginning of Year	<u>15,248,389</u>
Total Net Position, End of Year	<u>\$ 15,099,223</u>

City of Lake Wales, Florida

Statement of Cash Flows - Lake Wales Airport Authority For the Year Ended September 30, 2022

	2022
Cash flows from operating activities	
Receipts from customers	\$ 428,566
Cash payments for employee services	(166,101)
Cash payments to suppliers	(457,583)
Net cash used in operating activities	(195,118)
Cash flows from capital and related financing activities	
Capital grants	1,005,747
Capital contributions from City of Lake Wales (net)	360,025
Acquisition and construction of capital assets	(1,011,155)
Payments of interest	(48,395)
Principal payment on long-term debt	(106,218)
Net cash provided by capital and related financing activities	200,004
Cash flows from investing activities	
Investment income	48
Net cash provided by investing activities	48
Net increase in cash and cash equivalents	4,934
Cash and cash equivalents, beginning of year	455,003
Cash and cash equivalents, end of year	\$ 459,937
Reconciliation of cash and cash equivalents to statement of net position	
Cash and cash equivalents	\$ 164,192
Restricted cash and cash equivalents	295,745
Total cash and cash equivalents, end of year	\$ 459,937
Reconciliation of operating loss to net cash used in operating activities	
Operating loss	\$ (1,338,078)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	1,190,702
(Increase) decrease in assets:	
Accounts receivable	(4,513)
Inventories	(42,900)
Increase (decrease) in liabilities:	
Accounts payable	(3,674)
Accrued liabilities	1,827
Compensated absences	1,178
Deposits	340
Net cash used in operating activities	\$ (195,118)
<u>Supplemental Disclosure of Noncash Transactions</u>	
None	\$ -



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City of Lake Wales, Florida
Statistical Section
(Unaudited)

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Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**City of Lake Wales, Florida
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)**

	Fiscal Year									
	9/30/2013	9/30/2014	9/30/2015	9/30/2016	9/30/2017	9/30/2018	9/30/2019	9/30/2020	9/30/2021	9/30/2022
Governmental activities:										
Net investment in capital assets	\$ 14,973,405	\$ 15,575,570	\$ 15,600,248	\$ 15,848,115	\$ 15,671,679	\$ 16,222,093	\$ 17,043,260	\$ 16,815,903	\$ 17,626,990	\$ 19,153,353
Restricted	2,768,005	2,874,458	2,242,316	2,495,170	3,813,419	3,651,569	3,858,230	4,658,555	5,141,517	4,457,940
Unrestricted	1,510,997	205,608	(2,238,048)	(1,619,543)	(1,240,080)	(900,914)	(1,412,870)	(934,505)	(402,333)	377,423
Total governmental activities net position	<u>19,252,407</u>	<u>18,655,636</u>	<u>15,604,516</u>	<u>16,723,742</u>	<u>18,245,018</u>	<u>18,972,748</u>	<u>19,488,620</u>	<u>20,539,953</u>	<u>22,366,174</u>	<u>23,988,716</u>
Business-type activities										
Net investment in capital assets	22,004,309	24,240,474	24,566,866	25,806,028	27,848,331	28,212,408	29,012,942	31,675,498	31,790,132	33,420,945
Restricted	2,773,953	2,786,545	3,582,332	3,772,396	2,888,137	3,290,839	3,995,244	4,503,838	4,778,605	5,692,651
Unrestricted	1,365,077	169,003	738,546	1,072,128	2,302,087	3,270,530	4,333,649	3,746,575	4,801,114	3,575,878
Total business-type activities in net position	<u>26,143,339</u>	<u>27,196,022</u>	<u>28,887,744</u>	<u>30,650,552</u>	<u>33,038,555</u>	<u>34,773,777</u>	<u>37,341,835</u>	<u>39,925,911</u>	<u>41,369,851</u>	<u>42,689,474</u>
Primary government										
Net investment in capital assets	36,977,714	39,816,044	40,167,114	41,654,143	43,520,010	44,434,501	46,056,202	48,491,401	49,417,122	52,574,298
Restricted	5,541,958	5,661,003	5,824,648	6,267,566	6,701,556	6,942,408	7,853,474	9,162,393	9,920,122	10,150,591
Unrestricted	2,876,074	374,611	(1,499,502)	(547,415)	1,062,007	2,369,616	2,920,779	2,812,070	4,398,781	3,953,301
Total primary government net position	<u>\$ 45,395,746</u>	<u>\$ 45,851,658</u>	<u>\$ 44,492,260</u>	<u>\$ 47,374,294</u>	<u>\$ 51,283,573</u>	<u>\$ 53,746,525</u>	<u>\$ 56,830,455</u>	<u>\$ 60,465,864</u>	<u>\$ 63,736,025</u>	<u>\$ 66,678,190</u>

City of Lake Wales, Florida
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	9/30/2013	9/30/2014	9/30/2015 ⁽¹⁾	9/30/2016 ⁽²⁾	9/30/2017	9/30/2018 ⁽³⁾	9/30/2019	9/30/2020	9/30/2021	9/30/2022
Expenses										
Governmental activities:										
General government	\$ 1,170,638	\$ 1,217,965	\$ 1,080,211	\$ 1,226,946	\$ 1,399,216	\$ 1,372,964	\$ 1,643,677	\$ 2,544,143	\$ 1,497,774	\$ 2,391,433
Public safety	7,134,069	7,548,733	7,005,129	7,816,386	8,501,991	8,470,373	9,085,841	9,378,097	9,524,365	10,183,503
Physical environment	941,419	745,501	1,089,770	1,071,354	1,145,447	747,777	1,251,218	1,333,773	1,300,281	1,544,932
Transportation	1,558,117	1,647,003	1,841,706	1,767,102	1,807,487	2,261,161	2,019,958	2,052,817	1,782,847	1,614,964
Economic environment	456,091	344,886	320,428	414,110	441,868	945,327	672,429	898,285	1,017,460	2,098,925
Human services	16,704	15,634	10,174	10,174	10,174	10,174	10,174	10,174	10,174	10,174
Culture and recreation	2,317,252	2,707,191	2,338,582	2,523,366	2,648,493	2,809,125	3,186,011	3,125,759	2,952,373	3,378,402
Interest on long term debt	457,347	455,554	356,781	345,798	288,519	304,789	368,926	375,441	315,929	223,980
Total governmental activities expenses	14,051,637	14,682,467	14,042,781	15,175,236	16,243,195	16,921,690	18,238,233	19,718,489	18,401,203	21,446,313
Business-type activities:										
Water and wastewater	5,195,033	6,271,228	5,111,658	5,579,359	5,761,569	6,154,074	6,257,083	6,811,684	7,581,515	8,560,087
LWMG Cemetery	-	-	7,255	88,200	87,818	113,696	124,703	129,695	114,979	118,147
Stormwater	-	-	-	-	-	-	248,550	293,685	406,251	349,995
Total business-type activities	5,195,033	6,271,228	5,118,913	5,667,559	5,849,387	6,267,770	6,630,336	7,235,064	8,102,745	9,028,229
Total primary government expenses	19,246,670	20,953,695	19,161,694	20,842,795	22,092,582	23,189,460	24,868,569	26,953,553	26,503,948	30,474,542
Program revenues										
Governmental activities:										
Charges for services:										
General government	60,774	68,363	60,425	108,638	87,896	28,779	60,405	732,639	107,384	10,481
Public safety	720,995	862,226	1,001,802	1,761,549	2,240,193	1,963,802	2,308,752	2,187,976	2,129,372	2,664,385
Physical environment	1,073,028	1,061,209	1,122,696	1,189,190	1,156,756	1,219,272	1,353,179	1,453,027	1,434,657	1,534,167
Transportation	108,418	109,168	114,342	133,323	138,546	141,740	145,617	150,193	157,206	167,080
Culture and recreation	85,137	104,019	104,416	98,304	196,119	108,267	278,621	399,047	58,973	134,870
Operating grants and contributions	713,964	740,250	845,228	1,147,668	1,351,175	1,378,257	1,283,712	1,469,900	1,436,108	1,535,986
Capital grants and contributions	26,593	105,731	169,913	15,139	15,724	78,477	18,112	16,224	36,197	566,632
Total governmental activities program revenues	2,788,909	3,050,966	3,418,822	4,453,811	5,186,409	4,918,594	5,448,398	6,409,006	5,359,897	6,613,601
Business-type activities:										
Charges for services:										
Water and wastewater	6,549,910	6,649,031	7,002,296	7,860,703	8,134,261	8,329,706	8,685,158	9,378,790	9,326,170	10,518,381
LWMG Cemetery	-	-	6,079	61,181	46,351	78,162	72,315	75,072	169,475	178,688
Stormwater	-	-	-	-	-	-	64,027	462,746	466,735	492,232
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	399,621	981,217	307,801	345,382	914,886	426,344	1,247,275	841,151	721,376	420,798
Total business-type activities program revenues	6,949,531	7,630,248	7,316,176	8,267,266	9,095,498	8,834,212	10,068,775	10,757,759	10,683,756	11,610,099
Total primary government program revenues	9,738,440	10,681,214	10,734,998	12,721,077	14,281,907	13,752,806	15,517,173	17,166,765	16,043,653	18,223,700
Net (expenditures) revenues										
Governmental activities	(11,262,728)	(11,631,501)	(10,623,959)	(10,721,425)	(11,056,786)	(12,003,096)	(12,789,835)	(13,309,483)	(13,041,306)	(14,832,712)
Business-type activities	1,754,498	1,359,020	2,197,263	2,599,707	3,246,111	2,566,442	3,438,439	3,522,695	2,581,011	2,581,870
Total primary government net(expenses) revenues	(9,508,230)	(10,272,481)	(8,426,696)	(8,121,718)	(7,810,675)	(9,436,654)	(9,351,396)	(9,786,788)	(10,460,295)	(12,250,842)

	Fiscal Year									
	9/30/2013	9/30/2014	9/30/2015 ⁽¹⁾	9/30/2016 ⁽²⁾	9/30/2017	9/30/2018 ⁽³⁾	9/30/2019	9/30/2020	9/30/2021	9/30/2022
General revenues and other changes in net assets										
Governmental activities:										
Taxes:										
Property taxes	5,101,801	5,130,461	5,159,264	4,900,523	5,122,114	5,452,835	5,849,860	6,252,874	6,685,845	7,249,859
Franchise fees	1,098,866	1,221,973	1,268,042	1,216,849	1,202,764	1,270,749	1,372,549	1,366,983	1,417,974	1,594,076
Public service taxes	1,523,497	1,612,772	1,603,537	1,672,772	1,687,888	1,718,285	1,846,617	1,963,799	2,006,417	2,381,442
Communication service taxes	524,187	483,337	467,312	469,080	467,274	454,353	448,685	486,042	467,111	471,302
Gas taxes	615,111	703,120	739,144	786,555	810,953	844,684	860,806	821,880	858,170	892,116
Local business tax	76,561	70,763	72,034	70,015	72,316	68,133	67,280	61,772	64,445	66,893
State and county shared revenues	1,097,472	1,169,636	1,256,194	1,359,612	1,404,292	1,493,372	1,552,745	1,520,571	1,801,151	2,113,955
Investment earnings	16,366	8,986	6,695	8,998	14,816	19,214	21,757	19,192	16,553	7,222
Insurance recoveries	6,947	11,704	15,176	1,825	4,669	76,223	789	-	-	-
Gain/(loss) on disposal of capital assets	16,798	1,016	(17,721)	40,580	610,380	-	30,873	438,925	-	-
Contribution	31,107	100	-	-	-	-	-	-	-	-
Miscellaneous revenue	93,557	117,862	130,787	67,232	100,366	180,882	138,446	223,450	172,817	164,389
Transfers	828,000	503,000	798,128	1,046,718	1,080,230	1,086,650	1,115,300	1,205,328	1,377,044	1,514,000
Total governmental activities	11,030,270	11,034,730	11,498,592	11,640,759	12,578,062	12,665,380	13,305,707	14,360,816	14,867,527	16,455,254
Business-type activities:										
Investment earnings	8,678	7,496	6,783	12,071	11,209	18,792	21,670	21,302	18,724	73,916
Gain/(loss) on disposal of capital assets	3,261	-	(6,624)	420	-	-	200	15,036	-	1,899
Miscellaneous revenue	238,245	189,167	200,744	197,328	210,913	221,782	223,049	230,371	221,249	146,938
Transfers	(828,000)	(503,000)	(798,128)	(1,046,718)	(1,080,230)	(1,086,650)	(1,115,300)	(1,205,328)	(1,377,044)	(1,514,000)
Total business-type activities	(577,816)	(306,337)	(597,225)	(836,899)	(858,108)	(846,076)	(870,381)	(938,619)	(1,137,071)	(1,291,247)
Total primary government	10,452,454	10,728,393	10,901,367	10,803,860	11,719,954	11,819,304	12,435,326	13,422,197	13,730,456	15,164,007
Change in net position										
Governmental activities	(232,458)	(596,771)	874,633	919,334	1,521,276	662,284	515,872	1,051,333	1,826,221	1,622,542
Business-type activities	1,176,682	1,052,683	1,600,038	1,762,808	2,388,003	1,720,366	2,568,058	2,584,076	1,443,940	1,290,623
Total primary government	\$ 944,224	\$ 455,912	\$ 2,474,671	\$ 2,682,142	\$ 3,909,279	\$ 2,382,650	\$ 3,083,930	\$ 3,635,409	\$ 3,270,161	\$ 2,913,165

(1) - 2015 reported a prior period adjustment decrease to governmental activities of \$3,925,753 and a increase to business-type activities of \$91,684

(2) - 2016 reported a prior period adjustment increase in governmental activities of \$199,892

(3) - 2018 reported a prior period adjustment increase to governmental activities of \$65,446 and a increase to business-type activities of \$14,856.

City of Lake Wales, Florida
Fund Balance of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

General fund	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Nonspendable										
Inventory and Prepaid	\$ 161,490	\$ 133,694	\$ 91,834	\$ 97,256	\$ 260,083	\$ 289,680	\$ 178,074	\$ 528,092	\$ 355,174	\$ 439,931
Committed										
Cemetery expenditures	-	-	-	28,086	28,086	-	-	-	-	-
Tree replacement expenditures	-	-	-	67,493	67,493	-	-	-	-	-
Assigned										
Subsequent years' expenditure	739,053	-	-	-	-	1,296,074	850,123	475,747	1,123,097	1,163,408
Unassigned	1,079,413	1,076,439	2,212,543	2,892,676	3,209,162	2,712,511	3,253,113	3,581,521	3,962,637	4,341,284
Total general fund	<u>1,979,956</u>	<u>1,210,133</u>	<u>2,304,377</u>	<u>3,085,511</u>	<u>3,564,824</u>	<u>4,298,265</u>	<u>4,281,310</u>	<u>4,585,360</u>	<u>5,440,908</u>	<u>5,944,623</u>
All other governmental funds										
Nonspendable										
Inventory and Prepaid	4,605	15,499	6,533	33,730	13,897	24,486	28,733	25,152	76,517	4,807
Restricted for:										
Library expenditures	208,159	108,048	117,869	81,244	127,600	130,708	190,140	284,381	469,993	437,522
Law enforcement expenditures	48,928	35,135	29,176	67,473	57,323	43,381	36,536	40,009	39,328	103,728
Transportation expenditures	98,908	198,565	253,252	332,984	508,472	401,886	111,029	131,576	525,572	617,152
Community redevelopment expendit	353,867	169,341	149,586	210,468	1,393,382	1,504,752	2,108,243	2,752,719	2,719,871	1,877,034
Street lighting expenditures	6,840	14,580	15,782	17,154	19,318	5,792	6,426	4,583	3,561	4,667
Debt service	1,932,558	1,948,424	1,252,676	1,322,116	1,154,353	964,916	686,736	423,051	469,967	638,425
Capital projects	1,876,572	696,476	423,975	463,731	552,971	600,134	719,120	1,022,236	913,225	779,412
Assigned										
Capital projects	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$4,530,437</u>	<u>\$3,186,068</u>	<u>\$2,248,849</u>	<u>\$2,528,900</u>	<u>\$3,827,316</u>	<u>\$3,676,055</u>	<u>\$3,886,963</u>	<u>\$4,683,707</u>	<u>\$5,218,034</u>	<u>\$4,462,747</u>

City of Lake Wales, Florida
Changes in Fund Balance of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Taxes	\$ 7,401,434	\$ 7,641,409	\$ 7,595,065	\$ 7,372,285	\$ 7,574,308	\$ 7,796,780	\$ 8,192,156	\$ 8,561,644	\$ 9,036,846	\$ 9,875,578
Special assessment	19,050	21,218	14,830	14,823	15,624	-	12,782	12,755	12,053	14,856
Licenses and permits	1,370,028	1,600,762	1,647,600	1,643,803	1,770,272	1,800,458	2,131,820	1,901,079	2,067,400	2,265,026
Intergovernmental	2,322,091	2,567,234	2,773,856	3,056,649	3,226,070	3,871,137	3,781,662	4,060,971	4,306,078	5,371,082
Charges for services	1,924,140	1,903,900	2,029,255	3,012,228	3,247,682	3,146,019	3,311,878	3,482,576	3,618,065	4,135,983
Fines and forfeitures	63,156	58,592	96,583	108,072	136,491	151,371	162,757	165,595	116,059	370,060
Interest and miscellaneous	250,255	311,885	402,638	255,736	444,049	421,282	669,479	940,947	384,531	396,010
Total revenues	13,350,154	14,105,000	14,559,827	15,463,596	16,414,496	17,187,047	18,262,534	19,125,567	19,541,032	22,428,595
Expenditures										
Current:										
General government	1,533,286	1,503,113	1,522,961	1,591,291	1,904,199	1,870,430	2,102,409	2,302,858	1,994,654	3,022,195
Public safety	6,923,945	7,314,126	7,158,859	7,778,626	8,390,048	8,186,060	9,898,768	8,996,214	8,795,422	10,264,538
Physical environment	998,144	1,032,401	1,083,605	1,046,112	1,110,708	1,205,879	1,252,316	1,277,758	1,192,453	1,444,045
Transportation	723,580	783,519	1,024,348	1,091,184	1,129,684	1,625,190	2,137,461	1,500,467	1,213,812	1,503,799
Economic environment	456,935	341,333	306,478	413,478	498,908	923,498	620,617	841,675	1,660,466	3,310,073
Human services	2,070	1,000	-	-	-	-	30,000	40,000	40,000	40,000
Culture and recreation	2,100,893	2,419,371	2,121,724	2,442,606	2,492,316	3,217,540	3,186,614	3,707,862	2,710,401	3,200,426
Debt service:										
Principal	1,710,589	1,741,418	1,842,290	1,484,637	1,511,401	910,259	1,140,052	1,369,355	1,428,515	1,444,000
Interest and fiscal charges	466,078	430,585	377,209	333,629	305,613	300,049	362,482	379,830	331,703	243,164
Capital outlay	274,963	1,254,503	817,123	80,038	119,499	276,156	263,776	53,125	189,525	310,529
Total expenditures	15,190,483	16,821,369	16,254,597	16,261,601	17,462,376	18,515,061	20,994,495	20,469,144	19,556,951	24,782,769
Excess (deficiency) of revenues over (under) expenditures	(1,840,329)	(2,716,369)	(1,694,770)	(798,005)	(1,047,880)	(1,328,014)	(2,731,961)	(1,343,577)	(15,919)	(2,354,174)
Other financing sources (uses)										
Lease proceeds	1,819,184	86,457	-	-	-	-	-	-	-	-
Proceeds from issuance of debt	-	-	790,560	693,513	755,648	747,118	1,775,272	1,218,365	-	507,655
Insurance recoveries	6,947	11,704	15,176	1,825	4,669	76,223	4,469	-	-	368
Sale of capital assets	16,798	1,016	26,059	117,134	985,062	203	30,873	20,678	28,750	80,579
Transfers in	1,968,812	2,089,038	2,316,638	2,001,028	1,854,306	2,034,473	1,986,576	2,235,822	2,225,134	2,370,622
Transfers out	(1,140,812)	(1,586,038)	(1,296,638)	(954,310)	(774,076)	(947,823)	(871,276)	(1,030,494)	(848,090)	(856,622)
Total other financing sources (uses)	2,670,929	602,177	1,851,795	1,859,190	2,825,609	1,910,194	2,925,914	2,444,371	1,405,794	2,102,602
Net change in fund balances	\$ 830,600	\$ (2,114,192)	\$ 157,025	\$ 1,061,185	\$ 1,777,729	\$ 582,180	\$ 193,953	\$ 1,100,794	\$ 1,389,875	\$ (251,572)
Debt Service as a percentage of noncapital expenditures	14.63%	13.29%	14.92%	12.15%	11.34%	7.38%	8.55%	9.38%	10.12%	7.62%

City of Lake Wales, Florida
Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years
(accrual basis of accounting)

Fiscal Year	Property Tax	Franchise Fees	Public Service Tax	Communication Service Tax	Fuel Taxes	Local Business Tax	Totals
2013	\$ 5,101,801	\$ 1,098,866	\$ 1,523,497	\$ 524,187	\$ 615,111	\$ 76,561	\$ 8,940,023
2014	5,130,461	1,221,973	1,612,772	483,337	703,120	70,763	9,222,426
2015	5,159,264	1,268,042	1,603,537	467,312	739,144	72,034	9,309,333
2016	4,900,523	1,216,849	1,672,772	469,080	786,555	70,015	9,115,794
2017	5,122,114	1,202,764	1,687,888	467,274	810,953	72,316	9,363,309
2018	5,452,835	1,270,748	1,718,285	454,353	844,684	68,133	9,809,038
2019	5,849,860	1,372,549	1,846,617	448,685	860,806	67,280	10,445,797
2020	6,252,874	1,366,983	1,963,799	486,042	821,880	61,772	10,953,350
2021	6,685,845	1,417,974	2,006,417	467,111	858,170	64,445	11,499,962
2022	7,249,859	1,594,076	1,381,442	471,302	892,116	66,893	11,655,688

City of Lake Wales, Florida
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

Fiscal Year	Real Property	Personal Property	Centrally Assessed Property	Less: Tax Exempt Property	Total Assessed Valuation	Total Direct Rate	Estimated Actual Value	Assessed Value⁽¹⁾ as a Percentage of Actual Value
2013	\$ 774,265	\$ 79,045	\$ 517	\$ 290,745	\$ 563,082	8.5119	\$ 990,462	86.20%
2014	797,750	80,803	496	296,599	582,450	8.5866	1,019,828	86.20%
2015	798,982	107,500	497	284,591	622,388	8.3638	1,047,976	86.55%
2016	838,628	101,096	552	300,401	639,875	7.3638	1,088,269	86.40%
2017	886,259	107,225	623	303,049	691,058	7.3273	1,150,506	86.41%
2018	914,102	108,906	708	291,847	731,869	7.0438	1,185,028	86.39%
2019	967,869	116,636	573	304,154	780,924	7.0438	1,255,878	86.40%
2020	1,046,491	153,210	517	339,008	861,210	6.9339	1,384,893	86.67%
2021	1,091,300	143,042	1,446	344,604	891,184	6.7974	1,428,370	86.52%
2022	1,273,087	176,605	1,105	386,393	1,064,404	6.3626	1,675,459	86.59%

Source: Polk County Property Appraiser - Form DR-403V

Note: Property in the county is reassessed annually, January 1st of each year. The county assesses property at approximately 85% of actual value for real property and 100% for personal property.

Estimated actual value is calculated by dividing assessed value by those percentages. Tax rates are per \$1,000 of assessed value.

(1) Includes tax-exempt property

(2) Homestead exemption was increased an additional \$25,000 for qualifying properties.

City of Lake Wales, Florida
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(Per One Thousand Dollars of Taxable Value)

Fiscal Year	Direct Rate	Overlapping Rates			Total
	City of Lake Wales	County of Polk	Polk County School Board	South West Florida Water Management District	
2013	8.5119	6.8665	7.4920	0.3928	23.2632
2014	8.5866	6.8665	7.5470	0.3818	23.3819
2015	8.3638	6.8665	7.2080	0.3658	22.8041
2016	7.3638	6.7815	7.1490	0.3488	21.6431
2017	7.3273	6.7815	6.7970	0.3317	21.2375
2018	7.0438	6.7815	6.5140	0.3131	20.6524
2019	7.0438	7.1565	6.2510	0.2955	20.7468
2020	6.9339	7.1565	6.0860	0.2801	20.4565
2021	6.7974	6.8990	5.9350	0.2669	19.8983
2022	6.3626	6.6920	5.5190	0.2260	18.7996

The overlapping rate represents agencies which have taxing authority within the area. These rates plus the City direct rate is the total millage rate attributable to property within the City.

The direct rate is a unitary rate and is not comprised of separate individual rates.

Source: Polk County Office of Joe G. Tedder, CFC, Tax Collector of Polk County, Florida
www.polktaxes.com, Property Taxes, Millage Rates & Fees

**City of Lake Wales, Florida
Principal Property Taxpayers
Fiscal Year Ended September 30,**

<u>Taxpayer</u>	<u>Rank</u>	<u>2022</u>		<u>Rank</u>	<u>2013</u>	
		<u>Total Assessed Valuation</u>	<u>Percentage of Total Taxable Assessed Value</u>		<u>Total Assessed Valuation</u>	<u>Percentage of Total Taxable Assessed Value</u>
LWAD Phase 1 LLC	1	\$ 53,249,439	25.99%			
Duke Energy	2	27,029,540	13.19%			
Comcast of Coflminmpawa LLC	3	25,778,248	12.58%			
Publix Super Markets	4	21,950,497	10.71%			
Preserve at Lake Wales Inc	5	16,471,267	8.04%	5	\$ 7,628,687	8.30%
CRF II LTD	6	16,377,440	7.99%	4	11,860,736	12.91%
Walmart	7	12,084,830	5.90%	6	7,526,668	8.19%
Rise Properties LLC	8	8,776,836	4.28%			
Lake Wales Retirement Center INC	9	14,906,150	7.28%			
Growhealthy Properties LLC	10	8,238,481	4.02%			
Lowes				9	6,589,480	7.17%
451 Eagle Ridge Drive Holdings, LLC				1	16,855,706	18.34%
Progress Energy				2	15,702,133	17.09%
Lake Wales Hospital Corporation				3	11,922,958	12.97%
Verizon				7	7,270,389	7.91%
Lake Wales Medical Center				10	6,536,935	7.11%
DDRM Shoppes on the Ridge LLC				8	7,103,746	7.73%
		<u>\$ 204,862,728</u>	<u>14.12%</u>		<u>\$ 91,893,692</u>	<u>16.32%</u>
Total Assessed Valuation		<u>\$ 1,450,797,985</u>			<u>\$ 563,082,888</u>	

Source: Polk County Property Appraiser

N/A - Not available

**City of Lake Wales, Florida
Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year	Total Tax Levy	Current Levy Collections	Percent of Levy Collected	Delinquent Tax Collection	Total Tax Collections	Percent Total Collections To Levy
2013	\$ 4,834,971	\$ 4,597,660	95.09%	\$ 83,980	\$ 4,681,640	96.83%
2014	4,836,682	4,657,071	96.29%	40,553	4,697,624	97.12%
2015	4,843,338	4,689,790	96.83%	22,965	4,712,755	97.30%
2016	4,498,652	4,351,685	96.73%	17,700	4,369,385	97.13%
2017	4,676,205	4,520,948	96.68%	10,294	4,531,242	96.90%
2018	4,852,742	4,691,717	96.68%	7,264	4,698,981	96.83%
2019	5,137,333	4,971,389	96.77%	3,119	4,974,508	96.83%
2020	5,360,024	5,180,984	96.66%	40,008	5,220,992	97.41%
2021	5,832,566	5,637,459	96.65%	7,690	5,645,149	96.79%
2022	5,821,260	5,660,810	97.24%	148,914	5,809,724	99.80%

Source: Polk County Office of Joe G. Tedder, CFC, Tax Collector of Polk County, Florida

Florida Statute 197.012 allows a discount for early payment of taxes of 4% in November, 3% in December, 2% in January and 1% in February. Taxes become delinquent on April 1st of each year.

The County Tax Collector is responsible for collecting and remitting all property taxes.

City of Lake Wales, Florida
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Population	Per Capita
	Notes Payable	Lease Obligations	Total	Notes Payable	Lease Obligations	Total			
2013	\$ 13,155,997	\$ 109,543	\$13,265,540	\$ 12,390,108	\$ -	\$12,390,108	\$ 25,655,648	14,522	1,767
2014	11,444,458	166,121	11,610,579	11,023,165	-	11,023,165	22,633,744	14,916	1,517
2015	9,664,472	394,377	10,058,849	11,711,767	120,783	11,832,550	21,891,399	15,011	1,458
2016	8,312,131	955,994	9,268,125	11,162,574	433,341	11,595,915	20,864,040	15,362	1,358
2017	7,080,854	1,432,757	8,513,611	15,241,545	336,409	15,577,954	24,091,565	15,365	1,568
2018	6,554,027	1,771,562	8,325,589	15,598,263	383,458	15,981,721	24,307,310	15,791	1,539
2019	6,007,966	2,952,843	8,960,809	16,238,880	323,977	16,562,857	25,523,666	16,062	1,589
2020	6,341,964	2,467,855	8,809,819	17,111,146	238,078	17,349,224	26,159,043	16,386	1,596
2021	5,702,641	1,678,663	7,381,304	23,449,577	196,736	23,646,313	31,027,617	17,001	1,825
2022	5,043,531	1,343,246	6,386,777	22,037,072	148,672	22,185,744	28,572,521	17,359	1,646

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
Per Capita Income information is not available.

City of Lake Wales, Florida
Direct and Overlapping Governmental Activities Debt
As of September 30, 2022

<u>Taxing Authority</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
City of Lake Wales	\$ 6,386,777	100.00%	\$ 6,386,777
Total Direct Debt	<u>6,386,777</u>		<u>6,386,777</u>
County of Polk (1)	176,342,710	1.82%	3,214,917
Polk County School Board (2)	337,359,324	1.82%	6,150,424
Total Overlapping Debt	<u>513,702,034</u>		<u>9,365,341</u>
Total Direct and Overlapping Debt	<u>\$ 520,088,811</u>		<u>\$ 15,752,118</u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. The schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Lake Wales. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account.

Source:

(1) Debt outstanding data provided from information with Polk County, Florida CAFR statistical section disclosure as of their most recent audited financial statements ending September 30, 2021.

(2) Debt outstanding data provided from information with The School Board of Polk County, Florida as of their most recent available audited financial statements ending June 30, 2021.

**City of Lake Wales, Florida
Pledged-Revenue Coverage
Last Ten Years**

Utility Fund Debt Obligations

Fiscal Year	(1) Charges for Service Revenues	(2) Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2013	\$ 6,549,910	\$ 3,832,634	\$ 2,717,276	\$ 1,332,188	\$ 325,079	1.64
2014	6,649,031	3,950,814	2,698,217	1,366,943	328,131	1.59
2015	7,002,296	3,676,952	3,325,344	1,445,795	238,758	1.97
2016	7,860,703	3,971,479	3,889,224	2,068,464	215,477	1.70
2017	8,134,261	4,155,338	3,978,923	2,362,967	160,623	1.58
2018	8,329,706	4,460,075	3,869,631	991,925	106,979	3.52
2019	8,685,158	4,287,822	4,397,336	977,513	222,612	3.66
2020	10,518,381	4,812,909	5,705,472	1,235,356	231,387	3.89
2021	9,547,419	5,402,074	4,145,345	1,180,772	385,452	2.65
2022	10,518,381	6,206,164	4,312,217	1,215,455	350,769	2.75

(1) For purposes of debt coverage - charges for services is the only utility revenue listed. Water and sewer revenues relating to other income, water and sewer impact fees, and interest income have been excluded for coverage analysis purposes.

(2) Direct operating expenses does not include depreciation.

**City of Lake Wales, Florida
Demographic and Economic Statistics
Last Ten Fiscal Years**

Year	Per Capita Personal Income (1)						Median Household Income (1)					
	Florida	Polk	Hillsborough	Hardee	Osceola	Lake	Florida	Polk	Hillsborough	Hardee	Osceola	Lake
2013	\$ 40,659	\$ 32,043	\$ 40,470	\$ 24,998	\$ 27,941	\$ 34,701	\$ 46,021	\$ 42,447	\$ 49,510	\$ 34,884	\$ 41,592	\$ 44,244
2014	43,109	33,061	42,026	26,182	28,781	36,508	47,439	42,768	50,758	35,371	42,945	46,895
2015	45,287	34,028	43,591	27,814	30,363	37,817	49,416	44,024	51,710	35,850	45,127	49,711
2016	45,684	34,199	43,617	26,913	31,280	39,385	50,857	46,289	54,509	37,612	50,716	50,125
2017	47,869	34,213	45,129	28,844	32,315	40,613	50,883	45,988	53,742	39,063	47,343	49,734
2018	50,070	35,463	47,000	28,258	33,346	42,190	53,267	48,500	56,137	37,594	50,063	51,884
2019	52,426	36,649	48,452	29,545	35,258	43,425	55,660	50,584	58,884	38,682	52,279	54,513
2020	55,675	39,760	51,848	31,775	39,210	46,563	57,435	54,591	65,272	46,264	63,018	58,501
2021	62,270	43,556	58,140	35,636	43,354	49,831	61,777	55,099	64,164	41,395	58,513	60,013
2022	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

(1) Source Office of Economic & Demographic Research <http://edr.state.fl.us>, Population & Demographics, Area Profiles, County Profiles.

N/A = Data not currently available.

**City of Lake Wales, Florida
Demographic and Economic Statistics
Last Ten Fiscal Years**

Year	Florida Price Level Index (1)					Unemployment Rate (2)					
	Polk	Hillsborough	Hardee	Osceola	Lake	Florida	Polk	Hillsborough	Hardee	Osceola	Lake
2013	98.17	100.75	95.30	98.96	97.02	6.9	8.4	6.5	10.4	7.7	7.3
2014	96.26	100.89	96.69	97.47	96.33	6.1	7.3	5.8	9.4	6.6	6.3
2015	96.34	100.97	95.92	98.13	96.99	5.1	6.2	4.9	8.7	5.5	5.2
2016	96.50	101.14	95.12	98.38	97.23	4.7	5.9	4.6	7.2	5.0	4.8
2017	96.20	100.66	94.76	98.53	97.38	3.8	4.1	3.3	6.1	3.7	3.4
2018	96.05	100.38	95.37	98.53	97.52	3.3	3.5	2.9	4.8	3.0	2.9
2019	96.00	100.64	95.64	98.81	97.80	3.1	3.5	2.9	5.6	3.1	2.9
2020	96.08	100.73	96.31	98.46	97.80	7.6	7.9	5.7	5.1	9.7	7.4
2021	96.82	101.33	91.45	97.84	95.21	4.0	4.9	3.9	5.1	5.4	4.3
2022	97.06	101.60	91.28	97.83	95.40	2.8	3.2	2.6	3.8	3.0	2.8

(1) Univ. of Fla, Bureau of Economic and Business Research, <http://www.bebr.ufl.edu/>, economic, Fla. Price Level Index. Provides relative cost of living. The Average is set at 100%.

(2) United States Department of Labor, Bureau of Labor Statistics, <http://data.bls.gov/map/MapToolServlet>

N/A = Data not currently available.

**City of Lake Wales, Florida
Demographic and Economic Statistics
Last Ten Fiscal Years**

(April 1st) Year	Population		% of City Compared to County
	Polk	City of Lake Wales	
2013	613,950	14,522	2.37%
2014	623,174	14,916	2.39%
2015	634,555	15,011	2.37%
2016	646,989	15,362	2.37%
2017	661,645	15,365	2.32%
2018	673,028	15,791	2.35%
2019	690,606	16,062	2.33%
2020	715,090	16,386	2.29%
2021	748,365	17,001	2.27%
2022	770,019	17,359	2.25%

Source: Office of Economic & Demographic Research, Population & Demographics, <http://edr.state.fl.us>

City of Lake Wales, Florida
Full-Time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
City Manager	2.00	2.00	2.00	2.00	2.50	2.50	2.50	2.50	2.50	5.50
City Clerk	1.50	1.50	1.50	1.50	1.00	1.00	1.00	1.00	1.00	1.00
Special Progr/Eco Dev/CRA	1.00	-	-	-	-	2.00	2.50	5.00	6.00	4.00
Finance	3.75	3.50	3.50	3.50	3.50	3.50	3.50	4.00	4.00	4.00
Support Services	2.50	2.00	1.30	1.30	1.30	1.30	1.30	1.30	1.00	0.50
Human Resource	2.50	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Planning and Zoning	3.00	3.00	3.00	3.00	3.00	3.00	4.00	4.50	3.00	4.00
Information Services	3.00	2.50	2.30	3.30	3.30	3.30	3.30	3.30	3.00	3.00
Public Services Administration	2.50	2.25	2.40	1.90	1.90	1.90	1.90	2.90	2.50	1.50
Parks & Recreation	-	-	-	-	-	-	-	-	-	-
Total general government	<u>21.75</u>	<u>18.75</u>	<u>18.00</u>	<u>18.50</u>	<u>18.50</u>	<u>20.50</u>	<u>22.00</u>	<u>26.50</u>	<u>25.00</u>	<u>25.50</u>
Airport Authority					2.00	2.00	2.00	3.00	3.00	3.00
Police Department	49.00	51.00	50.00	50.00	53.00	53.00	53.00	53.00	53.00	55.00
Fire & Rescue:	27.00	27.00	27.00	27.00	30.00	30.00	30.00	30.00	30.00	33.00
Building Permits and Inspection	2.00	2.00	2.50	2.50	3.00	3.00	3.50	5.00	5.00	4.00
Code Enforcement	1.75	1.50	1.00	2.00	2.00	3.00	3.00	3.00	2.00	2.00
Total public safety	<u>79.75</u>	<u>81.50</u>	<u>80.50</u>	<u>81.50</u>	<u>90.00</u>	<u>91.00</u>	<u>91.50</u>	<u>94.00</u>	<u>93.00</u>	<u>97.00</u>
Cemetery	-	-	-	-	-	2.00	2.00	3.00	3.00	3.50
Parks Division	-	-	-	-	-	8.00	8.00	8.00	8.00	10.00
Streets	-	-	-	-	-	7.00	7.00	7.00	7.00	7.00
Field Operations	19.00	19.00	19.00	18.00	18.00	-	-	-	-	-
Fleet Maintenance	-	-	-	-	-	-	-	-	-	-
Facilities Maintenance	4.00	3.00	3.00	3.00	2.00	3.00	3.00	3.00	3.00	3.00
Total maintenance	<u>23.00</u>	<u>22.00</u>	<u>22.00</u>	<u>21.00</u>	<u>20.00</u>	<u>20.00</u>	<u>20.00</u>	<u>21.00</u>	<u>21.00</u>	<u>23.50</u>
Recreation	-	-	-	-	-	3.00	3.00	4.00	5.00	5.00
Museum	-	-	-	1.10	1.60	2.10	2.10	2.60	2.20	-
Library	16.50	16.50	16.50	17.90	17.90	17.90	17.90	17.90	18.40	18.00
Total culture and recreation	<u>16.50</u>	<u>16.50</u>	<u>16.50</u>	<u>19.00</u>	<u>19.50</u>	<u>23.00</u>	<u>23.00</u>	<u>24.50</u>	<u>25.60</u>	<u>23.00</u>
Utilities Operations	23.50	23.00	23.00	23.00	23.00	23.00	23.00	23.00	23.00	27.00
Utilities Administration	5.50	6.75	6.50	6.00	6.00	6.00	6.00	6.00	7.00	7.00
Utility Billing/Customer Service	3.25	3.50	4.50	5.50	5.50	5.50	5.50	7.00	7.00	7.00
Total utilities	<u>32.25</u>	<u>33.25</u>	<u>34.00</u>	<u>34.50</u>	<u>34.50</u>	<u>34.50</u>	<u>34.50</u>	<u>36.00</u>	<u>37.00</u>	<u>41.00</u>
Total government employees	<u>173.25</u>	<u>172.00</u>	<u>171.00</u>	<u>174.50</u>	<u>182.50</u>	<u>189.00</u>	<u>191.00</u>	<u>202.00</u>	<u>201.60</u>	<u>210.00</u>

(1) Source: City Finance Department

(2) In 2010 both Field Operations and Utilities Operations reorganized their personnel structures.

City of Lake Wales, Florida
Various Indicators by Function/Program
Last Ten Years

Function/Program	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
General										
Municipal boundaries (1)	20.12	20.12	20.14	20.14	20.14	20.20	20.20	20.31	20.57	21.59
Police										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of arrests	1,173	1,158	1,071	1,125	1,182	1,195	958	586	586	830
Number of calls for service	n/a	20,904	22,047	21,522	22,888	22,912	21,837	17,722	18,560	21,832
Number of crashes	390	436	478	621	584	548	620	586	751	1,048
Fire										
Response volume (includes fire, rescue and medical calls)	2,514	2,660	2,991	2,410	2,769	2,939	3,040	3,011	3,100	3,532
Response time average (minutes)	5.72	5.66	5.02	4.83	4.60	4.60	4.82	5.09	4.71	3.50
Inspections/plans reviewed	1,837	1,877	2,067	2,031	2,031	1,544	1,310	1,212	980	1,200
Public education (persons)	1,652	1,148	3,860	3,892	3,152	2,548	2,250	2,500	2,500	3,000
Permits and Inspections Division										
Plan review residential	264	291	320	196	319	680	98	891	561	661
Plan review commercial	163	177	157	49	129	88	279	209	139	239
Permits issued	579	657	739	792	1,166	1,359	1,206	1,147	1,227	1,312
Inspections:										
Construction	1,918	2,332	2,557	2,467	5,348	4,085	4,332	3,014	4,196	4,619
Inspections per month (avg.)	174	194	213	205	445	340	361	266	350	385
Certificates of Occupancy issued	51	70	65	68	71	42	111	50	51	41
Library										
Number of libraries	1	1	1	1	1	1	1	1	1	1
Public Works										
Miles of streets	86.74	86.74	87.41	87.41	87.41	87.41	87.41	87.41	87.41	87.41
Water										
Average monthly customers:										
Water	7,673	7,890	7,889	8,159	8,210	8,396	8,523	9,377	9,712	9,833
Sewer	5,227	5,369	5,412	5,610	5,649	5,882	5,998	5,917	6,048	6,539
Irrigation	1,362	1,425	1,454	1,534	1,586	1,514	1,570	1,704	1,822	1,630
Wastewater										
Number of lift stations	39	39	39	39	39	40	40	40	40	40

(1) Square miles

(2) Source: City Finance Department

City of Lake Wales, Florida
Water Sold by Type of Customer and Associated Rates
Last Ten Fiscal Years

Water Revenues	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Water Fees	\$3,109,898	\$3,069,206	\$3,270,884	\$3,687,443	\$3,777,279	\$3,837,000	\$4,017,001	\$4,484,248	\$ 4,421,191	\$5,117,452
Installation Fees	73,351	78,956	70,822	109,202	158,917	110,773	105,951	83,639	94,149	68,867
Backflow Inspection Fees	60,823	63,760	65,300	67,928	69,850	72,017	74,552	77,821	98,546	126,823
Construction Meter Fees	3,510	4,924	3,850	3,651	5,601	6,852	9,263	8,794	13,191	17,274
Reuse Fees	23,185	24,804	19,533	31,109	32,331	34,169	39,052	58,256	43,991	38,250
Miscellaneous	281	293	195	315	490	1,048	155	248	174	1,295
Impact Fees	93,706	130,823	127,528	137,060	255,751	169,747	264,978	191,844	141,582	214,947
Totals	\$3,364,754	\$3,372,766	\$3,558,112	\$4,036,708	\$4,300,219	\$4,231,606	\$4,510,952	\$4,904,850	\$ 4,812,824	\$5,584,908
 Penalties & Service Charges (Water & Sewer Combined)	 \$ 114,905	 \$ 117,560	 \$ 110,973	 \$ 124,854	 \$ 124,854	 \$ 123,632	 \$ 124,593	 \$ 70,072	 \$ 150,621	 \$ 155,319

Water Rates(1)

% of Rate Increase (Decrease) - Base Rate	2.50%	2.60%	2.50%	14.40%	2.40%	2.50%	5.20%	7.70%	10.50%	10.40%
Inside City Limits										
Base Rate	\$ 5.80	\$ 5.95	\$ 6.10	\$ 6.98	\$ 7.15	\$ 7.33	\$ 7.52	\$ 7.70	\$ 7.90	\$ 8.09
0-5,000	2.30	2.35	2.41	2.76	2.83	2.90	2.97	3.05	3.12	3.20
5,001-10,000	3.11	3.18	3.26	3.73	3.82	3.92	4.02	4.12	4.22	4.33
10,001-25,000	4.82	4.94	5.06	5.79	5.93	6.08	6.24	6.39	6.55	6.71
> 25,000	7.93	8.13	8.33	9.54	9.78	10.02	10.27	10.53	10.79	11.06
Outside City Limits										
Base Rate	\$ 7.26	\$ 7.44	\$ 7.63	\$ 8.73	\$ 8.95	\$ 9.17	\$ 9.40	\$ 9.64	\$ 9.88	\$ 10.12
0-5,000	2.87	2.94	3.01	3.45	3.54	3.63	3.72	3.81	3.81	4.00
5,001-10,000	3.88	3.98	4.08	4.67	4.79	4.91	5.03	5.15	5.15	5.42
10,001-25,000	6.03	6.18	6.33	7.24	7.42	7.61	7.80	7.99	7.99	8.40
> 25,000	9.92	10.17	10.42	11.93	12.23	12.54	12.85	13.17	13.17	13.84

(1)Source-City of Lake Wales
N/A - Not available

City of Lake Wales, Florida
Sewer Sold by Type of Customer and Associated Rates
Last Ten Fiscal Years

Sewer Revenues	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Sewer Fees	\$3,163,404	\$3,279,080	\$3,448,974	\$3,832,287	\$3,939,531	\$4,142,876	\$4,298,524	\$4,592,075	\$4,486,930	\$5,003,351
Installation Fees	551	10,348	3,919	3,914	4,855	1,188	1,135	801	7,438	5,098
Miscellaneous	-	-	-	-	-	122	-	763	-	-
Impact Fees	153,243	214,505	180,273	208,322	409,135	237,697	417,051	292,354	173,930	205,951
Totals	<u>\$3,317,198</u>	<u>\$3,503,933</u>	<u>\$3,633,166</u>	<u>\$4,044,523</u>	<u>\$4,353,521</u>	<u>\$4,381,883</u>	<u>\$4,716,710</u>	<u>\$4,885,993</u>	<u>\$4,668,298</u>	<u>\$5,214,400</u>

Sewer Rates (1)

% of Rate Increase (Decrease) - Base Rate	2.50%	2.50%	2.50%	14.50%	2.50%	2.50%	5.10%	7.70%	10.40%	10.40%
Inside City Limits										
Base Rate	\$ 20.60	\$ 21.12	\$ 21.65	\$ 24.79	\$ 25.41	\$ 26.04	\$ 26.70	\$ 27.36	\$ 28.04	\$ 28.75
0-5,000 Gallons	2.71	2.77	2.84	3.25	3.33	3.41	3.50	3.59	3.68	3.77
5,001 + Gallons	4.75	4.86	4.98	5.70	5.84	5.99	6.14	6.29	6.45	6.61
Outside City Limits										
Base Rate	\$ 25.76	\$ 26.40	\$ 27.06	\$ 30.98	\$ 31.75	\$ 32.55	\$ 33.36	\$ 34.20	\$ 35.04	\$ 35.93
0-5,000 Gallons	3.38	3.47	3.56	4.06	4.16	4.27	4.37	4.48	4.60	4.71
5,001 + Gallons	5.93	6.08	6.23	7.13	7.31	7.49	7.68	7.87	8.07	8.27

Residential Cap = 15,000 gallons

(1)Source-City of Lake Wales

N/A - Not available

**City of Lake Wales, Florida
Principal Employers
Current Year and Ten Years Ago**

<u>Employer</u>	<u>2022</u>		<u>2013</u>	
	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>
Adventhealth Lake Wales (1)	445	3	520	2
Citrosuco			170	10
Citrus World, Inc.	258	7	673	1
Florida's Natural Growers	900	1		
Home Depot	400	4		
Hunt Brothers	300	6	195	7
Kegel	200	8	175	8
Lake Wales Charter Schools			400	3
Lake Wales City Hall	200	9	173	9
Polk County School Board			209	6
Polk County Sheriff's Office	525	2		
Publix			214	5
Walmart Supercenter	350	5	350	4
Warner University	200	10	190	8
	<u>3,778</u>		<u>3,269</u>	

Source: Lake Wales Area Chamber of Commerce

(1) - Formerly Lake Wales Medical Center prior to 2019

OTHER INFORMATION

City of Lake Wales, Florida
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Original Budget and Actual - Community Redevelopment Fund
 For the Year Ending September 30, 2022

	Budget Amounts Original	Actual Amounts	Variance With Original Budget
Revenues			
Taxes	\$ 1,191,365	\$ 1,170,557	\$ (20,808)
Intergovernmental	2,191,300	1,246,384	(944,916)
Investment earnings	7,000	2,000	(5,000)
Total revenues	<u>3,389,665</u>	<u>2,418,941</u>	<u>(970,724)</u>
Expenditures			
Current:			
Economic environment	<u>11,678,796</u>	<u>2,635,073</u>	<u>9,043,723</u>
Total expenditures	<u>11,678,796</u>	<u>2,635,073</u>	<u>9,043,723</u>
Excess of revenues over expenditures	<u>(8,289,131)</u>	<u>(216,132)</u>	<u>8,072,999</u>
Other financing uses			
Transfers out	(671,490)	(692,622)	(21,132)
Loan proceeds	8,100,000	-	(8,100,000)
Sale of capital assets	<u>28,750</u>	<u>65,917</u>	<u>37,167</u>
Total other financing uses	<u>7,457,260</u>	<u>(626,705)</u>	<u>(8,083,965)</u>
Net change in fund balance	(831,871)	(842,837)	(10,966)
Fund balances, beginning of year	2,719,871	2,719,871	-
Fund balances, end of year	<u>\$ 1,888,000</u>	<u>\$ 1,877,034</u>	<u>\$ (10,966)</u>

City of Lake Wales, Florida
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Original Budget and Actual – Library Fund
For the Year Ending September 30, 2022

	Original Budget Amounts	Actual Amounts	Variance with Original Budget
Revenues			
Taxes	\$ 422,383	\$ 422,383	\$ -
Intergovernmental	680,000	765,960	85,960
Investment earnings	1,350	34	(1,316)
Impact fees	70,000	19,518	(50,482)
Miscellaneous	6,600	17,538	10,938
Total revenues	<u>1,180,333</u>	<u>1,225,433</u>	<u>45,100</u>
Expenditures			
Current:			
Culture and recreation	1,161,637	1,278,614	116,977
Total expenditures	<u>1,161,637</u>	<u>1,278,614</u>	<u>116,977</u>
Net change in fund balance	18,696	(53,181)	(71,877)
Fund balances, beginning of year	<u>495,510</u>	<u>495,510</u>	<u>-</u>
Fund balances, end of year	<u>\$ 514,206</u>	<u>\$ 442,329</u>	<u>\$ (71,877)</u>



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GOVERNMENT AUDITING SECTION

City of Lake Wales, Florida
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2022

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Grant Number</u>	<u>Assistance Listing Number</u>	<u>Expenditures</u>
U.S. Department of Justice passed through			
Florida Department of Law Enforcement:			
Edward Byrne Memorial Justice Assistance Grant Program:			
Lake Wales Training Program	2022-JAGD-POLK-6-4B-061	16.738	\$ 3,084
Lake Wales Community Safety Program	2021-JAGC-POLK-9-3B-107	16.738	<u>12,407</u>
Total U.S. Department of Justice			<u>15,491</u>
U.S. Department of Housing and Urban Development			
passed through the Florida Department of Economic Opportunity			
Community Development Block Grants/State's program and			
Non-Entitlement Grants in Hawaii:			
Lake Wales Housing Rehabilitation	22DB-OP-07-63-02-H07	14.228	<u>29,392</u>
Total U.S. Department of Housing and Urban Development			<u>29,392</u>
U.S. Department of Treasury			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	na	21.027	<u>522,156</u>
National Endowment for the Humanities passed through			
Florida Humanities Council, Inc.			
Promotion of the Humanities Federal/State Partnership:			
Florida Humanities Council Grant	GR 1220 4789 2638	45.129	<u>361</u>
U.S. Department of Transportation -			
Federal Aviation Administration			
Airport Improvement Program:			
COVID-19 Airport Improvement Program	3-12-0040-027-2021	20.106	32,000
Rehabilitate East Apron (Design Only)	3-12-0040-028-2021	20.106	900,283
Wildlife Hazard Assessment	3-12-0040-024-2020	20.106	3,750
Master Plan Update / Master Drainage Plan	3-12-0040-024-2020	20.106	<u>47,075</u>
Total U.S. Department of Transportation			<u>983,108</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,550,508</u></u>
(1) SRF - 5912S Loan Balance at September 30, 2022 - \$127,972	(4) SRF - 530300 Loan Balance at September 30, 2022 - \$2,419,304		
(2) SRF - 5913P Loan Balance at September 30, 2022- \$321,204	(5) SRF - 530320 Loan Balance at September 30, 2022 - \$1,887,028		
(3) SRF - 59140 Loan Balance at September 30, 2022 - \$218,502	(6) SRF - 531301 Loan Balance at September 30, 2022 - \$2,044,737		

None of the awards above were passed through to subrecipients.

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule

City of Lake Wales, Florida
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2022

Note 1 – General

The accompanying schedule of expenditures of federal awards presents the activities of all federal award programs of the City of Lake Wales, Florida (the City), as well as the Lake Wales Airport Authority (the discretely presented component unit) for the year ended September 30, 2022.

Federal awards received directly, as well as passed through to other government agencies, if any, are included in the schedule. For the year ended September 30, 2022, the City had no subrecipients and therefore did not pass any awards through to other government agencies.

Note 2 – Basis of Accounting

The accompanying schedule of expenditures of federal awards are presented using the same basis of accounting as the fund in which the grant is recorded, generally the accrual or modified accrual basis, as described in Note 1 to the City's financial statements. The City's federal awards did not include indirect cost reimbursement and, therefore, the City did not elect to use the 10 percent de minimis cost rate as covered by 2 CFR 200.414.

Note 3 – Contingencies

The grant revenue amounts received are subject to audit and adjustment. If any expenditures or expenses are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of the City. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal and state laws and regulations.

Grant monies received and disbursed by the City or discretely-presented component unit are for specific purposes and are subject to review by the grantor agencies. Such reviews potentially may result in disallowed expenditures.

Note 4 – Non-Cash Contributions

The City did not receive any federal non-cash assistance, including personal protection equipment, for the fiscal year ended September 30, 2022.

City of Lake Wales, Florida

Schedule of Expenditures of State Financial Assistance
For the Year Ended September 30, 2022

<u>State Grantor/Program Title</u>	<u>Grant Number</u>	<u>CSFA Number</u>	<u>Expenditures</u>
State of Florida Department of Environmental Protection			
Stormwater master plan	5303A0	37.077	\$ 46,400
Total State of Florida Department of Environmental Protection			46,400
Florida Department of State			
General Program Support (Cultural and Museum Grants)	21.C.P.S.170.171	45.061	19,867
Florida Department of Transportation			
Lake Wales Airport Fuel Farm	444675-1-94-01	55.004	31,100
Total Florida Department of Transportation			31,100
Total Expenditures of State Financial Assistance			<u>\$ 97,367</u>

- (1) SRF - 530310 Loan Balance at September 30, 2022 - \$4,289,589
- (2) SRF - 530330 Loan Balance at September 30, 2022 - \$2,777,045
- (3) SRF - 530380 Loan Balance at September 30, 2022 - \$992,755
- (4) SRF - 530350 Loan Balance at September 30, 2022 - \$987,773
- (5) SRF - 5303A0 Loan Balance at September 30, 2022 - \$46,400

The notes to the Schedule of Expenditures of State Financial Assistance are an integral part of this schedule

City of Lake Wales, Florida
Notes to the Schedule of Expenditures of State Financial Assistance
For the Year Ended September 30, 2022

Note 1 – General

The accompanying schedule of state financial assistance presents the activities of all state financial assistance projects of the City of Lake Wales, Florida (the City), as well as the Lake Wales Airport Authority (the discretely presented component unit) for the year ended September 30, 2022.

State financial assistance received directly, as well as those passed through to other government agencies, if any, are included in the schedule. For the year ended September 30, 2022, the City had no subrecipients and therefore did not pass any awards through to other government agencies.

Note 2 – Basis of Accounting

The accompanying schedule of state financial assistance is presented using the same basis of accounting as the fund in which the grant is recorded, generally the accrual or modified accrual basis, as described in Note 1 to the City's financial statements.

Note 3 – Contingencies

The grant revenue amounts received are subject to audit and adjustment. If any expenditures or expenses are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of the City. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal and state laws and regulations.

Grant monies received and disbursed by the City or discretely presented component unit are for specific purposes and are subject to review by the grantor agencies. Such reviews potentially may result in disallowed expenditures.



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INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the City Commission
City of Lake Wales, Florida

Report on Compliance for Major Federal Program

Opinion on Major Federal Program

We have audited City of Lake Wales, Florida’s (the “City”) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City’s major federal programs for the year ended September 30, 2022. The City’s major federal program is identified in the summary of auditors’ results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on of its major federal program for the year ended September 30, 2022.

Basis for Opinion on Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of the City’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City’s federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Lake Wales, Florida's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of the major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

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

(3)

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

CARR, RIGGS & INGRAM, LLC

Orlando, Florida
August 25, 2023

PART I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditors’ report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | None |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| c. Noncompliance material to the financial statements noted? | None |

Federal Awards:

- | | |
|--|------------|
| 1. Type of auditors’ report issued on compliance for major federal program | Unmodified |
| 2. Internal control over major program: | |
| a. Material weaknesses identified? | None |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a)? | None |
| 4. Identification of major federal award: | |

Federal Award	Assistance Listing Number
Airport Improvement Program	20.106

5. A threshold of \$750,000 was used to distinguish between Type A and Type B programs for federal programs.
6. The City is not a low-risk auditee

PART II – FINANCIAL STATEMENT FINDINGS

None noted

PART III – FEDERAL AWARD FINDINGS

None noted

PART IV– STATE PROJECT FINDINGS

None noted

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

To the City Commission
City of Wales, 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, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lake Wales, Florida (the “City”), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements and have issued our report thereon dated August 25, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’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 may exist that have not been 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

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

CARR, RIGGS & INGRAM, LLC

Orlando, Florida

August 25, 2023



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MANAGEMENT LETTER

To the City Commission
City of Lake Wales, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Lake Wales, Florida (the "City"), as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated August 25, 2023.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditors' Report on Compliance for Each Major Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of Auditor General. Disclosures in those reports and schedule, which are dated August 25, 2023 should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. No findings noted during the prior year.

Financial Condition and Management

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

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

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

Special Information

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

- a) The total number of district employees compensated in the last pay period of the district's fiscal year as eighteen.
- b) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as none.
- c) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$648,653.
- d) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as none.
- e) Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as none.
- f) A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes. The budget was amended, therefore we will report a separate original budget to actual in Supplementary Information.

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

- a) The total number of district employees compensated in the last pay period of the district's fiscal year as three.
- b) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as none.
- c) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$169,106.
- d) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as none.
- e) Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as shown below:

(3)

- Rehabilitate East Apron Construction \$995,568
- Master Plan-Airport \$112,123

f) A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes. The budget was amended, therefore we will report a separate original budget to actual in Supplementary Information.

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

- a) The total number of district employees compensated in the last pay period of the district's fiscal year as none. The CRA has no employees
- b) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as four.
- c) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as none. The CRA has no employees.
- d) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$332,262.
- e) Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as shown below:

- Walking Trail – II & III \$750,000
- 1st Street Design Phase \$515,000
- Northwest Neighborhood Sidewalks and Street \$2,500,000
- Park Avenue Const. Phase and S. Market Plaza \$5,000,000
- Downtown Improvements \$150,000

f) A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes. The budget was amended, therefore we will report a separate original budget to actual in Supplementary Information.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we recommend the City ensure forfeited property exceeding a certain amount be expended on certain programs based on Section 932.7055, Florida Statutes.

Purpose of this Letter

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

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

CARR, RIGGS & INGRAM, LLC

Orlando, Florida

August 25, 2023



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

To the City Council
City of Lake Wales, Florida

We have examined City of Lake Wales, Florida's, (the "City"), compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2022. Management is responsible for the City's compliance with the requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements 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 City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2022.

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

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

CARR, RIGGS & INGRAM, LLC

Orlando, Florida
August 25, 2023