



ANNUAL COMPREHENSIVE FINANCIAL REPORT
THE CITY OF LAKE ALFRED, FL
Year Ending September 30, 2024

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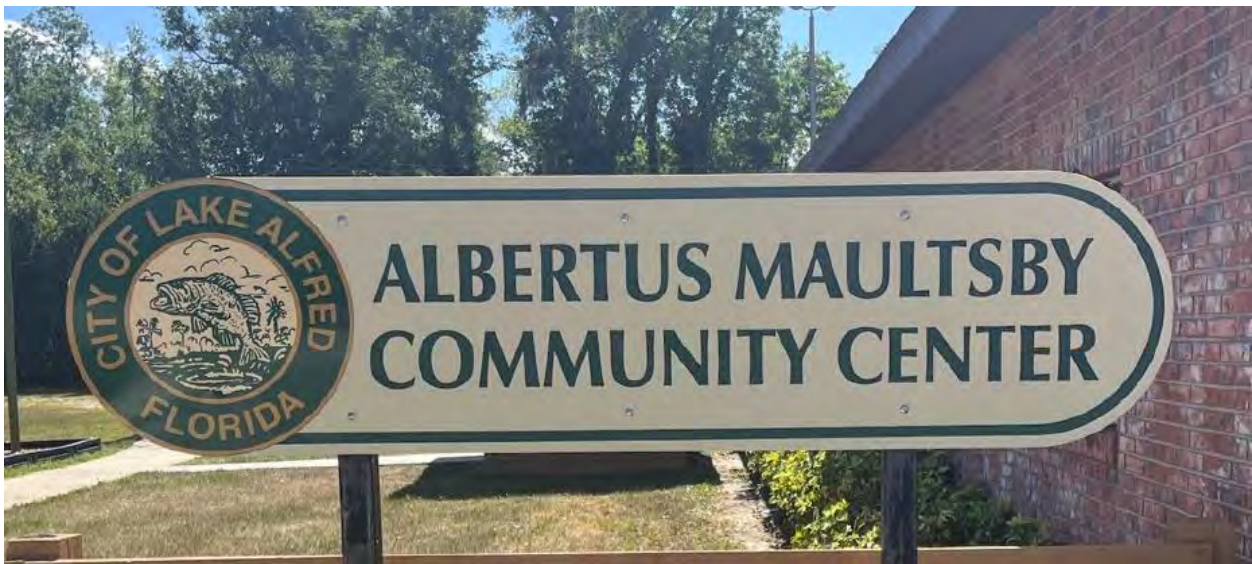
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Introductory Section



Highland's community center was renamed Albertus Maultsby Community Center.

Annual Comprehensive Financial Report
For the City of Lake Alfred, Florida
For the fiscal year ending September 30, 2024
Prepared by the Finance Department of the
City of Lake Alfred

City of Lake Alfred, Florida
Principal City Officials
September 30, 2024

City Commission

Mayor

Cassius Fuller

Vice Mayor

Nancy Daley

Commissioners

Jack Dearmin

Brent Eden

Albertus Maultsby

Administration

City Manager

Ryan Leavengood

City Attorney

John Murphy

Administration Staff

City Clerk

Linda Bourgeois

Finance Director

Amber Deaton

Fire Chief

Robert Turner

Parks & Recreation Director

Emily Deal

Police Chief

Art Bodenheimer

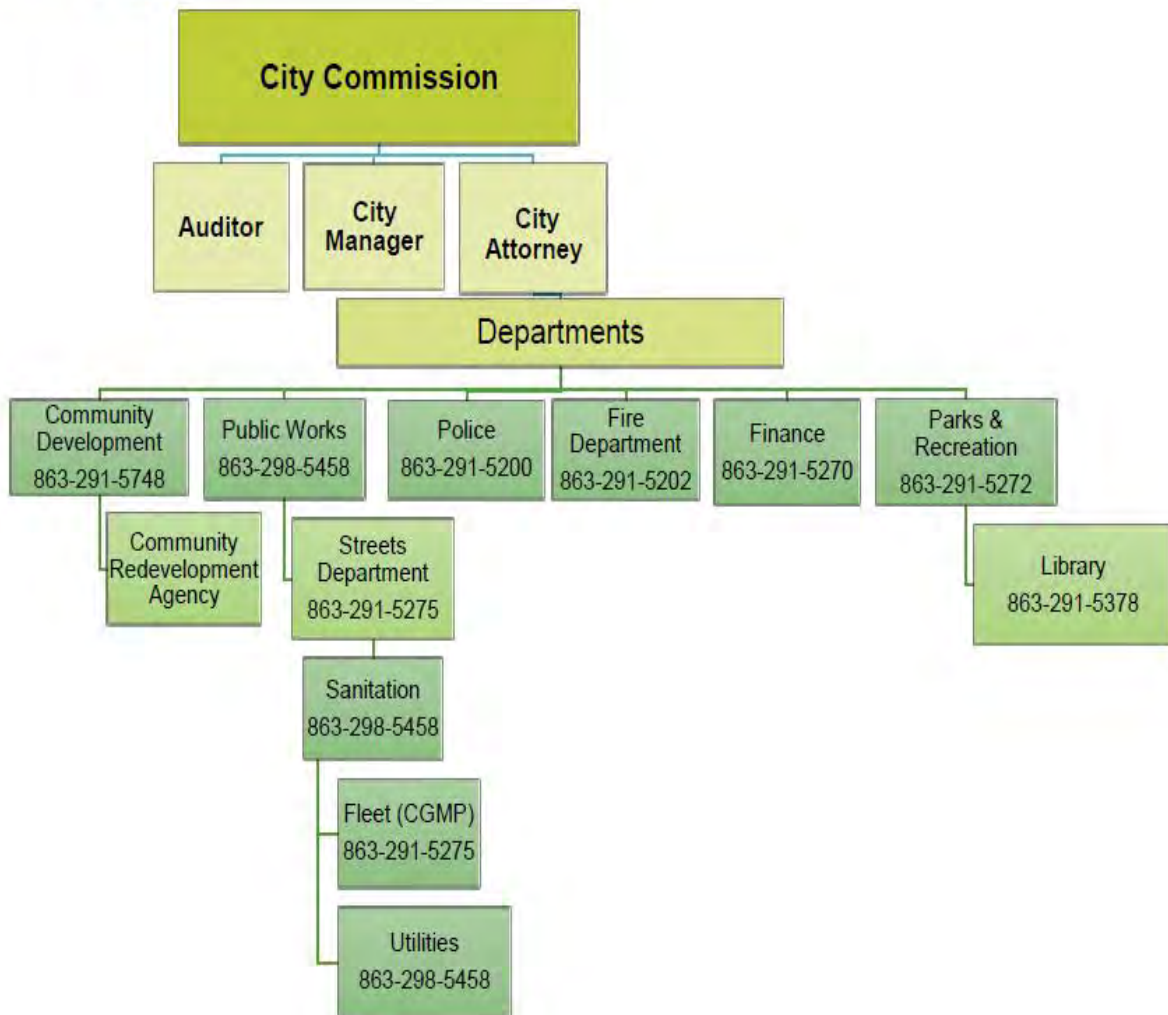
Public Works Director

John Deaton



ORGANIZATIONAL CHART

CITIZENS





June 9, 2025

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

It is our pleasure to submit the Annual Comprehensive Financial Report for the City of Lake Alfred, Florida for the fiscal year end of September 30, 2024. The organization, form, and contents of this report, plus the accompanying financial statements and statistical tables, were prepared in accordance with the requirements of Governmental Accounting Standards Board, the American Institute of Certified Public Accountants, and the Governmental Finance Officers Association. In addition to meeting legal requirements, this report also reflects the City's commitment to full financial disclosure. We encourage you to thoroughly read the report and the important items it addresses.

This report has been prepared by the Finance Department of the City of Lake Alfred, which assumes full responsibility for the completeness and accuracy of the information contained herein. To provide a reasonable basis for making these assertions, management had established a comprehensive internal control framework designed to protect the City's assets from loss, theft, or misuse. Furthermore, the City compiled sufficient reliable information for the preparation of the City's financial statements in conformity with Accounting Principles Generally Accepted in the United States of America (U.S. GAAP). Because the cost of internal controls should not outweigh its benefits, the City of Lake Alfred's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatements. As part of the management, we assert that, to the best of our knowledge and belief, the financial report is complete and reliable in all material respects.

State law requires that a complete set of financial statements reporting on the City of Lake Alfred's financial position and results of activities be published within nine months of the fiscal year end. The City has contracted with a licensed public accountant, Brynjulfson CPA, P.A., to conduct the audit. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ending September 30, 2023, were free of any material misstatements. The independent auditor concluded there was reasonable basis for rendering an unmodified opinion that the City of Lake Alfred's financial statements were fairly presented and in conformity with U.S. GAAP. The report of the independent certified public accountant is presented as the first component in the financial section of the report.

U.S. GAAP requires management provide a narrative introduction, overview, and analysis to accompany the basis financial statements in the form of Management's Discussion and Analysis (MD & A). This letter of transmittal is designed to complement the MD& A and should be read in conjunction with it. The City of Lake Alfred's MD & A can be found following the report of the independent certified public accountant.

Profile of the Government

The City of Lake Alfred, Florida is a municipal corporation of the State, incorporated on June 30, 1915. Located in East Polk County, the 2024 population of Lake Alfred was estimated to be near 7,342. Encompassing approximately 19 miles, the City has been empowered to levy a property tax on real estate and personal property located within its boundaries. It has also been granted authority by State Statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the City Commission.

The City of Lake Alfred operates under the Council/Manager form of local government, which combines strong political leadership of elected officials, in the form of a non-Partisan City Commission, with the strong managerial experience of the City Manager. Additionally, the City Commission is considered the principal legislative and governmental body of the city. The citizens elect their governing body, consisting of five Commissioners, which are responsible for enacting ordinances, budget adoption, appointing committee members, and hiring the City Manager, Attorney, and Auditor. The Commissioners are also responsible for nominating and approving their Mayor and Vice Mayor on an annual basis and all commissioners are elected at large. The City Manager, who serves as Chief Executive Officer, is responsible for carrying out the policies and ordinances enacted by the Commission and for the oversight of the day-to-day operations of the City. Furthermore, the manager is tasked with hiring the department heads of the various city departments.

The City of Lake Alfred is a full-service city and recognizes that a fundamental element to the overall quality of life is the health of the community's economy. Our community is a uniquely dynamic, attractive, and well-run municipality characterized by a combination of residential, industrial, and commercial developments. The city services include law enforcement, fire/rescue protection, solid waste management, water and wastewater service, road and street maintenance, community development, cemetery operations, recreational and cultural activities, and general administrative services. Citizens enjoy the personalization of services provided by the city employees. Within the report, it includes all funds of the government.

The biennial budget is formally adopted by the City Commission and the level of budgetary control is set at the fund level. Budget to actual comparison is provided in this report.

Local Economy

The current economic conditions, environment, and local indicators indicate a slow upswing in property values within the City of Lake Alfred. The housing market affects revenues greatly due to the tax base being mainly residential. Permit activity continues to increase, and new houses are being built throughout the city.

Long Term Financial Planning

Long term financial planning requires the city to prepare a five-year capital improvement plan that identifies both capital improvements and related revenue sources. Capital requirements of enterprise operations are financed from capital reserves and from the users of the services through the fees. Additionally, capital requirements of the general fund operations are financed from the general fund revenues or reserve funds. Areas of new construction or capital costs associated with growth are funded with impact fees.

Currently, the unassigned fund balance in the General fund is \$2,373,984 which 23% of general fund expenditures, this is equal to the Government Finance Officers Association recommended minimum amount of 15%. The City Commission and City Manager continue to work on the needs of the community, while at the same time meeting the needs in a cost-effective and efficient manner. The following projects are planned for the next year and beyond:

- Fire Engine Replacement will be paid for with the assigned Fundbalance for capital outlay. Management is allocating \$50,000 a year for this purchase.
- Community Redevelopment Area (CRA) improvement projects are Central Park phase 2 and phase 3. Phase 2 is approximately 50% completed.
- Construction for a new water plant will start in 2025. Project being funded by the State Revolving loan program.
- Sewer Extension on County Road 557 will allow the city to serve the developments being built.
- Purchase and renovate the bank building located at 155 Lake shore drive for offices.
- Wastewater plant expansion is being engineered. Project being funded by the State Revolving Loan Program.
- Increasing staffing levels to accommodate service level surge due to population growth.
- The city has been awarded Brownfield's 2025 Clean Up grant in the amount of \$1,995,605. This funding will allow for the property at 312 N Buena Vista to be revitalized.

Relevant Financial Policy

The main financial policy that has a significant impact on financial statements is the fund balance reserve policy. The policy established the spending order of fund balances, and reservations of fund balance for the general fund.

Major Initiatives

During the fiscal year 2024, the City of Lake Alfred achieved many significant accomplishments in furtherance of the goals and objectives established by the Commission without adding any debt.

- Updating the parks and recreation master plan, and library expansion
- Begin working on a public safety and facilities master plan
- Completing Lake Buena Vista Master Lift Station upgrade
- Utility work commencing on County Road 557 Force Main Extension
- Implement a speed zone enforcement program

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Lake Alfred, Florida for its Annual Comprehensive Financial Report (ACFR) for the fiscal year end of September 30, 2023. This was the eleventh year the city received this prestigious award. To be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized ACFR, which satisfies both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is only valid for one year. We believe the current ACFR continues to meet the requirements and are submitting it to the GFOA to determine its eligibility for another certificate.

The in-house preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. Other City departments, although not extensively involved in year-end audit activities, contributed significantly by ensuring the accuracy and integrity of accounting information compiled throughout the year. Without their diligence, the work of the Finance Department would have been considerably more difficult.

Appreciation must also be expressed to the City's auditor, Brynjulfson, CPA, whose suggestions and attention to detail enhanced the quality of this report.

Respectfully submitted,



Ryan Leavengood
City Manager



Amber Deaton
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Lake Alfred
Florida**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2023

Christopher P. Morill

Executive Director/CEO



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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the City Commission
City of Lake Alfred, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lake Alfred, Florida (the City) as of and for the year ended September 30, 2024 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, each major fund, and the aggregate remaining fund information of the City as of September 30, 2024, 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.

Emphasis of Matter

As discussed in Note 15 to the financial statements, the City has restated its prior year financial statements to correct certain material misstatements identified in previously issued financial statements. Our opinion is not modified with respect to this matter.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City'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 auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists.

Auditor's Responsibilities for the Audit of the Financial Statements (concluded)

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'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'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 required supplementary information, as provided in the table of contents, 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's basic financial statements. The accompanying combining fund financial statements and governmental fund budgetary comparison schedules reported as other supplementary information are presented for the purpose 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 fund financial statements and governmental fund budgetary comparison schedules reported as other supplementary information 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

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 June 9, 2025, 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.

Other Reporting Required by Chapter 10.550, Rules of the Auditor General

In accordance with *Chapter 10.550, Rules of the Auditor General*, we have also issued our report dated June 9, 2025, on our examination of compliance with requirements of Section 218.415, *Florida Statutes*. The purpose of this report is to describe the scope of our examination and the issuance of an opinion on the City’s compliance with requirements of Section 218.415, *Florida Statutes*.

Brynjulfson CPA, P.A.

Brynjulfson CPA, P.A.
Auburndale, Florida
June 9, 2025

The City of Lake Alfred's Management's Discussion and Analysis (MD&A) is designed to provide an objective and easy to read analysis of the City's financial activities. The analysis is designed to assist the reader in focusing on significant financial issues, provide an overview of the City's financial activity, identify the changes in the City's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues of concern.

Financial Highlights

- The assets and deferred outflows of resources of the City of Lake Alfred exceeded its liabilities and deferred inflows of resources on September 30, 2024 by \$69,520,472 (net position). Of this amount, \$7,013,498 is reported as unrestricted net position which may be used to meet the City's ongoing obligations to citizen's and creditors up from \$6,887,551 or 2%.
- The City's total net position increased by \$22,567,754 during the current year compared to an increase of \$8,455,294 during the previous year. The current year activity increased the governmental activities' net position by 32% and increased the business-type activities by 69%.
- As of September 30, 2024, the City's governmental funds reported combined ending fund balances of \$13,994,264 an increase of \$6,155,315 in comparison with the restated prior year ending balance of \$7,838,949. General fund balance increased by \$1,359,910. Unassigned and assigned fund balance totaled \$3,356,382 compared to \$2,673,803 at the end of the previous fiscal year, a \$682,579 (26%) increase. Unassigned and assigned fund balance is available for spending at the City's discretion.
- The City of Lake Alfred's total net long-term debt decreased by \$152,058 (12%) during the fiscal year.

UNDERSTANDING THE BASIC FINANCIAL STATEMENTS

The financial statements focus on both the City as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government) and enhance the City's accountability. The statement of net position and statement of activities seeks to give the user a combined overview of the City's financial position; eliminates interfund activities, and "other people's money", such as pension funds, which can mislead users when incorporated in a combined manner.

The reporting model requires the use of accrual accounting (which focuses on economic resources) at the topmost level, while maintaining modified accrual accounting (which focuses on current financial resources – budget resources) at the individual fund level. The impact of long-term financial decisions can be more properly matched to the period in which the expense or revenue is more properly attributed. More fairness in presentation is achieved and the impacts of long-term decisions are promptly recorded as the transactions occur, as opposed to the traditional method of recording them when the bill is paid.

The MD&A is intended to serve as an introduction to the City's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide Financial Statements

The government-wide financial statements consist of a Statement of Net Position and a Statement of Activities. Both statements represent an overview of the City as a whole, separating its operations between governmental and business-type activities.

The governmental activities of the City include general government, police and fire departments, roads and streets, sanitation, library, community development, public works, community redevelopment and parks and recreation.

The business-type activities of the City include the water, sewer and stormwater departments. All information is presented utilizing the economic resource measurement focus and accrual basis of accounting. This method better matches revenues and expenses to the period in which the revenue is earned and the expense attributed.

Fiduciary funds, such as pension trust funds, are excluded from the government-wide financial statements as they represent money and funds legally set aside for use by the employee groups they benefit. Florida law requires municipalities to fund pension plans on an actuarially sound basis; therefore, it is important for the user to study the fund financial statements as well as the notes to the financial statements.

The statement of net position presents information on all the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the residual measure reported as net position. The focus of the statement of net position is designed to be similar to bottom line results for the City and its governmental and business-type activities. This statement combines and consolidates governmental fund current resources (short-term spendable resources) with capital assets and long-term obligations. Over time, the increase or decrease 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 City's net position changed during the most recent fiscal year, focusing on both the gross and net cost of various activities, both governmental and business-type, that are supported by the government's general tax and other revenues. This is intended to summarize and simplify the user's analysis of cost of various governmental services and/or subsidy to various business-type activities.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over the 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 the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statement. 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 the City'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 City'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 three separate governmental funds – the general fund, impact fee special revenue fund and the community redevelopment agency special revenue fund. Information is presented separately for each major governmental fund in the governmental fund balance sheet and the governmental fund statement of revenue, expenditures and change in fund balances. Budgetary comparison schedules for each major governmental fund with a legally adopted budget has been provided to demonstrate compliance with the budget in the required supplementary information section of this report and can be located by referencing the table of contents of this report. The basic governmental funds financial statements, governmental funds combining schedules and budgetary comparison schedules can be located by referencing the table of contents of this report.

Proprietary Funds - The City utilizes one type of proprietary fund, an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its water, sewer, and storm water departments. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements can be located 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 City. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. While these funds represent trust responsibilities of the government, these assets are restricted in purpose and do not represent discretionary assets of the government. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statement can be located by referencing the table of contents of this report.

Notes to Financial Statements - The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

CITY OF LAKE ALFRED, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024

Other Information – This report also presents certain required supplementary information which consists of the general fund budgetary comparison schedule, schedules of changes in the total OPEB liability and related ratios, and the schedule of changes in the net pension liability and related ratios and the schedule of contributions for the City’s general employees’ retirement system and the police officers’ and firefighters’ retirement system. Required supplementary information can be located by referencing the table of contents of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position - As noted earlier, net position may serve over time as a useful indicator of a government’s financial position.

The following table reflects the condensed statement of net position for the current year, as compared to the prior year. For more detailed information see the statement of net position which can be located by referencing the table of contents of this report.

Statement of Net Position (Summary)
as of September 30,

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Current and other assets	\$ 17,040,750	\$ 10,880,226	\$ 14,651,578	\$ 7,809,760	\$ 31,692,328	\$ 18,689,986
Capital assets	<u>20,070,145</u>	<u>17,362,559</u>	<u>23,354,222</u>	<u>15,462,062</u>	<u>43,424,367</u>	<u>32,824,621</u>
Total assets	<u>37,110,895</u>	<u>28,242,785</u>	<u>38,005,800</u>	<u>23,271,822</u>	<u>75,116,695</u>	<u>51,514,607</u>
Deferred outflows	<u>1,362,438</u>	<u>1,835,156</u>	<u>301,732</u>	<u>306,449</u>	<u>1,664,170</u>	<u>2,141,605</u>
Current liabilities	508,538	708,219	1,801,547	1,419,535	2,310,085	2,127,754
Long-term liabilities	<u>2,311,738</u>	<u>2,196,104</u>	<u>1,284,805</u>	<u>1,293,416</u>	<u>3,596,543</u>	<u>3,489,520</u>
Total liabilities	<u>2,820,276</u>	<u>2,904,323</u>	<u>3,086,352</u>	<u>2,712,951</u>	<u>5,906,628</u>	<u>5,617,274</u>
Deferred inflows	<u>1,353,765</u>	<u>1,433,999</u>	<u>-</u>	<u>8,902</u>	<u>1,353,765</u>	<u>1,442,901</u>
Net position:						
Net investment in capital assets	19,755,640	17,115,352	21,732,696	14,149,600	41,488,336	31,264,952
Restricted	8,396,573	2,547,426	12,622,065	5,896,108	21,018,638	8,443,534
Unrestricted	<u>6,147,079</u>	<u>6,076,841</u>	<u>866,419</u>	<u>810,710</u>	<u>7,013,498</u>	<u>6,887,551</u>
Total net position	<u>\$ 34,299,292</u>	<u>\$ 25,739,619</u>	<u>\$ 35,221,180</u>	<u>\$ 20,856,418</u>	<u>\$ 69,520,472</u>	<u>\$ 46,596,037</u>

Sixty percent (60%) of the City's net position reflects its investment in capital assets (e.g., land, buildings, sewer and water system, machinery, 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 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 (30%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (10%) may be used to meet the government’s ongoing obligations to citizens and creditors.

CITY OF LAKE ALFRED, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024

Statement of Activities – While net position of the City represents the difference between 1) assets and deferred outflows of resources and 2) liabilities and deferred inflows of resources, the statement of activities reports the changes in net position during the fiscal year using the economic resources measurement focus and accrual basis of accounting. The following table reflects the condensed statement of activities for the current year. For more detailed information see the statement of activities which can be located by referencing the table of contents of this report.

Statement of Activities (Summary)
For the year ended September 30,

	Governmental Activities		Business-type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
Revenues:						
<i>Program Revenues:</i>						
Charges for services	\$ 3,648,118	\$ 2,900,223	\$ 5,270,161	\$ 3,825,566	\$ 8,918,279	\$ 6,725,789
Operating grants/contrib.	577,108	395,184	-	-	577,108	395,184
Capital grants/contrib.	6,829,312	2,478,666	13,635,880	4,865,521	20,465,192	7,344,187
<i>General revenues:</i>						
Property taxes	3,098,148	2,345,738	-	-	3,098,148	2,345,738
Other taxes	2,071,549	1,945,080	-	-	2,071,549	1,945,080
State shared revenue	850,197	866,256	-	-	850,197	866,256
Other	507,861	335,454	393,759	226,589	901,620	562,043
Total revenues	17,582,293	11,266,601	19,299,800	8,917,676	36,882,093	20,184,277
Expenses:						
<i>Governmental activities:</i>						
General government	2,407,393	2,041,793	-	-	2,407,393	2,041,793
Community development	895,503	740,243	-	-	895,503	740,243
Police	1,998,772	1,718,251	-	-	1,998,772	1,718,251
Fire	1,096,209	928,177	-	-	1,096,209	928,177
Sanitation	871,017	781,393	-	-	871,017	781,393
Public works	151,527	129,756	-	-	151,527	129,756
Roads and streets	1,035,998	833,430	-	-	1,035,998	833,430
Library	290,673	258,883	-	-	290,673	258,883
Parks and recreation	1,229,026	1,021,378	-	-	1,229,026	1,021,378
Community redevelopment	141,554	183,828	-	-	141,554	183,828
Interest on long-term debt	6,511	5,902	-	-	6,511	5,902
<i>Business-type activities:</i>						
Water utility	-	-	1,841,444	1,164,965	1,841,444	1,164,965
Sewer utility	-	-	2,270,628	1,824,494	2,270,628	1,824,494
Stormwater utility	-	-	78,084	96,490	78,084	96,490
Total expenses	10,124,183	8,643,034	4,190,156	3,085,949	14,314,339	11,728,983
Increase (decrease) in net position before transfers	7,458,110	2,623,567	15,109,644	5,831,727	22,567,754	8,455,294
Transfers in (out)	820,942	682,048	(820,942)	(682,048)	-	-
Change in Net Position	8,279,052	3,305,615	14,288,702	5,149,679	22,567,754	8,455,294
Net position - Beginning	25,739,619	22,434,004	20,856,418	15,706,739	46,596,037	38,140,743
Restatement	280,621	-	76,060	-	356,681	-
Net position - Ending	\$ 34,299,292	\$ 25,739,619	\$ 35,221,180	\$ 20,856,418	\$ 69,520,472	\$ 46,596,037

Governmental Activities - Governmental activities increased the City's net position by \$8,279,052 for the current year compared to an increase of \$3,305,615 in the prior year. The main reasons for the increases are as follows:

- Total revenue increased by approximately \$6,315,700 (56%).
 - Charges for services increased by approximately \$747,000 (26%) and capital grants and contributions increased by approximately \$4,350,600 (176%) both increased mainly as a result of increased building permit fees, sanitation charges and impact fees due to increased construction related activity within the City.
 - General revenue increased by approximately \$1,035,200 (19%) mainly driven by increased property taxes of \$752,410 or 32% due to increases in new homes being built within the City and increased property values of existing homes.
- Total expenses increased by approximately \$1,481,000 or 17% mainly due to the following functions that experienced significant increases during 2024:
 - General government expenses increased by approximately \$365,600 (18%) mainly due to increased personnel costs of approximately \$265,300 (25%), increased depreciation expenses of approximately \$85,000 (86%) and the remaining increase is due to a myriad of changes to a diverse set of expense categories.
 - Police expenses increased by approximately \$280,000 (16%) mainly due to an approximate \$237,300 (18%) increase in personnel costs including an approximate \$60,000 increase in pension expense because of unfavorable experience when compared to the actuarial assumptions.
 - Roads and streets expenses increased by approximately \$202,000 (24%) mainly due to an approximate \$88,100 (36%) increase in personnel costs and increased depreciation expenses of approximately \$77,065 (20%) due to large increases in donated roadways in recent years due to increased residential development within the City.
 - Parks and recreation expenses increased by approximately \$207,648 (20%) mainly due to a \$160,000 (37%) increase in personnel costs and a \$150,000 increase in noncapital related expenses related to a parks and recreation master plan and an environmental site study. These increases were partially offset by a decrease in general noncapital repair and maintenance expenses in the current year.

Business-type activities - Business-type activities increased the City's net position by \$14,288,702 for the current year compared to a \$5,149,679 increase in the prior year. The main reasons for the increase are as follows:

- Total revenue increased by approximately \$10,382,000 or 116% mainly due to the following:
 - Increased capital grants and contributions of \$8,770,300 (180%) caused primarily by an increase in impact fee revenue of \$5,371,000 (134%) and a \$3,234,600 (424%) increase in the amount of water and sewer infrastructure donated to the City by land developers in the current year. These increases were due to increased construction within the City.

- Charges for services increased by approximately \$1,444,000 or 38%. These revenue increases were mainly due to increased utility customers because of increased residential home construction within the City in the current and prior year.
- Total expenses increased by \$1,104,000 or 36% due to a myriad of changes across a broad range of expense accounts including the following approximate increases:
 - \$312,000 (33%) in personnel costs
 - \$38,000 (8%) in repair and maintenance expenses
 - \$144,800 (49%) increase in chemical supply expenses
 - \$44,000 (71%) increase in property and liability insurance expenses
 - \$115,000 (17%) increase in depreciation expense. Depreciation expense has increased as significant developer donated infrastructure has been placed into service over the last two years.
 - \$200,000 increase in the water service charge paid to the Polk Regional Water Cooperative, reflecting the initiation of this charge in 2024, which marks the first year it is being assessed
 - \$35,000 increase in interest expense, primarily due to a full year of debt service on the loan from governmental activities in 2024, compared to only one semi-annual payment made in the prior year.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's governmental fund 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.

Governmental Funds - As of the close of the current year, the City's general fund had unrestricted cash and cash equivalents of \$3,144,714 compared to \$2,561,895 at the close of the prior year.

As of the end of the current fiscal year, the City's governmental funds reported ending fund balances of \$13,994,264 an increase of \$6,155,315 in comparison with the previously reported balance in the prior year. Of this total, \$3,356,382 for the general fund constitutes unassigned and assigned fund balance which is available for spending at the government's discretion. The remainder of fund balance is nonspendable, committed or restricted by enabling legislation or contract and can only be spent on the purposes for which it is intended.

Activity during the current fiscal year included the following key components:

- Fund balance in the general fund increased by \$1,359,910 in the current year, mainly due to:
 - Total general fund revenue increased by \$1,967,435 or 23%, mainly due to:
 - Tax revenue increased by approximately \$800,000 (21%) mainly due to increased taxable value of property within the City and increased economic activity overall.
 - Licenses and permits increased by approximately \$318,000 (20%) and charges for services increased by approximately \$512,000 (45%) mainly attributable to increased building permits, fees and other charges caused by increased construction activity compared to the prior year.

- Total general fund expenditures increased by approximately \$766,835 or 8%, mainly due to increases in general government expenditures of approximately \$280,000 (15%), public safety expenditures of approximately \$476,700 (16%), transportation expenditures of approximately \$225,000 (45%) and culture/recreation expenditures of approximately \$175,000 (21%) caused by:
 - Major changes between 2024 and 2023 are discussed above under the “governmental activities” heading.
 - In addition to the above changes, fund level capital outlay expenditures decreased by approximately \$500,000 (22%) mainly due to decreased capital project and equipment expenditures when compared to the prior year.
 - The primary reason for the overall increase in General Fund expenditures was a rise of approximately \$1,075,000 (21%) in personnel-related costs, driven by wage increases and the addition of new employees.
- Other financing sources decreased by approximately \$2,865,000 due to decreased interfund transfers of approximately \$3,000,000 as the residual balance of the American Rescue Plan Grant special revenue fund was transferred to the general fund in 2023.
- The only other major governmental fund is the impact fee special revenue fund whose revenue increased by approximately \$3,635,300 (182%) due to increased construction related activity within the City. Impact fee fund expenditures decreased by approximately \$527,200 or 34% due to decreased capital expenditures funded by impact fees.

Proprietary Funds - The enterprise fund's unrestricted cash and investments totaled \$2,633,810 compared to \$3,142,721 at the close of the prior year, a \$508,911 decrease, mainly due to capital related costs paid for with unrestricted funds. The City's proprietary fund provides the same information found in the government-wide financial statements, but in more detail. The major changes between 2024 and 2023 are discussed above under the “business-type activities” heading.

BUDGETARY HIGHLIGHTS

General Fund:

During the year there was a \$2,076,944 or 23% net increase in the anticipated general fund revenue and uses of prior year fund balance between the original and final amended budget. This increase was mainly due to the following items:

- Budgeted license and permit revenue as well as charges for services revenue were increased by \$1,232,995 and \$533,732 respectively, due to greater than anticipated construction activity within the City generating more revenue than originally estimated.
- Budgeted tax revenue was increased by \$273,554 due to greater than expected collections.
- The amount of prior year surplus expected to be used in 2024 was reduced by \$782,703 due to more revenue received than originally anticipated.

During the year there was a \$2,076,944 or 21% net increase in general fund expenditure appropriations between the original and final amended budget. These increases/decreases were mainly due to the general fund expenditures that varied from the original budget and for a myriad of reasons.

CITY OF LAKE ALFRED, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024

Actual revenue was less than the final budgeted amounts by \$310,587 or 3% of the final budget, actual expenditures less than the final budgeted amounts by \$510,905 or 4% of the final budget and other financing sources were \$125,036 or 11% less than the final budgeted amounts for an overall favorable budgetary variance of \$75,282

The City did not adopt a budget for the impact fee special revenue fund and therefore budgetary analysis of this fund is not possible.

Additional information can be found in the required supplementary section of this report which can be found by referencing the table of contents.

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, 2024, amounts to \$43,424,367 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, sewer and water systems, machinery and equipment, right -to-use leased assets, subscription assets and construction in progress.

Capital Assets Activity						
(net of accumulated depreciation)						
as of September 30,						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	2024	2023	2024	2023	2024	2023
Land	\$ 5,080,388	\$ 4,409,412	\$ 1,034,763	\$ 1,034,763	\$ 6,115,151	\$ 5,444,175
Buildings and improvements	4,793,466	4,292,900	14,114,107	10,665,691	18,907,573	14,958,591
Leases	43,161	15,871	-	-	43,161	15,871
Subscriptions	267,462	-	-	-	267,462	-
Equipment	1,635,610	1,285,669	1,376,669	1,006,252	3,012,279	2,291,921
Infrastructure	8,013,814	6,963,143	-	-	8,013,814	6,963,143
Construction in progress	<u>236,244</u>	<u>497,119</u>	<u>6,828,683</u>	<u>2,755,356</u>	<u>7,064,927</u>	<u>3,252,475</u>
Total	<u>\$ 20,070,145</u>	<u>\$ 17,464,114</u>	<u>\$ 23,354,222</u>	<u>\$ 15,462,062</u>	<u>\$ 43,424,367</u>	<u>\$ 32,926,176</u>

Additional information on the City’s capital assets can be found in note 5 of the notes to financial statement section of this report.

CITY OF LAKE ALFRED, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024

Long-term Debt – As shown in the table below, the City had total long-term debt outstanding of \$1,065,764 which represents a net decrease of \$152,058 or 12% over the prior year due to regular scheduled debt repayments.

	Outstanding Debt					
	as of September 30,					
	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Bonds and notes payable	\$ -	\$ -	\$ 1,065,764	\$ 1,217,822	\$ 1,065,764	\$ 1,217,822
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,065,764</u>	<u>\$ 1,217,822</u>	<u>\$ 1,065,764</u>	<u>\$ 1,217,822</u>

Additional information on the City’s long-term debt can be found in Note 8 of the notes to financial statement section of this report.

CURRENTLY KNOWN FACTS, DECISIONS AND CONDITIONS

The 10-year Facility Plan, which is used to track long term and large expenditure projects includes over \$110 million dollars in projects for a new water plant, a wastewater plant expansion, new city hall, additional fire and police stations, and recreation facilities among others. These facility needs are reflective of a maximum buildout of 6,000 residential units over the next 10 years which if realized would add approximately 15,000 in population. For perspective, it took the city over 100 years to reach a population of 5,000 and the city currently has approximately 8,000 residents. The facility plan accounts for an aggressive growth rate; if growth slows and those targets are not met the plan can stretch over a 15-to-20-year period as necessary based upon the growth we experience.

The City’s long-term growth prospects look strong based upon our proximity to Tampa/Orlando on the I-4 corridor. Our largest risk factors will be in the debt service tied to alternative water supply and wastewater plant expansion as these commitments must be made on projections (i.e. before we receive the customers). Even if the larger economy goes into recession, we will likely be insulated from the worst effects of it as our region and City continue to grow albeit at a potentially slower pace. There is also a lag effect from when growth is realized to when it is reflected in the budget. It is for this reason that we were aggressive as we were with additional personnel because we need to be ready to meet the demands for increased services.

Residential growth in the northern corridor along CR 557 should help increase the market demand for commercial and retail development in the downtown core. We are starting to see a plateau in valuations and properties staying on the market for longer. This softening in the market could be the beginning of a pullback. Anticipated rate cuts may assist in the real estate market but historically have been a signal of weakness in the economy especially when considered in context of the anticipated 18-month lag effects changes in fiscal policy take to work their way through the system and be fully realized. In other words, things may get worse before they get better. In any case, the city will be prepared for any outcome with anticipation for next year’s budget to have a strong focus on building reserves.

Water and Sewer Connection fees and rate studies will need to be performed annually for at least the next three years to ensure accuracy and sufficiency with the major financial commitment we have with the Polk Regional Water Cooperative. As the Southeast Wellfield project has moved from 60% to 90% design the projected costs have continued to significantly increase which will require further updates to our studies to make sure we are collecting the correct amount for connection fees and rates.

With the growth we have experienced and associated increase in service demands we have added numerous positions to the city across all departments including: Police Officer, Firefighters, Service Workers, and a Plant Operator just to name a few. We have also continued our trend of providing number 2's in each department with the addition of a Deputy Clerk and an Assistant Finance Director. These positions are critical to the organization because they provide: succession planning in the event of the department head's retirement or departure as well as providing additional bandwidth to help the department head handle the workload.

Overall, the City is in sound financial condition with strong investments in capital. Larger macroeconomic trends present several risk factors which the City is prepared to mitigate against by funding reserves and maintaining/enhancing healthy margins in discretionary spending/capital that can be pared down in the event of a downturn.

REQUESTS FOR INFORMATION

The financial report is designed to provide an overview of the City of Lake Alfred's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City of Lake Alfred, 155 E Pomelo Street, Lake Alfred, Florida, 33850.

CITY OF LAKE ALFRED, FLORIDA

Statement of Net Position

September 30, 2024

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 3,144,714	\$ 2,633,810	\$ 5,778,524
Investment in real property	970,000	-	970,000
Receivables, current:			
Customer accounts, net	109,296	616,824	726,120
Intergovernmental	481,676	160,774	642,450
Franchise and utility service taxes	204,760	-	204,760
Other	103,745	-	103,745
Prepaid expenses	10,520	1,200	11,720
Deposits	1,000	-	1,000
Lease receivable	1,436,466	-	1,436,466
Internal balances	2,182,000	(2,182,000)	-
Restricted assets:			
Cash and cash equivalents	8,396,573	13,420,970	21,817,543
Capital assets:			
Non-depreciable	5,316,632	7,863,446	13,180,078
Depreciable, net	14,753,513	15,490,776	30,244,289
TOTAL ASSETS	37,110,895	38,005,800	75,116,695
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	1,362,438	301,732	1,664,170
LIABILITIES			
Accounts payable	164,691	84,959	249,650
Construction costs payable	147,235	555,762	702,997
Accrued payroll and employee benefits	104,165	22,504	126,669
Due to other governments	46,980	-	46,980
Deposits	45,467	-	45,467
Liabilities payable from restricted assets:			
Accrued interest payable	-	3,793	3,793
Utility customer deposits	-	795,112	795,112
Long-term obligations:			
Due within one year	103,219	339,417	442,636
Due in more than one year	2,208,519	1,284,805	3,493,324
TOTAL LIABILITIES	2,820,276	3,086,352	5,906,628
DEFERRED INFLOWS OF RESOURCES			
Leases	1,327,368	-	1,327,368
Deferred inflows related to pensions	26,397	-	26,397
TOTAL DEFERRED INFLOWS OF RESOURCES	1,353,765	-	1,353,765
NET POSITION			
Net investment in capital assets	19,755,640	21,732,696	41,488,336
Restricted for:			
Law enforcement training	316	-	316
Crime prevention	5,378	-	5,378
Recreation improvements	2,230,477	-	2,230,477
Facilities and equipment - police	823,034	-	823,034
Facilities and equipment - fire	986,796	-	986,796
General government improvements	1,106,813	-	1,106,813
Transportation improvements	846,467	-	846,467
Building and permitting	2,122,506	-	2,122,506
Community redevelopment	245,345	-	245,345
Debt service	-	51,713	51,713
Sanitation equipment and vehicles	29,441	-	29,441
Sewer system improvements	-	4,541,270	4,541,270
Stormwater system improvements	-	158,921	158,921
Water system improvements	-	7,870,161	7,870,161
Unrestricted	6,147,079	866,419	7,013,498
TOTAL NET POSITION	\$ 34,299,292	\$ 35,221,180	\$ 69,520,472

See Accompanying Notes to Financial Statements

CITY OF LAKE ALFRED, FLORIDA
Statement of Activities
For the year ended September 30, 2024

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grant and Contributions	Capital Grant and Contributions	Governmental Activities	Business-Type Activities	Total
PRIMARY GOVERNMENT:							
Governmental activities:							
General government	\$ 2,407,393	\$ 37,077	\$ 72,053	\$ 1,041,202	\$ (1,257,061)	\$ -	\$ (1,257,061)
Community development	895,503	2,358,952	-	-	1,463,449	-	1,463,449
Police	1,998,772	77,868	280,865	599,668	(1,040,371)	-	(1,040,371)
Fire	1,096,209	-	89,425	626,243	(380,541)	-	(380,541)
Sanitation	871,017	953,083	-	-	82,066	-	82,066
Public works	151,527	-	-	-	(151,527)	-	(151,527)
Roads and streets	1,035,998	68,056	-	1,845,967	878,025	-	878,025
Library	290,673	71,225	-	129,164	(90,284)	-	(90,284)
Parks and recreation	1,229,026	81,857	5,601	2,716,232	1,574,664	-	1,574,664
Community redevelopment	141,554	-	-	-	(141,554)	-	(141,554)
Interest on long-term debt	6,511	-	-	-	(6,511)	-	(6,511)
Total governmental activities	10,124,183	3,648,118	577,108	6,829,312	930,355	-	930,355
Business-type activities							
Water utility	1,841,444	2,940,572	-	7,118,908	-	8,218,036	8,218,036
Sewer utility	2,270,628	2,248,758	-	6,516,972	-	6,495,102	6,495,102
Stormwater utility	78,084	80,831	-	-	-	2,747	2,747
Total business-type activities	4,190,156	5,270,161	-	13,635,880	-	14,715,885	14,715,885
TOTAL PRIMARY GOVERNMENT	\$ 14,314,339	\$ 8,918,279	\$ 577,108	20,465,192	930,355	14,715,885	15,646,240
GENERAL REVENUES							
Taxes:							
Property taxes, levied for general purposes					2,633,791	-	2,633,791
Property taxes, levied for community redevelopment					464,357	-	464,357
Franchise taxes					673,445	-	673,445
Public service taxes					963,525	-	963,525
Fuel taxes levied for transportation purposes					434,579	-	434,579
State shared revenue					850,197	-	850,197
Investment income(loss), net					401,610	393,759	795,369
Miscellaneous					106,251	-	106,251
TRANSFERS					820,942	(820,942)	-
Total general revenues and transfers					7,348,697	(427,183)	6,921,514
CHANGE IN NET POSITION					8,279,052	14,288,702	22,567,754
NET POSITION, as previously reported					25,739,619	20,856,418	46,596,037
Restatement (Note 15)					280,621	76,060	356,681
NET POSITION, as restated					26,020,240	20,932,478	46,952,718
NET POSITION, end of year					\$ 34,299,292	\$ 35,221,180	\$ 69,520,472

See Accompanying Notes to Financial Statements

CITY OF LAKE ALFRED, FLORIDA
Balance Sheet – Governmental Funds
September 30, 2024

	General Fund	Impact Fee Fund	Non-Major Community Redevelopment Fund	Total
ASSETS				
Cash and cash equivalents	\$ 3,144,714	\$ 5,993,587	\$ 245,345	\$ 9,383,646
Receivables, net:				
Customer accounts	109,296	-	-	109,296
Intergovernmental	367,592	-	114,084	481,676
Franchise and utility service taxes	204,760	-	-	204,760
Other	103,745	-	-	103,745
Prepaid expenditures	10,520	-	-	10,520
Deposits	1,000	-	-	1,000
Lease receivable	1,436,466	-	-	1,436,466
Advance from other funds	2,182,000	-	-	2,182,000
Restricted assets:				
Cash and cash equivalents	2,157,641	-	-	2,157,641
Total assets	<u>\$ 9,717,734</u>	<u>\$ 5,993,587</u>	<u>\$ 359,429</u>	<u>\$ 16,070,750</u>
LIABILITIES				
Accounts payable and accrued expenditures	164,691	-	-	164,691
Construction costs payable	65,860	81,375	-	147,235
Accrued payroll and employee benefits	104,165	-	-	104,165
Due to other governments	46,980	-	-	46,980
Deposits	45,467	-	-	45,467
Total liabilities	<u>427,163</u>	<u>81,375</u>	<u>-</u>	<u>508,538</u>
DEFERRED INFLOWS OF RESOURCES				
Leases	1,327,368	-	-	1,327,368
Unavailable revenue	126,496	-	114,084	240,580
Total deferred inflows of resources	<u>1,453,864</u>	<u>-</u>	<u>114,084</u>	<u>1,567,948</u>
FUND BALANCE				
Nonspendable:				
Prepaid expenditures and deposits	11,520	-	-	11,520
Interfund advance	2,182,000	-	-	2,182,000
Restricted for:				
Crime prevention	5,378	-	-	5,378
Law enforcement education and training	316	-	-	316
Sanitation equipment and vehicles	29,441	-	-	29,441
Facilities and equipment - police (impact fees)	-	823,034	-	823,034
Facilities and equipment - fire (impact fees)	-	986,796	-	986,796
Recreation improvements (impact fees)	-	2,149,102	-	2,149,102
General government improvements (impact fees)	-	1,106,813	-	1,106,813
Transportation improvements (impact fees)	-	846,467	-	846,467
Building and permitting	2,122,506	-	-	2,122,506
Community redevelopment	-	-	245,345	245,345
Committed for:				
Library expansion	129,164	-	-	129,164
Assigned for:				
Capital outlay	786,475	-	-	786,475
Subsequent year budget	195,923	-	-	195,923
Unassigned	2,373,984	-	-	2,373,984
Total fund balances	<u>7,836,707</u>	<u>5,912,212</u>	<u>245,345</u>	<u>13,994,264</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 9,717,734</u>	<u>\$ 5,993,587</u>	<u>\$ 359,429</u>	<u>\$ 16,070,750</u>

See Accompanying Notes to Financial Statements

CITY OF LAKE ALFRED, FLORIDA

Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position
September 30, 2024

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

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 13,994,264
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	20,070,145
Real property held for investment is not a financial resource and not reported in the funds.	970,000
Revenues not received within the "availability" period are deferred at the fund level and recognized in the statement of activities.	240,580
Pension related deferred outflows of resources represent an decrease in net position or fund balance that applies to a future period(s) and, therefore, are not reported in the governmental funds.	1,362,438
Pension related deferred inflows of resources represent an increase in net position or fund balance that applies to a future period(s) and, therefore, are not reported in the governmental funds.	(26,397)
Long-term liabilities, including bonds and notes payable, compensated absences, leases payables, subscriptions payable, OPEB liabilities and net pension liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(2,311,738)
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 34,299,292</u>

CITY OF LAKE ALFRED, FLORIDA

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds

For the year ended September 30, 2024

	General Fund	Impact Fee Fund	Non-Major Community Redevelopment Fund	Total
REVENUES:				
Taxes	\$ 4,616,174	\$ -	\$ 464,357	\$ 5,080,531
Licenses and permits	1,882,030	5,588,976	-	7,471,006
Intergovernmental revenue	1,448,164	-	-	1,448,164
Charges for services	1,650,242	-	-	1,650,242
Fines and forfeitures	67,327	-	-	67,327
Investment income	294,124	47,807	-	341,931
Other	421,499	-	-	421,499
Total revenues	<u>10,379,560</u>	<u>5,636,783</u>	<u>464,357</u>	<u>16,480,700</u>
EXPENDITURES:				
Current:				
General government	2,093,622	-	-	2,093,622
Public safety	3,548,630	-	-	3,548,630
Physical environment	846,734	-	-	846,734
Economic environment	-	-	137,255	137,255
Transportation	720,517	-	-	720,517
Culture/recreation	999,747	-	-	999,747
Capital outlay	1,773,063	1,020,219	148,261	2,941,543
Debt service	35,106	-	-	35,106
Total expenditures	<u>10,017,419</u>	<u>1,020,219</u>	<u>285,516</u>	<u>11,323,154</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>362,141</u>	<u>4,616,564</u>	<u>178,841</u>	<u>5,157,546</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	820,942	-	-	820,942
Subscription agreements	140,455	-	-	140,455
Leases	36,372	-	-	36,372
TOTAL OTHER FINANCING SOURCES (USES)	<u>997,769</u>	<u>-</u>	<u>-</u>	<u>997,769</u>
NET CHANGE IN FUND BALANCE	<u>1,359,910</u>	<u>4,616,564</u>	<u>178,841</u>	<u>6,155,315</u>
FUND BALANCE, as previously reported	6,434,685	1,295,648	66,504	7,796,837
Restatement (Note 15)	42,112	-	-	42,112
FUND BALANCE, beginning as restated	<u>6,476,797</u>	<u>1,295,648</u>	<u>66,504</u>	<u>7,838,949</u>
FUND BALANCE, end of year	<u>\$ 7,836,707</u>	<u>\$ 5,912,212</u>	<u>\$ 245,345</u>	<u>\$ 13,994,264</u>

See Accompanying Notes to Financial Statements

CITY OF LAKE ALFRED, FLORIDA

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
to the Statement of Activities

For the year ended September 30, 2024

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 6,155,315
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.	
This is the amount of capital assets recorded in the current period.	3,875,554
This is the amount of depreciation expense recorded in the current period.	(1,249,261)
This is the book value of dispositions recorded in the current period.	(20,262)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
This is the increase in the fair value of the City's investment in real property.	20,000
Revenue not received within the "availability" period are not reported as revenues at the fund level and are recognized as revenue in the statement of activities.	
This represents the change caused by the "availability" criterion.	62,911
Long-term obligations including bonds and notes payable, compensated absences leases payable, subscriptions payable and OPEB liabilities are reported as liabilities in the government-wide statement of net position but are not reported as liabilities in governmental funds because they do not require the use of current financial resources:	
This is the total leases payable incurred during the year.	(36,372)
This is the principal paid on leases payable during the year.	7,715
This is the total subscriptions payable incurred during the year.	(140,454)
This is the principal paid on subscriptions payable during the year.	20,880
This is the change in accrued compensated absences during the year.	(38,473)
This is the change in the total OPEB liability during the year.	(14,071)
Pension expense is reported in the statement of activities which differs from pension expenditures as reported in the governmental funds:	
This amount represents the change in deferred inflows related to pensions.	23,147
This amount represents the change in deferred outflows related to pensions.	(472,718)
This amount represents the change in the net pension liability.	85,141
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 8,279,052

See Accompanying Notes to Financial Statements

CITY OF LAKE ALFRED, FLORIDA
Statement of Net Position – Proprietary Fund
September 30, 2024

	<u>Enterprise Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 2,633,810
Accounts receivable:	
Customers, net	616,824
Intergovernmental	160,774
Prepaid expenses	1,200
Total current assets	<u>3,412,608</u>
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents	13,420,970
Capital assets:	
Non-depreciable	7,863,446
Depreciable, net	15,490,776
Total noncurrent assets	<u>36,775,192</u>
Total assets	<u>40,187,800</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	<u>301,732</u>
LIABILITIES	
Current liabilities:	
Accounts payable	84,959
Construction costs payable	555,762
Accrued payroll and employee benefits	22,504
Compensated absences	7,103
Bonds and notes payable, current portion	332,314
Total current liabilities	<u>1,002,642</u>
Noncurrent liabilities:	
Liabilities payable from restricted assets:	
Customer deposits	795,112
Interest payable	3,793
Advance from other funds	2,182,000
Compensated absences	63,930
Other postemployment benefits payable	80,883
Net pension liability	406,542
Bonds and notes payable, noncurrent portion	733,450
Total noncurrent liabilities	<u>4,265,710</u>
Total liabilities	<u>5,268,352</u>
NET POSITION	
Net investment in capital assets	21,732,696
Restricted for:	
Debt retirement	51,713
Sewer system improvements	4,541,270
Stormwater system maintenance	158,921
Water system improvements	7,870,161
Unrestricted	866,419
Total net position	<u>\$ 35,221,180</u>

See Accompanying Notes to Financial Statements

CITY OF LAKE ALFRED, FLORIDAStatement of Revenues, Expenses and Changes in Net Position – Proprietary Fund
For the year ended September 30, 2024

	<u>Enterprise Fund</u>
OPERATING REVENUES:	
Charges for services	\$ 5,270,161
Total operating revenues	<u>5,270,161</u>
OPERATING EXPENSES:	
Personnel services	1,251,275
Operating expenses	2,028,005
Depreciation expense	798,469
Total operating expenses	<u>4,077,749</u>
OPERATING INCOME	<u>1,192,412</u>
NONOPERATING REVENUE (EXPENSE)	
Investment income, net	393,759
Interest expense	(112,462)
Other nonoperating revenue, net	55
Total nonoperating revenues (expense)	<u>281,352</u>
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	<u>1,473,764</u>
CAPITAL CONTRIBUTIONS	
Capital grants	251,366
Donated infrastructure	3,997,764
Impact fees	9,386,750
Total capital contributions	<u>13,635,880</u>
TRANSFERS OUT	<u>(820,942)</u>
CHANGE IN NET POSITION	<u>14,288,702</u>
NET POSITION, as previously reported	20,856,418
Restatement (Note 15)	76,060
NET POSITION, beginning of year - as restated	<u>20,932,478</u>
NET POSITION, end of year	<u>\$ 35,221,180</u>

See Accompanying Notes to Financial Statements

CITY OF LAKE ALFRED, FLORIDA

Statement of Cash Flows – Proprietary Fund

For the year ended September 30, 2024

	Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 5,290,898
Payments to suppliers	(2,236,931)
Payments for salaries and benefits	(1,153,611)
Net cash flows from operating activities	<u>1,900,356</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfers to other funds	(820,942)
Repayment of interfund borrowing	(214,000)
Net cash flows from noncapital financing activities	<u>(1,034,942)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition and construction of capital assets, net of related payables	(4,231,743)
Principal paid on long-term debt	(383,932)
Interest paid on borrowings	(113,982)
Proceeds from long-term debt	483,240
Impact fees received	9,386,750
Net cash flows from capital and related financing activities	<u>5,140,333</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on invested funds	393,759
Net cash flows from investing activities	<u>393,759</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,399,506
CASH AND CASH EQUIVALENTS, beginning of year	<u>9,655,274</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 16,054,780</u>
 As shown in the Accompanying Financial Statements	
Cash and cash equivalents	\$ 2,633,810
Restricted cash and cash equivalents	13,420,970
Total cash and cash equivalents	<u>\$ 16,054,780</u>
 Noncash financing and investing activities:	
Donated infrastructure	<u>\$ 3,997,764</u>
Loan principal forgiveness grant	<u>\$ 251,366</u>
Capital asset purchases on account	<u>\$ 461,122</u>

Continued...

See Accompanying Notes to Financial Statements

CITY OF LAKE ALFRED, FLORIDA

Statement of Cash Flows – Proprietary Fund (concluded)

For the year ended September 30, 2024

	Enterprise Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ 1,192,412
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	798,469
Nonoperating revenue reported as operating cash flows	55
(Increase) decrease in accounts receivable	(163,298)
(Increase) decrease in prepaid expenses	11,046
Increase (decrease) in customer deposits	183,980
Increase (decrease) in accounts payable	(219,972)
Increase (decrease) in accrued wages and compensated absences	(7,447)
Increase (decrease) in other postemployment benefits payable	11,316
(Increase) decrease in deferred outflows related to pensions	4,717
Increase (decrease) in deferred inflows related to pensions	(8,902)
Increase (decrease) in the net pension liability (asset)	97,980
Net cash flows from operating activities	<u>\$ 1,900,356</u>

See Accompanying Notes to Financial Statements

CITY OF LAKE ALFRED, FLORIDA

Statement of Fiduciary Net Position – Fiduciary Funds

September 30, 2024

	Pension Trust Funds	Custodial Fund
ASSETS		
Cash and cash equivalents	\$ -	\$ 163,493
Receivables:		
Contributions receivable:		
Plan members	200	-
Accrued income	1,026	-
Total receivables	<u>1,226</u>	<u>-</u>
Investments, at fair value:		
Short-term money market funds	198,223	-
Fixed income external investment pools	4,266,071	-
Equity securities external investment pools	6,867,549	-
Individual common stocks	1,638,383	-
Real estate securities and investment pools	656,549	-
Total investments	<u>13,626,775</u>	<u>-</u>
Total assets	<u>13,628,001</u>	<u>163,493</u>
LIABILITIES		
Accounts payable	9,902	-
Due to other governments	-	163,493
Total Liabilities	<u>9,902</u>	<u>163,493</u>
NET POSITION		
Restricted for pension benefits	<u>\$ 13,618,099</u>	<u>\$ -</u>

See Accompanying Notes to Financial Statements

CITY OF LAKE ALFRED, FLORIDA

Statement of Changes in Fiduciary Net Position – Fiduciary Funds

For the year ended September 30, 2024

	Pension Trust Funds	Custodial Trust Funds
ADDITIONS		
Contributions:		
City	\$ 287,402	\$ -
Plan members	144,793	-
State of Florida	169,526	-
Fees collected on behalf of other governments	-	7,288,285
Total contributions	<u>601,721</u>	<u>7,288,285</u>
Investment income	<u>2,600,807</u>	-
Less investment expenses:		
Performance evaluation	(14,000)	-
Custodial fees	(20,108)	-
Investment management fees	(9,877)	-
Total investment expenses	<u>(43,985)</u>	-
Net investment income	<u>2,556,822</u>	-
Total additions	<u>3,158,543</u>	<u>7,288,285</u>
DEDUCTIONS		
Administrative expenses:		
Legal	19,451	-
Administrator fee	3,000	-
Actuarial	42,369	-
Insurance, supplies and other	2,691	-
Audit	10,710	-
Total administrative expenses	<u>78,221</u>	-
Remittance of fees to other governments	-	7,288,285
Payments to retirees and participants	<u>561,681</u>	-
Total deductions	<u>639,902</u>	<u>7,288,285</u>
CHANGE IN NET POSITION	2,518,641	-
NET POSITION, beginning of year	<u>11,099,458</u>	-
NET POSITION, end of year	<u>\$ 13,618,099</u>	<u>\$ -</u>

See Accompanying Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its statements (GASBS) and interpretations (GASBI). The more significant accounting policies established in GAAP and used by the City are discussed below.

REPORTING ENTITY - The City of Lake Alfred, Florida (the "City") is a municipal corporation governed by a board of five (5) elected commissioners and was created in 1915. In 1925 the City adopted its charter under Florida law and was re-created in Polk County in 1973 by Chapter 73-514, Laws of Florida.

As required by GAAP, the accompanying financial statements present the City's primary government and component units based on the financial burden/benefit criteria in GASB Cod. Sec. 1200. The City has one blended component unit, the Lake Alfred Community Redevelopment Agency (the "CRA") which was created by City Ordinance 1335-14 pursuant to Chapter 163, Florida Statutes and whose governing board is the same as the City Commission. Blending refers to the fact that the component unit's funds are combined with those of the primary government for financial reporting purposes. The CRA is presented in the financial statements of the City as a special revenue fund. The CRA issues a separate publicly available financial report which may be obtained by contacting the City's finance department.

These financial statements include the accounts and transactions of the following entities, which do not satisfy the definition of component units because they are not legally separate from the City:

- City of Lake Alfred Police Officers' and Firefighters' Retirement System established pursuant to Florida Statute Chapters 175 and 185 and Ordinance No. 778.
- City of Lake Alfred General Employees Retirement System which was created by City Ordinance No. 911.

The Police Officers' and Firefighters' Retirement System and General Employees' Retirement System issue separate publicly available financial reports which may be obtained by contacting the City's finance department.

BASIS OF PRESENTATION - The basic financial statements consist of the government-wide financial statements and fund financial statements.

Government-wide financial statements - The required government-wide financial statements are the Statement of Net Position and the Statement of Activities, which report information on all the nonfiduciary activities of the City. In general, the effects of interfund activity have been removed from these statements except for interfund costs that are reasonably equivalent in value to the interfund services provided. Elimination of these charges would distort the direct costs reported for the various functions concerned. Fiduciary funds are also excluded from the government-wide financial statements since these assets are being held for the benefit of a third party and cannot be used to fund activities or obligations of the government. 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.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment, including depreciation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont...)

The City does not allocate the interest expense of governmental fund debt. 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.

Fund financial statements - The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, deferred inflows and outflows of resources, fund equity, revenues and expenditures/expenses. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. GASB Code Section 2200 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. Non-major funds by category are summarized into a single column. The various funds are reported by type within the financial statements. The following describes the fund types and funds used and reported by the City.

Funds are classified into three categories: governmental, proprietary and fiduciary. The funds used by the City are as follows:

Governmental Funds - The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the City:

Major governmental funds:

- **General Fund:** The general fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.
- **Impact Fee Special Revenue Fund:** In response to the requirements of Section 163.31801, Florida Statutes, this fund was created to account for the financial transactions of the City impact fees other than water and sewer impact fees, which are accounted for in the enterprise fund.

Non-major governmental funds – These funds do not meet the major fund criteria set forth in GASB Cod. Sec 2200.

- **Community Redevelopment Fund:** The City of Lake Alfred Community Redevelopment Agency (the "CRA") was created by City Ordinance 1335-14 pursuant to Chapter 163, Florida Statutes. The CRA has the power to levy taxes or appropriate funds to preserve and enhance the designated CRA district. The CRA receives incremental ad valorem taxes generated in future years by the increase in property values in the redevelopment area. The CRA's property taxes are levied under the taxing authority of the City and are included as part of the City's total tax levy. The CRA's Board members consist of the City Commission and two appointed citizens.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont...)

Proprietary Funds - The focus of proprietary fund measurement is based upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the City:

- The City has one Enterprise Fund which accounts for the activities associated with providing water, sewer and stormwater services to area residents and businesses.

Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges, or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

Fiduciary Funds - Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support City programs. The reporting focus is on net position and changes in net position and are reported using accounting principles similar to proprietary funds. The City's fiduciary funds are presented in the fiduciary fund financial statements by type. Since these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements. The City reports the following fiduciary funds:

- Pension Trust Funds: The City has two pension trust funds which accumulate resources to provide retirement benefits to City employees. The two pension trust funds are the City of Lake Alfred Police Officers' and Firefighters' Retirement System and the General Employees' Retirement System.
- Custodial Fund: The custodial fund is to 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.

MEASUREMENT FOCUS, AND BASIS OF ACCOUNTING

The government-wide financial statements, the proprietary fund financial statements and the fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses recorded when a liability is incurred, regardless of the timing of related cash flows. Imposed nonexchange resources (property taxes, fines) are reported as deferred inflows if received before the tax is levied or before the date when use is first permitted. Government mandated nonexchange transactions and voluntary nonexchange transactions resources are reported as liabilities until the eligibility requirements are met and as deferred inflows if received before time requirements are met.

Operating revenues shown for proprietary operations generally result from producing or providing goods and services such as water, sewer and stormwater management. Operating expenses for these operations include all costs related to providing the service or product. These costs include billing and collection, personnel and purchased services, repairs and maintenance, depreciation, materials and supplies, and other expenses directly related to costs of services.

All other revenue and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont...)

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 60 days of the end of the current fiscal period. Revenues received prior to meeting the available criterion are reported as deferred inflows. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise and public service taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual as revenue of the current period. Property taxes are billed and collected within the same period in which the taxes are levied. Grant revenues are considered earned and are accrued simultaneously with the grant expenditure. All other revenue items are considered to be measurable and available only when cash is received by the government.

ASSETS, LIABILITIES, DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES AND NET POSITION OR FUND BALANCE

CASH AND CASH EQUIVALENTS - The City maintains a pooled cash account that is available for use by all operating funds of the City. In addition, deposits and investments are separately held by several of the City's funds and the pension trust funds. Amounts, if any, reported as deficits in cash and cash equivalents do not represent actual overdrawn balances in any bank account, but merely report a negative cash balance in the particular fund. For purposes of the statement of cash flows, the enterprise fund considers all cash, certificates of deposit and highly liquid investments, including overnight repurchase agreements, both restricted and unrestricted, to be cash equivalents.

INVESTMENTS - The types of investments in which the City may invest surplus funds are governed by State Statutes. According to State Statutes, the City is authorized to invest in the following instruments: Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized through the Florida Inter-local Cooperation Act; S.E.C. registered money market funds with the highest credit quality rating from a nationally recognized rating company; interest-bearing time deposits and savings accounts in qualified public depositories; and direct obligations of the U.S. Treasury.

The City pension trust funds are also authorized by City Ordinances to invest in such securities, investment vehicles or property as shall be approved by the individual pension's Board of Trustees, including but not limited to common or preferred stock, bonds, other evidence of indebtedness or ownership and collective or group trusts subject to certain limitations. There were no violations of legal or contractual provisions for deposits and investments during the year.

Investments are reported at fair value or amortized cost, which approximates fair value. Purchases and sales of investments are reflected on trade dates. Net realized gains or losses on sales of investments are based on the cost of investments applied on a first-in, first-out basis and are reflected in current operating results.

CUSTOMER ACCOUNTS RECEIVABLE - The City accrues the unbilled service of its enterprise fund which represents the estimated value of service from the last billing date to year end which totaled \$95,642 on September 30, 2024. reserve for doubtful accounts is maintained in the enterprise fund equal to the value of the receivables at year end that are not expected to be collected. As of September 30, 2024, such reserves totaled \$722.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont...)

INTERFUND RECEIVABLES AND PAYABLES - To the extent any interfund balances exist, management anticipates they will be settled in cash as opposed to a permanent transfer.

INVENTORIES - Inventories in governmental and enterprise funds consist of expendable supplies held for consumption and are expensed when purchased and are valued at cost using first-in/first-out (FIFO) method.

PREPAID ITEMS - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

CAPITAL ASSETS - In the government-wide financial statements capital assets include land, buildings, improvements, utility plant, infrastructure and furniture and equipment. Governmental fund infrastructure assets (e.g., roads, bridges, sidewalks, streets, drainage systems and lighting systems) acquired prior to October 1, 2003, have not been reported. Capital assets are defined by City resolution as tangible property or improvements with an individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost, if purchased, and at acquisition value at date of gift, if donated. Major additions are capitalized while maintenance and repairs which do not improve or extend the life of the respective assets are charged to expense.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Capital asset depreciation is recognized using the straight-line method over the following estimated useful lives:

	Years
Utility plant in service	20-40
Buildings and improvements	15-40
Machinery and equipment	5-20
Infrastructure:	
Roads	20-75
Sidewalks	10-20

RESTRICTED ASSETS - Include cash and investments that are legally restricted to specific uses by external parties. The City generally uses unrestricted resources first when an expense is incurred for which both restricted and unrestricted resources are available.

LONG-TERM OBLIGATIONS - In the government-wide financial statements and proprietary fund types, 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 are deferred and amortized over the life of the bonds using the bonds outstanding method. Debt issuance costs are reported as expenses in the period incurred. Bond premiums and discounts are reported, net of amortization, in the related debt balances shown in the financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont...)

For current refundings and advance refundings resulting in defeasance of debt reported by governmental activities, business-type activities, and proprietary funds, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is the shorter.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements; rather the debt proceeds are reported as other financing sources and payments of principal and interest are reported as expenditures.

INTEREST DURING CONSTRUCTION - 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.

CONNECTION FEES AND IMPACT FEES - Connection fees represent reimbursement of the costs incurred to perform the connection of the respective utilities and are recorded as operating revenue when received. Impact fees, which are not considered connection fees since they substantially exceed the cost of connection, are recorded as capital contributions when received. Prepaid impact fees received which reserve capacity in the City's future water or wastewater facilities are deferred and reported as capital contributions when the requirements of the developer agreements are met by the City.

COMPENSATED ABSENCES - The City's policies permit employees to accumulate vacation, sick and compensatory time up to certain limits and to be compensated for these upon termination of employment. The liability for these compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

INTERFUND TRANSFERS - Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers.

ON-BEHALF PAYMENTS FOR FRINGE BENEFITS - The City receives on-behalf payments from the State of Florida to be used for the Lake Alfred Police Officers' and Firefighters' Retirement System which totaled \$137,118 for the year ended September 30, 2024. Such payments are recorded as operating grants for the police and fire programs and public safety expenses/expenditures in the government-wide and general fund financial statements.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES - In addition to assets, the statement of net 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. The City has one item that qualifies for reporting as deferred outflows of resources which is the deferred outflows related to pensions.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont...)

The deferred outflows related to pensions are an aggregate of the items related to pensions as calculated in accordance with GASB Cod. Sec. P20 and will be recognized as either pension expense or a reduction in the net pension liability in future reporting years.

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

The City has three items that qualify for reporting as deferred inflows of resources. The first item of deferred inflows of resources is reported in the governmental funds balance sheet and represents unavailable revenues. This type of deferred inflows only arises under the modified accrual basis of accounting. The second item is deferred inflows related to pensions. The deferred inflows related to pensions are an aggregate of the items related to pensions as calculated in accordance with GASB Cod. Sec. P20 and will be recognized as a reduction to pension expense in future reporting years. The final item is deferred inflows related to leases which is the total unrecognized revenue to be received from the City’s antenna placement leases.

EQUITY CLASSIFICATIONS -

Government-wide and Enterprise Fund Statements - The difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources is classified as net position and displayed in three components:

Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

	Governmental Activities	Business-type Activities
Capital assets, net	\$ 20,070,145	\$ 23,354,222
Less:		
Construction costs payable	(147,235)	(555,762)
Long-term debt related to capital assets	-	(1,065,764)
Leases payable	(47,696)	-
Subscriptions payable	(119,574)	-
Net investment in capital assets	\$ 19,755,640	\$ 21,732,696

Restricted net position - Consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position - Consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont...)

Fund Balance Classification in Governmental Fund Statements - The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Non spendable - This classification includes amounts that cannot be spent because they are either (a) not in spendable form such as inventories, prepaid items and noncurrent receivables (including interfund due froms) or (b) are legally or contractually required to be maintained intact. The City has non spendable fund balance representing prepaid expenditures and interfund advances.

Restricted - This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The City has classified building fees and police education fines and forfeitures as being restricted because their use is restricted by State Statute. The City has also classified its various impact fees and sanitation equipment fees as restricted as their use is restricted by local ordinances. Debt service resources are to be used for future servicing of the revenue notes and are restricted through debt covenants. Resources provided for capital projects are classified as restricted when the resources for the projects are restricted by the grantor (eg. Federal, State or local governments) for funding of specific projects.

Committed - This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action (ordinance) of the City Commission. These 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) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The City reports certain library expansion funds as committed resources as of September 30, 2024.

Assigned - This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Commission or through the City Commission delegating this responsibility to the City Manager through the budgetary process. As of September 30, 2024, the City had assigned resources to be used for future capital outlay and the subsequent years' budget.

Unassigned - This classification represents the residual amount for the general fund that is not constrained in the other classification. The general fund is the only fund that reports a positive unassigned fund balance.

The details of the components of fund balances are included in the governmental fund balance sheet. The City uses restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

The City has established by resolution, a targeted minimum level of unassigned and assigned fund balance equal to 17% or more of the general fund's regular annual operating expenditures as reported in the City's subsequent year's budget. Under this resolution, regular operating expenditures are equal to total expenditures less capital outlay and debt service expenditures. Should unassigned and assigned fund balance fall below the targeted level, the City Manager shall implement a plan through the budgetary process to reach the targeted fund balance amounts in a reasonable timeframe not to exceed five fiscal years. The City met this requirement as of September 30, 2024.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont...)

LEASES:

Lessee: The City is a lessee for a noncancellable lease of equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The City recognizes lease liabilities when the initial, individual value of the lease asset is deemed material to the financial statements.

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 the shorter of the lease term or the useful life of the underlying asset.

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 reports a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

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 its estimated incremental borrowing rate as the discount rate for leases.
- 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont...)

SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA):

The City recognizes a subscription liability and an intangible right-to-use asset (subscription asset) in the government-wide financial statements when the initial, individual value of the subscription asset is deemed material to the financial statements.

At the commencement of a subscription, the City initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for payments made at the commencement of the subscription term and any capitalizable implementation costs. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying IT assets.

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

- The City uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for the subscription liability calculation.
- The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments, variable payments that are fixed in substance, any contract incentives receivable from the vendor and any other payments associated with the contract that are reasonably certain of being required based on an assessment of all relevant factors.

Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term obligations on the statement of net position.

NOTE 2 - PROPERTY TAX CALENDAR

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 County Property Appraiser and County Tax Collector. 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 millage into the total tax levy, which includes the municipalities, the County, independent districts and the County School Board tax requirements. State statutes permit cities to levy property taxes at a rate of up to 10 mills. The City's millage rate in effect for the fiscal year ended September 30, 2024 was 6.85.

All taxes are due and payable on November 1 (levy date) of each year and unpaid taxes become delinquent on April 1 following the year in which they are assessed. Discounts are allowed for early payment as follows: 4% in of November, 3% in December, 2% in January, 1% in February. The taxes paid in March are without discount. Delinquent taxes on real and personal property bear interest of 18% per year. On or prior to June 1 following the tax year, certificates are sold for all delinquent taxes on real property.

NOTE 3 - BUDGETARY LAW AND PRACTICE

The budget is adopted by Ordinance on a City-wide basis for most City funds on or before October 1 of each year as required by State Statute. Special revenue funds with no expected expenditures are not included in the budget. City Ordinance establishes the legal level of budgetary control at the individual fund level. Expenditures may not exceed appropriations at this level. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

NOTE 4 - DEPOSITS AND INVESTMENTS

DEPOSITS IN FINANCIAL INSTITUTIONS - All of the City's 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 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.

The captions on the government-wide statement of net position for "cash and cash equivalents", both restricted and unrestricted, were comprised of the following:

Cash and cash equivalents:	
Cash on hand	\$ 600
Cash deposits in financial institutions:	
Insured or fully collateralized bank deposits	9,806,698
State Board of Administration - local government pool	8,370,876
FL SAFE Stable NAV Fund	<u>9,417,893</u>
Total cash and investments	<u>\$ 27,596,067</u>

The State Board of Administration (SBA) component of cash and cash equivalents is an investment with Florida PRIME, an investment pool administered by the SBA, under the regulatory oversight of the State of Florida. FL SAFE Stable NAV Fund is a intergovernmental investment pool like a money market investment in that it strives to maintain a net asset value of \$1.00 per share. Florida PRIME and the FL SAFE Stable NAV Fund meets all the necessary criteria to report their investments at amortized cost in accordance with GASB Cod. Sec. In5.

NOTE 4 - DEPOSITS AND INVESTMENTS (cont...)

As of September 30, 2024, there were no redemption fees, maximum transaction amounts or any other requirements that serve to limit the City’s access to one hundred percent of their account value. The fair value of the City’s position in the pools is the same as the value of the pool shares.

INVESTMENTS - FAIR VALUE - The City categorizes its fair value measurements within the fair value hierarchy established by GASB Cod. Sec. 3100. 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.

INVESTMENT IN REAL PROPERTY - The City owns land that is reported as an investment in accordance with GASB Cod. Sec. 150. The City's investment in real property is reported at a fair value of \$970,000 on September 30, 2024. This value was determined by an analysis of the property by a real estate appraiser which is considered a Level 3 input based upon the fair value hierarchy.

The investment securities held by the City and the City's pension trust funds have the following carrying values as of September 30, 2024, based upon the measurement criteria as specified.

City:

	September 30, 2024	Level 1	Level 2	Level 3
Investments at fair value				
None	-	-	-	-
Total investments at fair value	-	-	-	-
Investments measured at amortized cost				
State Board of Administration				
Florida Prime	8,370,876			
FL SAFE Stable NAV Fund	9,417,893			
Total investments	<u>\$ 17,788,769</u>			

Police Officers' and Firefighters' Pension Trust Fund:

	September 30, 2024	Level 1	Level 2	Level 3
Investments at fair value				
Fixed income mutual funds	\$ 2,219,592	\$ 2,219,592	\$ -	\$ -
Equity securities mutual funds	2,683,793	2,683,793	-	-
Individual common stocks	1,638,383	1,638,383	-	-
Total investments at fair value	<u>6,541,768</u>	<u>\$ 6,541,768</u>	<u>\$ -</u>	<u>\$ -</u>
Investments measured at amortized cost				
Money market mutual funds	100,439			
Total investments	<u>\$ 6,642,207</u>			

NOTE 4 - DEPOSITS AND INVESTMENTS (cont...)

General Employees' Pension Trust Fund: The general employees' pension trust fund is a participating member of the FMPTF. All assets with the FMPTF are invested through the Florida Municipal Investment Trust (FMIvT) for the benefit of the participating members. The FMIvT, administered by the Florida League of Cities, Inc., is an interlocal governmental entity created under the laws of the State of Florida as a local government investment pool and is considered an external investment pool for GASB purposes and; therefore, the City is not required to categorize the positions in the pool within the fair value hierarchy as established by U.S. GAAP. Redemptions from the FMIvT are permitted monthly upon advance written notification.

	September 30, 2024
Investments at fair value	
Cash and money market	\$ 97,784
FMIvT Broad Market High Quality Bond	1,005,778
FMIvT Core Plus	1,040,701
FMIvT Large Cap Diversified Value	1,739,157
FMIvT Diversified Small to Mid Cap Equity	1,012,762
FMIvT International Equity	1,431,837
FMIvT Core Real Estate	656,549
Total investments at fair value	<u>6,984,568</u>
Total investments	<u>\$ 6,984,568</u>

Information related to interest rate and credit risk for the City's fixed income investments is summarized below (information marked NA is not available):

Investment Type	Fitch/ S&P Rating	Fair Value/ Amortized Cost	Weighted Average Maturity (WAM)/ Duration (WAD)
Primary government			
State Board of Administration			
Florida PRIME	S&P - AAAM	\$ 8,370,876	WAM: 39 days
FL SAFE Stable NAV Fund	S&P - AAAM	<u>9,417,893</u>	WAM: 37 days
Total		<u>\$ 17,788,769</u>	
General Employees Pension Trust Fund:			
Cash and money market fund	Not Rated	\$ 97,784	N/A
FMIvT Broad Market High Quality Bond	Fitch - AAF/S4	1,005,778	WAD: 5.10
FMIvT Core Plus	Not Rated	<u>1,040,701</u>	WAD: 6.24
Total		<u>\$ 2,144,263</u>	
Police Officers' and Firefighters' Pension Trust Fund:			
Short-term money market fund	S&P - AAAM	\$ 100,439	N/A
Fixed income mutual funds:			
Dodge & Cox Income Fund	Not Rated	1,928,079	WAD: 6.30
Pimco Diversified Income Fund	Not Rated	<u>291,513</u>	WAD: 3.28
Total fixed income mutual funds		<u>2,219,592</u>	
Total		<u>\$ 2,320,031</u>	

CITY OF LAKE ALFRED, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 5 - CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2024, is summarized below:

	Balance October 1, 2023 (*)	Transfers	Increases	Decreases	Balance September 30, 2024
<u>Governmental Activities:</u>					
Capital assets, not being depreciated:					
Land	\$ 4,409,412	\$ -	\$ 670,976	\$ -	\$ 5,080,388
Construction in process	497,119	(872,457)	611,582	-	236,244
Total capital assets, not being depreciated	<u>4,906,531</u>	<u>(872,457)</u>	<u>1,282,558</u>	<u>-</u>	<u>5,316,632</u>
Capital assets, being depreciated:					
Buildings and improvements	7,564,408	632,948	200,190	(12,130)	8,385,416
Right to use leased equipment	22,219	-	36,372	-	58,591
Subscription assets	-	-	345,678	-	345,678
Equipment	5,587,480	(21,935)	752,831	(318,056)	6,000,320
Infrastructure:					
Road network	6,323,777	239,509	977,079	-	7,540,365
Sidewalks	3,559,983	-	280,846	-	3,840,829
Total capital assets, being depreciated	<u>23,057,867</u>	<u>850,522</u>	<u>2,592,996</u>	<u>(330,186)</u>	<u>26,171,199</u>
Less accumulated depreciation for:					
Buildings and improvements	(3,271,508)	-	(325,698)	5,256	(3,591,950)
Right to use leased equipment	(6,348)	-	(9,082)	-	(15,430)
Subscription assets	-	-	(78,216)	-	(78,216)
Equipment	(4,301,811)	21,935	(389,502)	304,668	(4,366,710)
Infrastructure:					
Road network	(1,974,372)	-	(329,947)	-	(2,304,319)
Sidewalks	(946,245)	-	(116,816)	-	(1,063,061)
Total accumulated depreciation	<u>(10,500,284)</u>	<u>21,935</u>	<u>(1,249,261)</u>	<u>309,924</u>	<u>(11,417,686)</u>
Total capital assets being depreciated, net	<u>12,557,583</u>	<u>872,457</u>	<u>1,343,735</u>	<u>(20,262)</u>	<u>14,753,513</u>
Governmental activities capital assets, net	<u>\$ 17,464,114</u>	<u>\$ -</u>	<u>\$ 2,626,293</u>	<u>\$ (20,262)</u>	<u>\$ 20,070,145</u>
<u>Business-type activities:</u>					
Capital assets, not being depreciated:					
Land	\$ 1,034,763	\$ -	\$ -	\$ -	\$ 1,034,763
Construction-in-progress	2,755,356	-	4,073,327	-	6,828,683
Total capital assets, not being depreciated	<u>3,790,119</u>	<u>-</u>	<u>4,073,327</u>	<u>-</u>	<u>7,863,446</u>
Capital assets, being depreciated:					
Buildings and improvements	25,125,457	-	4,081,559	-	29,207,016
Equipment	1,928,013	21,935	535,743	(43,928)	2,441,763
Total capital assets, being depreciated	<u>27,053,470</u>	<u>21,935</u>	<u>4,617,302</u>	<u>(43,928)</u>	<u>31,648,779</u>
Less accumulated depreciation for:					
Buildings and improvements	(14,459,766)	-	(633,143)	-	(15,092,909)
Equipment	(921,761)	(21,935)	(165,326)	43,928	(1,065,094)
Total accumulated depreciation	<u>(15,381,527)</u>	<u>(21,935)</u>	<u>(798,469)</u>	<u>43,928</u>	<u>(16,158,003)</u>
Total capital assets being depreciated, net	<u>11,671,943</u>	<u>-</u>	<u>3,818,833</u>	<u>-</u>	<u>15,490,776</u>
Business-type activities capital assets, net	<u>\$ 15,462,062</u>	<u>\$ -</u>	<u>\$ 7,892,160</u>	<u>\$ -</u>	<u>\$ 23,354,222</u>

(*) – Previously stated balances have been restated due to the correction of an error. See Note 15 for more detail.

Depreciation expense and accumulated depreciation in the above tables of Note 5 include amortization expense and accumulated amortization of the subscription assets of the governmental activities.

NOTE 5 - CAPITAL ASSETS (cont...)

Depreciation expense was charged to the following programs and functions:

Governmental Activities:

General government	\$	182,090
Police		122,818
Fire		33,455
Community development		37,311
Sanitation		99,388
Public works		33,734
Roads and streets		453,589
Library		33,750
Parks and recreation		253,126
Total depreciation expense - governmental activities	\$	<u>1,249,261</u>

Business-type Activities:

Water utility	\$	277,048
Sewer utility		501,395
Stormwater utility		20,026
Total depreciation expense - business-type activities	\$	<u>798,469</u>

NOTE 6 – LEASES

Lease Receivable – The City reports two lease receivables related to antenna lease agreements originally executed in 2000. The lease terms were originally for an initial 5-year period with the option of 4 separate 5-year renewal periods thereafter. The lease term for each of these leases was originally 25 years ending in 2025 and one of the leases has been amended to extend the lease term to 2054. The City receives annual payments which are increased each year by 3% to 5% and the City recognized \$57,087 in lease revenue and \$35,392 in interest revenue during the fiscal year related to these two leases. On September 30, 2024, the City’s receivable for lease payments was \$1,436,466. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. On September 30, 2024, the balance of the deferred inflow of resources was \$1,327,368.

NOTE 6 – LEASES (cont...)

Lease Payable – In 2022 and 2024, the City entered into lease agreements as the lessee for the acquisition and use of several multifunction copiers, with terms of 63 months and 60 months, respectively. The City is obligated to make monthly principal and interest payments, with the final payment due in January 2029. For the 2022 lease, the City used the lease’s implicit interest rate of 29% to calculate the lease liability. Since the 2024 lease did not specify an explicit or determinable implicit interest rate, the City applied its estimated incremental borrowing rate of 3.9% to measure the lease liability. The book value of this right-to-use asset can be found in Note 5 and is being amortized on a straight-line basis over the term of the lease.

The future principal and interest lease payments as of September 30, 2024, were as follows:

<u>Fiscal Year Ending</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 11,083	\$ 5,187
2026	12,750	3,520
2027	13,494	1,396
2028	7,725	267
2029	2,644	22
Total	<u>\$ 47,696</u>	<u>\$ 10,392</u>

NOTE 7 - SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENT (SBITA)

During the current fiscal year, the City entered into two Subscription-Based Information Technology Arrangements (SBITAs) with subscription terms ranging from 27 to 60 months, granting the City the right to use specific information technology software. As a result, the City recorded an initial subscription asset of \$345,678 and a corresponding subscription liability of \$140,454. As of September 30, 2024, the subscription liability was \$119,574. The City is obligated to make quarterly and annual principal and interest payments on the two SBITAs. As these agreements did not specify an explicit interest rate, the City applied its estimated incremental borrowing rate of 3.9% to calculate the related subscription liabilities. Details regarding the subscription asset and accumulated amortization are provided in Note 5, while information on subscription liability activity is presented in Note 8.

The future principal and interest lease payments as of September 30, 2024, were as follows:

<u>Fiscal Year Ending</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 42,980	\$ 3,032
2026	28,740	2,672
2027	14,922	1,900
2028	15,935	1,308
2029	16,997	675
Total	<u>\$ 119,574</u>	<u>\$ 9,587</u>

CITY OF LAKE ALFRED, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 8 - LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the year ended September 30, 2024:

	Balance October 1, 2023	Increases	Decreases	Balance September 30, 2024	Amounts Due within One Year
<u>Governmental Activities:</u>					
Long-term liabilities:					
<i>Long-term debt:</i>					
None	\$ -	\$ -	\$ -	\$ -	\$ -
Total long-term debt	-	-	-	-	-
<i>Other liabilities:</i>					
Leases payable	19,039	36,372	(7,715)	47,696	11,083
Subscriptions payable	-	140,454	(20,880)	119,574	42,980
Net pension liability	1,389,884	-	(85,141)	1,304,743	-
Total OPEB liability	334,084	14,071	-	348,155	-
Compensated absences	453,097	236,270	(197,797)	491,570	49,156
Total other liabilities	2,196,104	427,167	(311,533)	2,311,738	103,219
Total long-term liabilities	<u>\$ 2,196,104</u>	<u>\$ 427,167</u>	<u>\$ (311,533)</u>	2,311,738	<u>\$ 103,219</u>
Less amounts due in one year				(103,219)	
Net long-term liabilities in excess of one year				<u>\$ 2,208,519</u>	
<u>Business-type Activities:</u>					
Long-term liabilities:					
<i>Long-term debt:</i>					
<i>Notes payable:</i>					
Series 2012 Revenue Refunding Note	\$ 59,259	\$ -	\$ (59,259)	\$ -	\$ -
DW530510 installment note to FDEP	100,877	403,240	(242,066)	262,051	31,413
WW530520 installment note to FDEP	-	80,000	(40,000)	40,000	423
WW719090 installment note to FDEP	1,057,686	-	(293,973)	763,713	300,478
Total bonds and notes payable	1,217,822	483,240	(635,298)	1,065,764	332,314
<i>Other liabilities:</i>					
Net pension liability	308,562	97,980	-	406,542	-
Total OPEB liability	69,567	11,316	-	80,883	-
Compensated absences	91,366	39,764	(60,097)	71,033	7,103
Total other liabilities	469,495	149,060	(60,097)	558,458	7,103
Total long-term liabilities	<u>\$ 1,687,317</u>	<u>\$ 632,300</u>	<u>\$ (695,395)</u>	1,624,222	<u>\$ 339,417</u>
Less amounts due in one year				(339,417)	
Net long-term liabilities in excess of one year				<u>\$ 1,284,805</u>	

NOTE 8 - LONG-TERM OBLIGATIONS (cont...)

Notes to Long-Term Obligations Table

Long term liabilities, including accumulated compensated absences, lease payable, subscriptions payable, OPEB liabilities and the City's net pension liabilities, are typically liquidated by the general fund or the enterprise fund, depending upon which individual fund to which the liability is directly associated.

All of the City's long-term debt arose through direct borrowings or direct placements.

Business-type Activities:

- Series 2012 and Series 2008A Notes - The Series 2012 notes were issued September 6, 2012 in the exact principal amount \$2,358,619 of the then outstanding balance of the Series 2008A notes, effectively replacing the 2008A notes with the 2012 notes. Both the lender and the maturity date of October 1, 2023 remained the same. The carrying amount and reacquisition price of the 2008A notes were the same on the date of refunding. The average interest rate on the 2012 notes is 2.37% and was 4.20% on the 2008A notes resulting in a cash flow savings to maturity of \$272,790 and a discounted cash flow savings to maturity (economic gain) of approximately \$238,000. The Series 2012 note was secured by a senior lien on the revenues of the water and sewer systems and contains a requirement to maintain a minimum debt service coverage ratio of 1.2. The retired 2008A note proceeds were used to retire debt whose proceeds were originally used to finance improvements primarily to the sewer system. The Series 2012 notes were fully repaid during the year ended September 30, 2024.

In the event of default, the lender had the right to take whatever legal actions are necessary to collect the amounts due and could have declared the entire indebtedness due and payable.

- Installment Notes to DEP:
 - Installment Note to DEP (WW 719090) - This note, in the original amount of \$5,143,530, is secured by a subordinate lien on the water and sewer revenues and bears interest at 2.205%, with semi-annual principal and interest payments of \$157,823 on July 15 and December 15 and continuing to maturity in January 2027. The note proceeds were used to fund expansion of the wastewater treatment facility.
 - Installment Note to DEP (DW 530510) – The original note payable was for planning activities related to the design and construction of a new water production facility and totaled a maximum \$27,500 loan. This loan has been amended to include the design phase of the water production facility which added an additional \$603,438 to the maximum loan amount. This installment note includes an immediate principal forgiveness grant of 50% of the funds drawn by the City. The note is secured by a subordinate lien on the water and sewer revenues and bears interest at 1.33%, with semi-annual principal and interest payments of \$15,840 due on February 15 and August 15 till maturity on August 15, 2033.
 - Installment Note to DEP (WW 530520) - This note, in the original amount of \$80,000, is secured by a subordinate lien on the water and sewer revenues and bears interest at .64%, with semi-annual principal and interest payments of \$2,151 on March 15 and September 15 and continuing to maturity in March 2035. This installment note included an immediate principal forgiveness grant of 50% of the funds drawn by the City. The note proceeds were used to fund planning for future expansion of the City's wastewater treatment facility.

NOTE 8 - LONG-TERM OBLIGATIONS (cont...)

Notes to Long-Term Obligations Table (cont...)

- Installment Notes to DEP (continued)
 - Installment Note to DEP (WW 530521) - This note, in the original amount of \$1,700,000, is secured by a subordinate lien on the water and sewer revenues and has a zero interest rate with semi-annual principal payments due beginning on March 15, 2026. This note includes an immediate principal forgiveness grant equal to 80% of the funds drawn by the City. The proceeds are designated for design activities related to improvements at the City’s wastewater treatment facility. As of September 30, 2024, no funds had been drawn on this note.

In the event of default and subject to the rights of superior liens on the pledged revenues, the lender 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, sue for payment of amounts due and may accelerate the repayment schedule or increase the interest rate on the unpaid principal on the loan to as much as 1.667 times the loan interest rate.

Pledged Revenues:

The following table provides a summary of the pledged revenues for the City's outstanding debt issues. Additional information regarding the City's pledged revenue can be found in the preceding sections of this note:

<u>Pledged Revenue</u>	<u>Revenue Pledged Through</u>	<u>Total Principal and Interest Outstanding</u>	<u>Current Year Principal and Interest Paid</u>	<u>Current Year Net Revenue</u>	<u>Percentage of Net Revenues to Principal and Interest Paid</u>
Water and sewer revenue	3/15/2035	\$ 1,109,170	\$ 379,351	\$ 11,748,617	3097%

Maturities:

Annual requirements to repay all long-term bonds and notes payable as of September 30, 2024, were as follows:

<u>Fiscal Year Ending</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 332,314	\$ 20,276
2026	343,016	11,725
2027	192,442	4,476
2028	36,794	2,301
2029	37,256	1,839
2030-2034	121,804	2,777
2035-2039	2,138	12
Total	<u>\$ 1,065,764</u>	<u>\$ 43,406</u>

NOTE 9 - INTERFUND TRANSACTIONS

Interfund transfers for the year ended September 30, 2024, consisted of:

<u>Receiving Fund</u>	<u>Paying Fund</u>	<u>Amount</u>
General Fund	Enterprise Fund	\$ 820,942

The transfer from the enterprise fund to the general fund is a budgeted transfer. .

Interfund assets and liabilities on September 30, 2024 consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Enterprise Fund	\$ 2,182,000

Effective on October 17, 2022, the City Commission passed Resolution 19-22 that authorized the enterprise to borrow \$2,500,000 from the general fund to pay for utility infrastructure. The loan is to be repaid at an annual interest rate of 3.75% over a maximum of ten years with principal and interest due semiannually in November and May of each year. Annual requirements to repay this interfund loan as of September 30, 2024, were as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 222,000	\$ 79,763
2026	231,000	71,363
2027	240,000	62,707
2028	248,000	53,532
2029	258,000	44,138
2030-2034	983,000	75,076
Total	<u>\$ 2,182,000</u>	<u>\$ 386,579</u>

NOTE 10 - PENSION TRUST FUNDS

Plan Descriptions - The City of Lake Alfred contributes to two single-employer defined benefit pension plans: The General Employees Retirement System and the Police Officers' and Firefighters' Retirement System. Each plan provides retirement and disability benefits to plan members and beneficiaries. The plans are established by City Ordinance and the benefits and contribution requirements can be amended by the City Commission through ordinance. Both plans are administered by separate boards of trustees who are either appointed by the City Commission or elected by plan members. It is the City's policy to annually fund the annual required contribution amount for each plan. Contributions are also provided to the Police and Fire plan by the State of Florida from a tax collected on insurance premiums. Each plan issues a publicly available financial report that includes financial statements and required supplementary information (RSI) for that plan. Those reports may be obtained by contacting the City of Lake Alfred Finance Department at 155 E. Pomelo Street, Lake Alfred, FL 33850. The Plans' fiduciary net position has been determined on the same basis used by the individual pension plans.

On October 17, 2022, the City of Lake Alfred City Commission adopted Ordinance 1499-22 which closed the General Employees' Pension Trust Fund to new entrants effective January 1, 2023. Any general employee hired after the effective date shall participate in a defined contribution plan and are not eligible to participate in the Plan. On or before March 31, 2023, each member of the Plan had the option to transfer the greater of the actuarial present value of the frozen accrued benefit or their accumulated contributions to the defined contribution plan or choose to stay in the Plan and continue to accrue benefits.

NOTE 10 – PENSION TRUST FUNDS (cont...)

Basis of Accounting: The General Employees Retirement System and the Police Officers' and Firefighters' Retirement System financial statements are prepared using the accrual basis of accounting. All costs of administering the Plans are paid out of the individual Plans' funds. Benefit payments, including refunds of employee contributions, are reported as expenses when the benefit is currently due and payable in accordance with the benefit terms.

Benefits - The City's pension plans provide retirement and disability benefits. Benefits for all members vest after 10 years of service. Retirement benefits for general employee members are calculated at 2.72% of average compensation of the best 5 years of the preceding 10 years multiplied by years of creditable service. Normal retirement is the earlier of age 60 with 5 years of service (if attained prior to October 1, 2011) or age 59 with 12 years of service. Benefits for police officers and firefighters are calculated at 3.00% of average compensation of the best 5 years of the preceding 10 years multiplied by years of creditable service. Normal retirement is the earlier of age 55 with 10 years of service or attainment of age 52 with 25 years of credited service. Both plans offer early retirement at reduced benefits.

Contributions – It is the City's policy to annually fund the actuarially determined required contributions representing the difference between the actuarially determined amount and the contributions of plan members and the State of Florida in the case of the Police Officers' and Firefighters' plan. Contribution rates and other information for the year ended September 30, 2024 is presented below:

	General Employees' Pension Trust Fund	Police Officers' and Firefighters' Pension Trust Fund
Contribution rates:		
City	17.1%	11.3%
Plan members	5.0%	5.0%
Actuarially determined contribution	\$ 255,934	\$ 135,511
Contributions made in relation to the Actuarially determined contribution	\$ 255,934	\$ 157,699

Plan Membership – Participant data for the City pension plans, as of the latest available actuarial valuation was as follows:

	as of October 1, 2023	
	General Employees' Pension Trust Fund	Police Officers' and Firefighters' Pension Trust Fund
Inactive plan members or beneficiaries currently receiving benefits	29	10
Inactive plan members entitled to but not yet receiving benefits	40	8
Active plan members	23	19
Total	92	37

Net Pension Liability (Asset) – The components of the changes in the net pension liability (asset) for both pension plans for the year ended September 30, 2023 is shown below. September 30, 2023 is the measurement date of the net pension liability (asset) reported in the City's September 30, 2024 financial statements. The net pension liability (asset) as of September 30, 2024, for City financial reporting purposes, was determined by actuarial valuations as of October 1, 2022 updated to September 30, 2023 (the measurement date).

NOTE 10 – PENSION TRUST FUNDS (cont...)

General Employees’ Pension Trust Fund:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset) Liability
	(a)	(b)	(a)-(b)
Measurement date - September 30, 2022	\$ 6,731,788	\$ 5,703,249	\$ 1,028,539
Changes for the year:			
Service cost	234,395	-	234,395
Interest	475,945	-	475,945
Difference between actual and expected experience	253,322	-	253,322
Change in assumptions	95,375	-	95,375
Contributions - City	-	209,562	(209,562)
Contributions - employee	-	95,013	(95,013)
Net investment income	-	496,367	(496,367)
Benefit payments, including refunds of employee contributions	(619,218)	(628,433)	9,215
Administrative expense	-	(59,290)	59,290
Net changes	439,819	113,219	326,600
Measurement date - September 30, 2023	\$ 7,171,607	\$ 5,816,468	\$ 1,355,139

Police Officers’ and Firefighters’ Pension Trust Fund:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset) Liability
	(a)	(b)	(a)-(b)
Measurement date - September 30, 2022	\$ 5,352,688	\$ 4,682,781	\$ 669,907
Changes for the year:			
Service cost	145,719	-	145,719
Interest	377,822	-	377,822
Difference between actual and expected experience	(35,195)	-	(35,195)
Contributions - City	-	53,388	(53,388)
Contributions - State	-	102,141	(102,141)
Contributions - employee	-	61,431	(61,431)
Net investment income	-	619,592	(619,592)
Benefit payments, including refunds of employee contributions	(201,898)	(201,898)	-
Administrative expense	-	(34,445)	34,445
Net changes	286,448	600,209	(313,761)
Measurement date - September 30, 2023	\$ 5,639,136	\$ 5,282,990	\$ 356,146

NOTE 10 - PENSION TRUST FUNDS (cont...)

Actuarial Assumptions – The actuarial valuation date and significant actuarial assumptions used to measure the total pension liability on September 30, 2023 were as follows:

	General Employees' Pension Trust Fund	Police Officers' and Firefighters' Pension Trust Fund
	October 1, 2022 updated to September 30, 2023	October 1, 2022 updated to September 30, 2023
Actuarial valuation date		
Inflation	3.00%	2.50%
Projected salary increases	Service Based	Service Based
Investment rate of return	7.05%	7.00%
Discount rate	7.05%	7.00%
Date of actuarial experience study	June 15, 2020	June 15, 2020

Mortality rates were based on The Society of Actuaries' Retirement Plan Experience Committee (RPEC) Pub-2010 Public Retirement Plans Mortality Tables Report.

Long-term Expected Rate of Return on Pension Plan Investments - Best estimates of arithmetic real rates of return for each major asset and the pension plans' target asset allocations as of September 30, 2024, are summarized in the following table.

General Employees' Pension Trust Fund:

<u>Asset Class</u>	<u>Long-term Expected Real Rates of Return</u>	<u>Target Asset Allocations</u>
Core Bonds - Broad Market High Quality	2.50%	15.00%
Core Plus Fixed Income Fund	2.80%	15.00%
US Large Cap Equity	7.10%	25.00%
US Small Cap Equity	8.50%	14.00%
International Equity	8.20%	21.00%
Core Real Estate	6.40%	10.00%

Police Officers' and Firefighters' Pension Trust Fund:

<u>Asset Class</u>	<u>Long-term Expected Real Rates of Return</u>	<u>Target Asset Allocations</u>
Domestic Equity	7.50%	50.00%
International Equity	8.50%	15.00%
Broad Market Fixed Income	2.50%	30.00%
Global Fixed Income	3.50%	5.00%

NOTE 10 - PENSION TRUST FUNDS (cont...)

Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions - For the year ended September 30, 2024, the City recognized total pension expense of \$858,732 consisting of pension expense for the General Employees' Retirement System of \$555,455 and \$303,277 for the Police Officers' and Firefighters' Retirement System. On September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions, combined and individually for both plans, was as follows:

Combined All Pension Trust Funds:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 257,825	\$ 26,397
Change in assumptions	90,996	-
Net difference between expected and actual earnings on Plan investments	901,716	-
City contributions subsequent to the measurement date	413,633	-
Total Combined All Pension Trust Funds	\$ 1,664,170	\$ 26,397

General Employees' Pension Trust Fund:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 178,409	\$ -
Change in assumptions	90,996	-
Net difference between expected and actual earnings on Plan investments	480,435	-
City contributions subsequent to the measurement date	255,934	-
Total General Employees' Pension Trust Fund	\$ 1,005,774	\$ -

Police Officers' and Firefighters' Pension Trust Fund:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 79,416	\$ 26,397
Net difference between expected and actual earnings on Plan investments	421,281	-
City contributions subsequent to the measurement date	157,699	-
Total Police Officers' and Firefighters' Pension Trust Fund	\$ 658,396	\$ 26,397

NOTE 10 - PENSION TRUST FUNDS (cont...)

Deferred outflows of resources related to City contributions subsequent to the measurement date of September 30, 2023 will be recognized as a reduction of the net pension liability in the year ended September 30, 2025. Other amounts reported as deferred inflows and outflows of resources will be recognized in pension expense in the years and amounts shown below:

Year ending September 30,	General	Police	Total
	Employees' Pension Trust fund	Officers' and Firefighters' Pension Trust fund	
2025	\$ 282,894	\$ 136,826	\$ 419,720
2026	233,313	149,566	382,879
2027	255,014	246,403	501,417
2028	(21,381)	(58,495)	(79,876)
Total	<u>\$ 749,840</u>	<u>\$ 474,300</u>	<u>\$ 1,224,140</u>

Discount Rate - A rate of 7.05% was used for the general employees' pension trust fund and a rate of 7.00% was used for the police and firefighters' pension trust fund to measure the total pension liability of each plan as of September 30, 2023, which is the measurement date for financial reporting purposes. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the actuarially determined contribution rate. Based on those assumptions, the pension plans' 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 Liability to Changes in the Discount Rate - The following presents the net pension liability(asset) of the City as of the measurement date (September 30, 2023), calculated using the discount rates discussed above for each plan, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate used by each plan.

	Current Discount Rate	Net Pension Liability (Asset) at Measurement Date		
		1% Decrease	Current Discount	1% Increase
General Employees'	7.05%	\$ 2,417,977	\$ 1,355,139	\$ 471,973
Police Officers' and Firefighters'	7.00%	636,503	356,146	(499,493)
City's Net Pension Liability (Asset)		<u>\$ 3,054,480</u>	<u>\$ 1,711,285</u>	<u>\$ (27,520)</u>

NOTE 10 - PENSION TRUST FUNDS (cont...)

The following presents the net pension liability (asset) of the City as of the financial reporting date (September 30, 2024), calculated using the current discount rates for each plan, as well as what the City’s net pension liability(asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate used by each plan.

	Current Discount Rate	Net Pension Liability (Asset) at Financial Reporting Date		
		1% Decrease	Current Discount	1% Increase
General Employees'	6.95%	\$ 2,137,500	\$ 1,012,384	\$ 91,792
Police Officers' and Firefighters'	7.00%	(4,860)	(666,877)	(1,221,173)
City's Net Pension Liability (Asset)		<u>\$ 2,132,640</u>	<u>\$ 345,507</u>	<u>\$ (1,129,381)</u>
Change in City's net pension liability between measurement date and reporting date		<u>\$ (921,840)</u>	<u>\$ (1,365,778)</u>	<u>\$ (1,101,861)</u>

NOTE 11 - OTHER POST EMPLOYMENT BENEFITS

Plan Description – The Other Postemployment Benefits Plan (OPEB Plan) is a single employer defined benefit plan administered by the City. The OPEB Plan allows employees who retire and meet retirement eligibility requirements under the applicable City retirement plan to continue medical insurance coverage as a participant in the City’s health insurance plan.

Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the City are eligible to participate in the City’s healthcare and life insurance benefits. The City subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the OPEB Plan on average than those of active employees. The City does not offer any explicit subsidies for retiree coverage. The OPEB Plan doesn’t issue stand-alone financial statements and the OPEB Plan is not included in the annual report of a public employee retirement system or another entity.

There are currently 60 active plan members and no inactive plan members.

Funding Policy – OPEB Plan benefits are pursuant to the provisions of Section 112.0801, Florida Statutes. The City has not advance-funded or established a funding methodology for its other postemployment benefit (OPEB) costs or the related OPEB obligation. The OPEB plan is financed on a pay-as-you-go basis, and no assets have been accumulated in a trust or other dedicated arrangement to pay for future OPEB benefits.

Benefits Provided – The benefits provided are the same as those provided for active employees. Spouses and dependents of eligible retirees are also eligible for medical coverage. All employees of the City who meet the eligibility requirements of the applicable City retirement plan are eligible to receive postemployment health care benefits. All retiree, spouse and dependent coverage is at the expense of the retiree.

NOTE 11 - OTHER POST EMPLOYMENT BENEFITS (cont...)

Total OPEB Liability – The City’s total OPEB liability as of September 30, 2024 was determined by an actuarial valuation as of September 30, 2023 (the measurement date). The actuarial assumptions used in the September 30, 2023 valuation were as follows:

Inflation	2.50%
Salary Increases	2.50%
Discount Rate	4.87%
Initial Trend Rate	7.00%
Ultimate Trend Rate	4.00%
Year to Ultimate Trend Rate	51

Mortality rates were based on The Society of Actuaries’ Retirement Plan Experience Committee (RPEC) Pub-2010 Public Retirement Plans Mortality Tables Report projected to the valuation date using projection scale MP-2019.

Discount Rate – The discount rate was based on a high-quality municipal bond rate of 4.87%, The high-quality bond rate was based on the measurement date of the S&P Municipal bond 20-year High Grade Rate Index as published by S&P Dow Jones Indices. The S&P Municipal 20-year High Grade Rate Index consists of bonds in the S&P Municipal bond Index with a maturity of 20 years. Eligible bonds must be rates at least AA by Standards and Poor’s Ratings Services, As2 by Moody’s or AA by Fitch. If there are multiple ratings, the lowest rating is used.

The OPEB Plan qualifies for the alternative measurement method in determining their total OPEB liability. Under the alternative measurement method, changes in the total OPEB liability are not permitted to be included in deferred outflows or inflows of resources related to OPEB. These changes will be immediately recognized through OPEB expense.

OPEB Expense – For the year ended September 30, 2024, the City recognized OPEB expense of \$39,854.

Changes in Total OPEB Liability:

	Total OPEB Liability
Reporting period ending September 30, 2023	\$ 403,651
Changes for the year:	
Service cost	46,202
Interest	21,148
Changes of assumptions	53,466
Differences between expected and actual experience	(82,262)
Benefit payments	(13,167)
Net changes	<u>25,387</u>
Reporting period ending September 30, 2024	<u>\$ 429,038</u>

NOTE 11 - OTHER POST EMPLOYMENT BENEFITS (concluded)

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:

	<u>1% Decrease</u> <u>(3.87%)</u>	<u>Discount Rate</u> <u>(4.87%)</u>	<u>1% Increase</u> <u>(5.87%)</u>
Total OPEB liability	\$ 481,957	\$ 429,038	\$ 384,561

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:

	<u>1% Decrease</u> <u>(3.00% to 6.00%)</u>	<u>Healthcare Cost</u> <u>Trend Rates</u> <u>(4.00% to 7.00%)</u>	<u>1% Increase</u> <u>(5.00% to 8.00%)</u>
Total OPEB liability	\$ 380,760	\$ 429,038	\$ 486,984

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NOTE 12 - SEGMENT INFORMATION FOR ENTERPRISE FUND

The City has outstanding debt secured by its water and sewer revenues. The water and sewer operations are accounted for in a single enterprise fund along with stormwater. Because many of the assets and liabilities of the enterprise fund are not separately identifiable with any one operating segment (e.g. cash, accounts receivable, accounts payable, etc.), it is not possible to present segment information disclosures for cash flows and some components of net position. Segment financial information that can be separately identified for the water and sewer operations as of and for the year ended September 30, 2024, is presented below:

	<u>Water & Sewer System</u>
Condensed statement of revenues, expenses and changes in net position:	
Charges for services	\$ 5,189,330
Operating expenses	(3,221,222)
Depreciation	<u>(778,443)</u>
Operating income (loss)	<u>1,189,665</u>
Investment income (loss), net	393,759
Interest expense	(112,462)
Other nonoperating revenue, net	55
Impact fees and capital grants and contributions	13,635,880
Transfers out	<u>(820,942)</u>
Change in net position	<u>\$ 14,285,955</u>
 Condensed statement of net position:	
Capital assets, net	<u>\$ 22,914,289</u>
Long-term notes payable	<u>\$ 1,065,764</u>
Net investment in capital assets	<u>\$ 21,848,525</u>

NOTE 13 - COMMITMENTS AND CONTINGENCIES

Risk Management - Commercial insurance protection with normal deductibles is in place to limit the City's exposure from losses arising from liability and property and equipment damages. There have been no significant reductions in coverage nor have settlement amounts exceeded the City's coverage during the year ended September 30, 2024 or the previous two years. The City's workers compensation coverage is provided through a non-assessable program; in the event the insurance company were declared insolvent, the City would only be responsible for its own claims and not the claims of other insured entities under the program.

Litigation - The City is contingently liable with respect to lawsuits and other claims which arise in the ordinary course of carrying out its public service. Management believes that any losses not covered by insurance which may ultimately be incurred as a result of the suits and claims will not be material, with the exception of attorney's fees which are not determinable.

Unemployment Compensation - The City has elected to reimburse the State directly for its unemployment claims rather than participate in the State insurance fund for this purpose. As a result, the cost for unemployment claims is deducted when paid. Such costs have been insignificant in the past and no provision for potential claims has been made in the financial statements.

Commitments – As of September 30, 2024, the City has the following outstanding commitments on open contracts:

- Parks and recreation master plan - \$28,624
- Environmental site plan - \$223,800
- Building renovation design - \$33,320
- Sculptural monument - \$84,000
- Fire truck purchase - \$990,000

NOTE 14 – JOINT VENTURE

Background - The Polk Regional Water Cooperative (PRWC) was created on April 1, 2016 by a interlocal agreement between the City of Lake Alfred, 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 Lakeland, City of Lake Wales, 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.

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, 2024, the total annual working capital needs of the PRWC was \$260,078 of which the City's proportionate share was \$3,562.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LAKE ALFRED, FLORIDA

Required Supplementary Information

Budgetary Comparison Schedule – General Fund (Unaudited)

For the year ended September 30, 2024

	Budgeted Amounts		Actual Amounts (GAAP basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 4,262,164	\$ 4,535,718	\$ 4,616,174	\$ 80,456
Licenses and permits	648,916	1,881,911	1,882,030	119
Intergovernmental revenue	1,342,658	1,464,658	1,448,164	(16,494)
Charges for services	1,079,500	1,613,232	1,650,242	37,010
Fines and forfeitures	32,000	61,756	67,327	5,571
Investment income	100,000	170,869	294,124	123,255
Other	179,300	962,003	421,499	(540,504)
Prior year surplus appropriated	1,220,000	251,335	-	na
Total revenues	<u>8,864,538</u>	<u>10,941,482</u>	<u>10,379,560</u>	<u>(310,587)</u>
EXPENDITURES:				
General government	2,158,037	2,769,313	2,093,622	675,691
Public safety	3,188,345	3,486,759	3,548,630	(61,871)
Physical environment	727,387	823,158	846,734	(23,576)
Transportation	610,262	698,457	720,517	(22,060)
Culture/recreation	993,623	970,977	999,747	(28,770)
Capital outlay	2,119,497	1,779,660	1,773,063	6,597
Debt service	-	-	35,106	(35,106)
Budgeted carryover reserve	190,192	1,535,963	-	na
Total expenditures	<u>9,987,343</u>	<u>12,064,287</u>	<u>10,017,419</u>	<u>510,905</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,122,805)</u>	<u>(1,122,805)</u>	<u>362,141</u>	<u>200,318</u>
OTHER FINANCING SOURCES				
Interfund transfers	820,942	820,942	820,942	-
Leases	-	-	36,372	36,372
Subscriptions	-	-	140,455	140,455
Loan proceeds	301,863	301,863	-	(301,863)
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,359,910</u>	<u>\$ 75,282</u>

Notes to Budgetary Comparison Schedule:

The budget is prepared on the GAAP basis of accounting.

CITY OF LAKE ALFRED, FLORIDA

Required Supplementary Information

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

The following information presents the changes in net pension liability for the General Employees' pension plan:

City reporting period date	9/30/2025	9/30/2024	9/30/2023	9/30/2022	9/30/2021
Measurement date	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020
Total pension liability					
Service cost	\$ 182,024	\$ 234,395	\$ 216,884	\$ 205,075	\$ 206,381
Interest	505,914	475,945	456,882	441,055	429,229
Change in assumptions	70,180	95,375	82,236	-	(44,750)
Difference between expected and actual experience	372,814	253,322	28,582	(89,015)	135,621
Benefit payments, including refunds of employee contributions	(355,084)	(619,218)	(355,105)	(346,143)	(383,278)
Employee buy-back	43,295	-	39,821	-	-
Net change in total pension liability	819,143	439,819	469,300	210,972	343,203
Total pension liability, beginning	7,171,607	6,731,788	6,262,488	6,051,516	5,708,313
Total pension liability, ending (a)	<u>\$ 7,990,750</u>	<u>\$ 7,171,607</u>	<u>\$ 6,731,788</u>	<u>\$ 6,262,488</u>	<u>\$ 6,051,516</u>
Plan fiduciary net position					
Contributions - City	\$ 255,934	\$ 209,562	\$ 238,405	\$ -	\$ 493,651
Contributions - Retroactive City	-	-	-	-	-
Contributions - Employee	74,697	95,013	102,026	93,431	86,546
Contributions - Employee buy-back	43,295	-	39,821	-	-
Net investment income (loss)	1,178,076	496,367	(906,010)	1,099,300	340,554
Benefit payments, including refunds of employee contributions	(345,868)	(628,433)	(355,105)	(346,143)	(448,882)
Administrative expenses	(44,236)	(59,290)	(35,039)	(37,355)	(41,808)
Net change in plan fiduciary net position	1,161,898	113,219	(915,902)	809,233	430,061
Plan fiduciary net position, beginning	5,816,468	5,703,249	6,619,151	5,809,918	5,379,857
Plan fiduciary net position, ending (b)	<u>\$ 6,978,366</u>	<u>\$ 5,816,468</u>	<u>\$ 5,703,249</u>	<u>\$ 6,619,151</u>	<u>\$ 5,809,918</u>
Net pension liability (asset) (a)-(b)	<u>\$ 1,012,384</u>	<u>\$ 1,355,139</u>	<u>\$ 1,028,539</u>	<u>\$ (356,663)</u>	<u>\$ 241,598</u>
Plan fiduciary net position as a percentage of total pension liability	87.33%	81.10%	84.72%	105.70%	96.01%
Covered payroll	\$ 1,493,942	\$ 1,900,261	\$ 2,040,515	\$ 1,868,615	\$ 1,730,788
Net pension liability as a percentage of covered payroll	68%	71%	50%	-19%	14%

Continued...

CITY OF LAKE ALFRED, FLORIDA

Required Supplementary Information

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

City reporting period date	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016
Measurement date	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015
Total pension liability					
Service cost	\$ 211,276	\$ 193,994	\$ 170,659	\$ 154,686	\$ 148,309
Interest	403,077	380,720	349,574	320,365	318,656
Change in assumptions	-	-	-	164,833	-
Difference between expected and actual experience	93,660	18,610	(4,941)	12,782	(180,354)
Benefit payments, including refunds of employee contributions	11,628	(300,164)	(278,261)	(280,105)	(260,308)
Employee buy-back	(348,831)	11,989	165,863	-	-
Net change in total pension liability	370,810	305,149	402,894	372,561	26,303
Total pension liability, beginning	5,337,503	5,032,354	4,629,460	4,256,899	4,230,596
Total pension liability, ending (a)	\$ 5,708,313	\$ 5,337,503	\$ 5,032,354	\$ 4,629,460	\$ 4,256,899
Plan fiduciary net position					
Contributions - City	\$ 229,964	\$ 216,098	\$ 188,390	173,325	\$ 177,969
Contributions - Retroactive City	-	-	74,865	-	-
Contributions - Employee	79,133	77,075	71,966	58,327	56,377
Contributions - Employee buy-back	11,628	11,989	165,863	-	-
Net investment income (loss)	274,336	353,176	548,625	303,304	(3,845)
Benefit payments, including refunds Of employee contributions	(298,774)	(284,617)	(278,262)	(280,105)	(260,307)
Administrative expenses	(34,491)	(30,140)	(40,417)	(36,681)	(28,284)
Net change in plan fiduciary net position	261,796	343,581	731,030	218,170	(58,090)
Plan fiduciary net position, beginning	5,118,061	4,774,480	4,043,450	3,825,280	3,883,370
Plan fiduciary net position, ending (b)	\$ 5,379,857	\$ 5,118,061	\$ 4,774,480	\$ 4,043,450	\$ 3,825,280
Net pension liability (asset) (a)-(b)	\$ 328,456	\$ 219,442	\$ 257,874	\$ 586,010	\$ 431,619
Plan fiduciary net position as a percentage of total pension liability	94.25%	95.89%	94.88%	87.34%	89.86%
Covered payroll	\$ 1,582,655	\$ 1,530,313	\$ 1,454,094	\$ 1,166,417	\$ 1,126,891
Net pension liability as a percentage of covered payroll	21%	14%	18%	50%	38%

CITY OF LAKE ALFRED, FLORIDA

Required Supplementary Information

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

Changes of Assumptions:

For the measurement date September 30, 2024:

- The investment return assumption changed from 7.05% to 6.95% per year, net of investment related expenses. Additionally, the long-term inflation rate assumption was reduced from 2.80% to 2.50%.

For the measurement date September 30, 2023:

- The investment return assumption changed from 7.15% to 7.05% per year, net of investment related expenses.

For the measurement date September 30, 2022:

- The investment return assumption changed from 7.25% to 7.15% per year, net of investment related expenses.

For the measurement date September 30, 2020:

- As a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in the Milliman's July 1, 2019 FRS valuation report for non-special-risk employees, with appropriate adjustments made based on plan demographics.
- Additionally, as a result of the experience study dated June 15, 2020, the following changes were made:
 - The investment return assumption changed from 7.50% to 7.25% per year, net of investment related expenses.
 - The assumed rate of individual increases was changed from a flat 6.0% per year to a service-based table with the first 5 years of employment at 7.0% per year, the next 5 years at 6.0% per year and for service beyond 10 years, 5.5%.
 - The assumed rates of retirement were changed to an age-based table with varying rates from age 55 to 65.
 - The assumed rates of pre-retirement withdrawal were amended to better reflect anticipated experience.
 - The assumed rates of disability were reduced by 50% at all ages.

For the measurement date September 30, 2016:

- As a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the assumptions used by FRS.

CITY OF LAKE ALFRED, FLORIDA

Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios - Police Officers' and Firefighters' Pension Trust Fund

The following information presents the changes in net pension liability for the Police Officers' and Firefighters' pension plan:

City reporting period date	9/30/2025	9/30/2024	9/30/2023	9/30/2022	9/30/2021
Measurement date	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020
Total pension liability					
Service cost	\$ 189,605	\$ 145,719	\$ 134,317	\$ 144,548	\$ 182,194
Interest	400,459	377,822	347,607	325,978	335,830
Difference between expected and actual experience	(40,532)	(35,194)	131,929	53,809	14,759
Change of assumptions	-	-	-	-	(115,095)
Benefit payments, including refunds of employee contributions	(215,812)	(201,899)	(185,314)	(224,932)	(485,770)
Net change in total pension liability	333,720	286,448	428,539	299,403	(68,082)
Total pension liability, beginning	5,639,136	5,352,688	4,924,149	4,624,746	4,692,828
Total pension liability, ending (a)	<u>\$ 5,972,856</u>	<u>\$ 5,639,136</u>	<u>\$ 5,352,688</u>	<u>\$ 4,924,149</u>	<u>\$ 4,624,746</u>
Plan fiduciary net position					
Contributions - City	\$ 31,468	\$ 53,388	\$ 61,293	\$ -	\$ 163,385
Contributions - State of Florida	126,231	102,141	86,036	80,036	77,169
Contributions - Employee	70,096	61,431	52,379	49,770	45,681
Net investment income (loss)	1,378,746	619,592	(1,159,126)	993,613	466,908
Benefit payments, including refunds of employee contributions	(215,813)	(201,898)	(185,314)	(224,932)	(485,770)
Administrative expenses	(33,985)	(34,445)	(26,620)	(27,314)	(35,973)
Net change in plan fiduciary net position	1,356,743	600,209	(1,171,352)	871,173	231,400
Plan fiduciary net position, beginning	5,282,990	4,682,781	5,854,133	4,982,960	4,751,560
Plan fiduciary net position, ending (b)	<u>\$ 6,639,733</u>	<u>\$ 5,282,990</u>	<u>\$ 4,682,781</u>	<u>\$ 5,854,133</u>	<u>\$ 4,982,960</u>
Net pension liability (asset) (a)-(b)	<u>\$ (666,877)</u>	<u>\$ 356,146</u>	<u>\$ 669,907</u>	<u>\$ (929,984)</u>	<u>\$ (358,214)</u>
Plan fiduciary net position as a percentage of total pension liability (asset)	111.17%	93.68%	87.48%	118.89%	107.75%
Covered payroll	\$ 1,401,916	\$ 1,228,617	\$ 1,047,584	\$ 995,406	\$ 913,614
Net pension liability (asset) as a percentage of covered payroll	-48%	29%	64%	-93%	-39%

Continued...

CITY OF LAKE ALFRED, FLORIDA

Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios - Police Officers' and Firefighters' Pension Trust Fund (concluded)

City reporting period date	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016
Measurement date	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015
Total pension liability					
Service cost	\$ 163,963	\$ 163,316	\$ 122,315	\$ 115,618	\$ 121,228
Interest	320,259	286,203	271,787	247,111	224,790
Change in excess State money	-	-	-	(5,582)	1,815
Change in benefit terms	39	-	-	166,204	-
Difference between expected and actual experience	(23,250)	70,462	(158,983)	(69,149)	(156,848)
Change of assumptions	-	-	107,014	85,378	-
Benefit payments, including refunds of employee contributions	(43,100)	(58,762)	(59,891)	(53,403)	(50,886)
Net change in total pension liability	417,911	461,219	282,242	486,177	140,099
Total pension liability, beginning	4,274,917	3,813,698	3,531,456	3,045,279	2,905,180
Total pension liability, ending (a)	\$ 4,692,828	\$ 4,274,917	\$ 3,813,698	\$ 3,531,456	\$ 3,045,279
Plan fiduciary net position					
Contributions - City	\$ 103,411	\$ 13,327	\$ 91,908	\$ 61,125	\$ 108,161
Contributions - State of Florida	70,945	64,374	61,371	62,347	58,522
Contributions - Employee	43,576	38,798	37,000	29,016	36,721
Net investment income (loss)	213,148	299,677	476,615	199,227	(43,196)
Benefit payments, including refunds of employee contributions	(43,100)	(58,762)	(59,891)	(53,403)	(50,886)
Administrative expenses	(25,145)	(26,509)	(22,882)	(27,555)	(28,759)
Net change in plan fiduciary net position	362,835	330,905	584,121	270,757	80,563
Plan fiduciary net position, beginning	4,388,725	4,057,820	3,473,699	3,202,942	3,122,379
Plan fiduciary net position, ending (b)	\$ 4,751,560	\$ 4,388,725	\$ 4,057,820	\$ 3,473,699	\$ 3,202,942
Net pension liability (asset) (a)-(b)	\$ (58,732)	\$ (113,808)	\$ (244,122)	\$ 57,757	\$ (157,663)
Plan fiduciary net position as a percentage of total pension liability (asset)	101.25%	102.66%	106.40%	98.36%	105.18%
Covered payroll	\$ 871,511	\$ 775,961	\$ 739,995	\$ 580,100	\$ 761,837
Net pension liability (asset) as a percentage of covered payroll	-7%	-15%	-33%	10%	-21%

CITY OF LAKE ALFRED, FLORIDA

Required Supplementary Information

Notes to the Schedule of Changes in Net Pension Liability and Related Ratios - Police Officers' and Firefighters' Pension Plan

Changes in Benefit Terms:

For measurement date September 30, 2019:

- The amounts reported as changes in benefit terms resulted from the provisions of Chapter 112.1816, Florida Statutes. Effective July 1, 2019, a death or disability for a firefighter due to the diagnosis of cancer or circumstances that arise out of the treatment of cancer will be treated as duty related.

For measurement date September 30, 2016:

- The benefit accrual rate was increased from 2.75% to 3.00% of average final compensation.

Changes of Assumptions:

For the measurement date September 30, 2020:

- As required by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in Milliman's July 1, 2019 Florida Retirement System (FRS) valuation report for special risk employees, with appropriate adjustments made based on plan demographics.
- As a result of the June 15, 2020 experience study the following assumptions changes were made:
 - The investment rate of return assumption was reduced from 7.25% to 7.00%, net of investment related fees.
 - The assumed individual salary increases were changed from an age-based table to a service-based table.
 - The assumed retirement age for those eligible for normal retirement is being changed to a 33.33% probability at first eligibility for normal retirement, 50% probability in second year of eligibility and 100% at 2 years after being first eligible for normal retirement. The assumption that members eligible for normal retirement on the valuation date will work one more year has been removed.
 - The assumed rates of pre-retirement withdrawal have been changed from an age-based to a service-based table.

For measurement date September 30, 2017:

- As a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the assumptions used by FRS.
- The investment rate of return was lowered from 7.50% to 7.25%

For measurement date September 30, 2016:

- As a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the assumptions used by FRS.
- The inflation assumption rate was lowered from 3.00% to 2.50%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

CITY OF LAKE ALFRED, FLORIDA

Required Supplementary Information

Schedule of Contributions - General Employees' Pension Plan

Fiscal year end	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess (Deficiency)	Covered Payroll	Contributions as a % of Covered Payroll
September 30, 2024	\$ 255,934	\$ 255,934	\$ -	\$ 1,493,942	17.13%
September 30, 2023	209,562	209,562	-	1,900,261	11.03%
September 30, 2022	238,405	238,405	-	2,040,515	11.68%
September 30, 2021	247,802	-	(247,802)	1,868,615	0.00%
September 30, 2020	245,849	493,651	247,802	1,730,788	28.52%
September 30, 2019	229,964	229,964	-	1,582,655	14.53%
September 30, 2018	216,098	216,098	-	1,530,313	14.12%
September 30, 2017	170,830	188,390	17,560	1,454,094	12.96%
September 30, 2016	168,960	173,325	4,365	1,166,417	14.86%
September 30, 2015	172,875	177,969	5,094	1,126,891	15.79%

Significant methods and assumptions used in calculating the actuary determined contributions:

- Valuation Date: October 1, 2022 for fiscal year 2024 contributions.
- Actuarial Cost Method: Entry age normal actuarial cost method.
- Asset Valuation Method: All assets were valued at market value with an adjustment to uniformly spread actuarial investment gains and losses over a four-year period.
- Salary Increases: Salary increase assumptions are based on a service-based scale with 0-4 years of service at 7.0%, 5-9 years of service at 6.0% and greater than 9 years of service at 5.5%.
- Investment Rate of Return: 7.15% per year compounded annually, net of investment related expenses (previously 7.25%).
- Payroll Growth: None.
- Retirement Age: The retirement age assumption is assumed at age 55 to 56 to be 5%, age 57-58 at 30%, age 59-64 at 50% and greater than age 64 at 100%.
- The assumed rate of mortality are mandated by Chapter 2015-157, Laws of Florida. The rates are those outlined in the July 1, 2018 Florida Retirement System actuarial valuation report for non-special risk lives.
- Disability assumptions: Members becoming disabled during a given year is assumed at the following rates: age 25 to 45 – 0.03%; 45-55 – 0.11%; 55-65 – 0.45%; 65 and over 1.40%.
- Termination assumption table:

Age Range	Credited service (years)		
	<5	5-14	15+
<35	25%	17%	14%
35-49	16%	10%	4%
50+	14%	4%	2%

CITY OF LAKE ALFRED, FLORIDA

Required Supplementary Information

Schedule of Contributions - Police Officers' and Firefighters' Pension Plan

Fiscal year end	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess (Deficiency)	Covered Payroll	Contributions as a % of Covered Payroll
September 30, 2024	\$ 135,511	\$ 157,699	\$ 22,188	\$ 1,401,916	11.25%
September 30, 2023	133,424	155,529	22,105	1,228,617	12.66%
September 30, 2022	138,462	147,329	8,867	1,047,584	14.06%
September 30, 2021	168,075	80,036	(88,039)	995,406	8.04%
September 30, 2020	159,690	240,554	80,864	913,614	26.33%
September 30, 2019	164,806	174,356	9,550	871,511	20.01%
September 30, 2018	117,110	77,701	(39,409)	775,961	10.01%
September 30, 2017	124,930	153,279	28,349	739,995	20.71%
September 30, 2016	109,780	138,364	28,584	580,100	23.85%
September 30, 2015	154,952	154,952	-	761,837	20.34%

Significant methods and assumptions used in calculating the actuary determined contributions:

- Valuation Date: October 1, 2022 for fiscal year 2024 contributions.
- Actuarial Cost Method: Entry age normal actuarial cost method.
- Asset Valuation Method: All assets were valued at market value with an adjustment to uniformly spread actuarial investment gains and losses over a four-year period.
- Salary Increases: Salary increase assumptions are based on a service-based scale with 0-4 years of service at 5.75%, 5-14 years of service at 5.00% and greater than 14 years of service at 4.25%.
- Investment Rate of Return: 7.00% per year compounded annually, net of investment related expenses.
- Payroll Growth: 0.00%
- Retirement Age: Normal retirement is the earlier of 1) age 55 with 10 years of credited service or 2) age 52 and 25 years of credited service. The assumed retirement rate once a member is eligible for normal retirement is 33.33% when first eligible for normal retirement, 50.00% second year of eligibility and 100% thereafter.
- The assumed rates of mortality are mandated by Chapter 2015-157, Laws of Florida. The rates are those outlined in the July 1, 2019 Florida Retirement System actuarial valuation report for special risk lives.
- Termination and disability rate tables:

Termination rate table

Years of service	<u>≤5</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>
% terminating during the year	15.00%	7.50%	7.00%	6.50%	6.00%
Years of service	<u>9</u>	<u>10-14</u>	<u>15-19</u>	<u>20+</u>	
% terminating during the year	5.50%	5.00%	2.50%	1.00%	

Disability rate table

Age	<u>25</u>	<u>35</u>	<u>45</u>	<u>55</u>	<u>65</u>
% becoming disabled during the year	0.03%	0.05%	0.10%	0.36%	2.22%

CITY OF LAKE ALFRED, FLORIDA

Required Supplementary Information

Schedule of Changes in the Total OPEB Liability and Related Ratios

Measurement date	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Reporting period ending	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019
Total OPEB Liability						
Service cost	\$ 46,202	\$ 61,406	\$ 35,299	\$ 28,226	\$ 24,899	\$ 26,054
Interest	21,148	12,743	8,900	11,519	11,645	9,650
Change in assumptions	53,466	(127,354)	125,885	-	26,724	(14,470)
Difference between expected and actual experience	(82,262)	-	(76,666)	56,784	(15,389)	-
Benefit payments	(13,167)	(12,248)	(9,801)	(9,117)	(6,908)	(6,352)
Net change in total OPEB liability	25,387	(65,453)	83,617	87,412	40,971	14,882
Total OPEB liability, beginning	403,651	469,104	385,487	298,075	257,104	242,222
Total OPEB liability, ending	<u>\$ 429,038</u>	<u>\$ 403,651</u>	<u>\$ 469,104</u>	<u>\$ 385,487</u>	<u>\$ 298,075</u>	<u>\$ 257,104</u>
Covered-employee payroll	\$ 3,320,300	\$ 2,855,335	\$ 2,785,693	\$ 2,558,531	\$ 2,496,128	\$ 2,154,818
Total OPEB liability as a percentage of covered-employee payroll	12.92%	14.14%	16.84%	15.07%	11.94%	11.93%
Measurement date	9/30/2017					
Reporting period ending	9/30/2018					
Total OPEB Liability						
Service cost	\$ 27,423					
Interest	7,748					
Change in assumptions	(15,812)					
Difference between expected and actual experience	-					
Benefit payments	(5,841)					
Net change in total OPEB liability	13,518					
Total OPEB liability, beginning	228,704					
Total OPEB liability, ending	<u>\$ 242,222</u>					
Covered-employee payroll	\$ 2,050,987					
Total OPEB liability as a percentage of covered-employee payroll	11.81%					

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	Measurement Date	Discount Rate
September 30, 2023	4.87%	September 30, 2018	4.18%
September 30, 2022	4.77%	September 30, 2017	3.64%
September 30, 2021	2.43%	September 30, 2016	3.06%
September 30, 2020	2.14%		
September 30, 2019	3.58%		



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OTHER SUPPLEMENTARY INFORMATION

CITY OF LAKE ALFRED, FLORIDA

Other Supplementary Information

Combining Statement of Fiduciary Net Position – Pension Trust Funds

September 30, 2024

	General Employees' Pension Trust Fund	Police Officers' and Firefighters' Pension Trust Fund	Total
ASSETS			
Receivables:			
Contributions receivable:			
Plan members	\$ 200	\$ -	\$ 200
Accrued income	-	1,026	1,026
Total receivables	<u>200</u>	<u>1,026</u>	<u>1,226</u>
Investments, at fair value:			
Short-term money market funds	97,784	100,439	198,223
Fixed income external investment pools	2,046,479	2,219,592	4,266,071
Equity securities external investment pools	4,183,756	2,683,793	6,867,549
Individual common stocks	-	1,638,383	1,638,383
Real estate securities and investment pools	656,549	-	656,549
Total investments	<u>6,984,568</u>	<u>6,642,207</u>	<u>13,626,775</u>
Total assets	<u>6,984,768</u>	<u>6,643,233</u>	<u>13,628,001</u>
LIABILITIES			
Accounts payable	<u>6,402</u>	<u>3,500</u>	<u>9,902</u>
Total Liabilities	<u>6,402</u>	<u>3,500</u>	<u>9,902</u>
NET POSITION			
Restricted for pension benefits	<u>\$ 6,978,366</u>	<u>\$ 6,639,733</u>	<u>\$ 13,618,099</u>

CITY OF LAKE ALFRED, FLORIDA

Other Supplementary Information

Combining Statement of Changes in Fiduciary Net Position – Pension Trust Funds

For the year ended September 30, 2024

	General Employees' Pension Trust Fund	Police Officers' and Firefighters' Pension Trust Fund	Total
ADDITIONS			
Contributions:			
City	\$ 255,934	\$ 31,468	\$ 287,402
Plan members	74,697	70,096	144,793
State of Florida	43,295	126,231	169,526
Total contributions	373,926	227,795	601,721
Investment income	1,192,184	1,408,623	2,600,807
Less investment expenses:			
Performance evaluation	-	(14,000)	(14,000)
Custodial fees	(14,108)	(6,000)	(20,108)
Investment management fees	-	(9,877)	(9,877)
Total investment expenses	(14,108)	(29,877)	(43,985)
Net investment income	1,178,076	1,378,746	2,556,822
Total additions	1,552,002	1,606,541	3,158,543
DEDUCTIONS			
Administrative expenses:			
Legal	10,129	9,322	19,451
Administration fees	3,000	-	3,000
Actuarial	24,187	18,182	42,369
Insurance	1,570	1,121	2,691
Audit	5,350	5,360	10,710
Total administrative expenses	44,236	33,985	78,221
Payments to retirees and participants	345,868	215,813	561,681
Total deductions	390,104	249,798	639,902
CHANGE IN NET POSITION	1,161,898	1,356,743	2,518,641
NET POSITION, beginning of year	5,816,468	5,282,990	11,099,458
NET POSITION, end of year	\$ 6,978,366	\$ 6,639,733	\$ 13,618,099

CITY OF LAKE ALFRED, FLORIDA

Other Supplementary Information

Budgetary Comparison Schedule – Community Redevelopment Agency Special Revenue Fund (Unaudited)

For the year ended September 30, 2024

	Budgeted Amounts		Actual Amounts (GAAP basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 468,559	\$ 451,256	\$ 464,357	\$ 13,101
Prior year surplus appropriated	-	27,237	-	na
Total revenues	468,559	478,493	464,357	13,101
EXPENDITURES:				
Economic environment	268,559	53,093	137,254	(84,161)
Capital outlay	200,000	246,215	148,261	97,954
Budgeted carryover reserve	-	179,185	-	n/a
Total expenditures	468,559	478,493	285,515	13,793
NET CHANGE IN FUND BALANCE	\$ -	\$ -	\$ 178,842	\$ 178,842

Notes to Budgetary Comparison Schedule:

The budget is prepared on the GAAP basis of accounting.

CITY OF LAKE ALFRED, FLORIDA

Other Supplementary Information

Budgetary Comparison Schedule – Impact Fee Special Revenue Fund (Unaudited)

For the year ended September 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual Amounts (GAAP basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Licenses and permits	\$ -	\$ -	\$ 5,588,976	\$ 5,588,976
Investment income	-	-	47,807	47,807
Total revenues	-	-	5,636,783	5,636,783
EXPENDITURES:				
Capital outlay	-	-	1,020,219	(1,020,219)
Total expenditures	-	-	1,020,219	(1,020,219)
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,616,564</u>	<u>\$ 4,616,564</u>

Notes to Budgetary Comparison Schedule:

A budget for this fund was not adopted which is why there are zero revenues and expenditures in the budgeted amounts columns in the above schedule.



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STATISTICAL SECTION

Financial Trends

These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.

Net Position by Component	72
Changes in Net Position.....	73-74
Fund Balances of Governmental Funds.....	75
Changes in Fund Balances of Governmental Funds.....	76

Revenue Capacity

These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.

Assessed and Estimated Actual Value of Taxable Property.....	77
Direct and Overlapping Property Tax Rates.....	78
Principal Property Taxpayers.....	79
Property Tax Levies and Collections.....	80

Debt Capacity

These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.

Ratios of Outstanding Debt by Type.....	81
Ratios of General Bonded Debt Outstanding.....	82
Direct and Overlapping Governmental Activities Debt.....	83
Legal Debt Margin.....	84
Pledged-Revenue Coverage.....	85

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial statements take place.

Demographic and Economic Statistics.....	86
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Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial statements relates to the services the City provides and the activities it performs.

Principal Employers.....	87
Full-time Equivalent City Government Employees by Function/Program.....	88
Various Indicators by Function/Program.....	89
Capital Asset Statistics by Function.....	90

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

Lake Alfred, Florida
Schedule of Net Position - By Component
Last Ten Fiscal Years
(accrual basis of accounting)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<u>Governmental Activities</u>										
Net investment										
in capital assets	\$ 9,190,078	\$ 9,009,284	\$ 11,301,070	\$ 10,955,616	\$ 12,304,702	\$ 13,181,451	\$ 13,257,511	\$ 14,225,811	\$ 17,115,352	\$ 19,755,640
Restricted	624,366	769,426	674,249	1,179,774	804,790	1,166,030	1,848,722	2,304,470	2,547,426	8,396,573
Unrestricted	1,638,237	2,461,461	1,988,336	1,861,272	1,719,317	1,487,030	2,150,371	5,903,723	6,076,841	6,147,079
Total governmental activities net position	\$ 11,452,681	\$ 12,240,171	\$ 13,963,655	\$ 13,996,662	\$ 14,828,809	\$ 15,834,511	\$ 17,256,604	\$ 22,434,004	\$ 25,739,619	\$ 34,299,292
<u>Business-type activities</u>										
Net investment										
in capital assets	\$ 6,554,998	\$ 6,599,507	\$ 6,650,029	\$ 6,578,896	\$ 7,477,333	\$ 8,039,022	\$ 8,665,853	\$ 11,464,661	\$ 14,149,600	\$ 21,732,696
Restricted	936,463	1,304,383	1,357,390	1,769,142	2,209,355	1,933,458	3,037,957	2,555,915	5,896,108	12,622,065
Unrestricted	2,525,196	2,605,795	2,538,538	2,314,633	2,050,039	2,050,252	1,965,969	1,686,163	810,710	866,419
Total Business-type activities net position	\$ 10,016,657	\$ 10,509,685	\$ 10,545,957	\$ 10,662,671	\$ 11,736,727	\$ 12,022,732	\$ 13,669,779	\$ 15,706,739	\$ 20,856,418	\$ 35,221,180
<u>Primary Government</u>										
Net investment										
in capital assets	\$ 15,745,076	\$ 15,608,791	\$ 17,951,099	\$ 17,534,512	\$ 19,782,035	\$ 21,220,473	\$ 21,923,364	\$ 25,690,472	\$ 31,264,952	\$ 41,488,336
Restricted	1,560,829	2,073,809	2,031,639	2,948,916	3,014,145	3,099,488	4,886,679	4,860,385	8,443,534	21,018,638
Unrestricted	4,163,433	5,067,256	4,526,874	4,175,905	3,769,356	3,537,282	4,116,340	7,589,886	6,887,551	7,013,498
Total primary government net position	\$ 21,469,338	\$ 22,749,856	\$ 24,509,612	\$ 24,659,333	\$ 26,565,536	\$ 27,857,243	\$ 30,926,383	\$ 38,140,743	\$ 46,596,037	\$ 69,520,472

Sources: Information derived from the annual financial reports for the relevant year.

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Expenses										
Governmental Activities:										
General government	\$ 924,434	\$ 942,096	\$ 1,136,799	\$ 1,351,350	\$ 1,361,600	\$ 1,353,291	\$ 1,422,763	\$ 1,607,403	\$ 2,041,793	\$ 2,407,393
Community development	193,212	213,568	276,964	298,437	487,355	527,498	454,261	675,682	740,243	895,503
Police	945,253	868,641	1,167,239	1,108,327	1,250,339	1,343,241	1,462,957	1,277,605	1,718,251	1,998,772
Fire	635,691	536,885	671,908	579,922	619,784	647,016	669,469	661,647	928,177	1,096,209
Sanitation	464,978	465,357	480,427	572,951	504,133	628,669	570,321	647,788	781,393	871,017
Public works	-	86,043	84,122	69,981	88,542	84,363	94,933	92,345	129,756	151,527
Roads and streets	590,287	508,831	514,053	597,249	636,651	643,467	719,962	714,796	833,430	1,035,998
Library	-	-	192,263	197,344	201,493	204,990	241,371	225,993	258,883	290,673
Parks and recreation	577,686	621,740	499,560	565,403	601,341	603,831	659,042	689,192	1,021,378	1,229,026
Community redevelopment	-	973	14,615	8,849	22,947	19,342	50,468	111,165	183,828	141,554
Interest on long term debt	-	-	-	-	-	-	-	2,775	5,902	6,511
Total governmental activities expenses	4,331,541	4,244,134	5,037,950	5,349,813	5,774,185	6,055,708	6,345,547	6,706,391	8,643,034	10,124,183
Business-type activities:										
Water Utility	696,219	678,900	684,857	942,046	735,065	781,073	771,242	972,570	1,164,965	1,841,444
Sewer Utility	1,210,142	1,247,874	1,261,158	1,411,327	1,444,745	1,399,188	1,397,709	1,549,641	1,824,494	2,270,628
Stormwater Utility	104,900	61,380	75,235	73,530	90,409	96,645	89,682	84,453	96,490	78,084
Total business-type activities expenses	2,011,261	1,988,154	2,021,250	2,426,903	2,270,219	2,276,906	2,258,633	2,606,664	3,085,949	4,190,156
Total primary government expenses	\$ 6,342,802	\$ 6,232,288	\$ 7,059,200	\$ 7,776,716	\$ 8,044,404	\$ 8,332,614	\$ 8,604,180	\$ 9,313,055	\$ 11,728,983	\$ 14,314,339
Program revenues										
Governmental activities:										
Charges for services	\$ 1,143,811	\$ 1,124,938	\$ 1,011,427	\$ 1,313,148	\$ 1,147,798	\$ 1,171,639	\$ 1,772,932	\$ 1,649,268	\$ 2,900,223	\$ 3,648,118
Operating grants and contributions	161,941	180,490	190,598	274,760	296,412	327,013	299,330	317,752	395,184	447,944
Capital grants and contributions	127,041	131,418	1,934,036	123,220	806,336	1,256,786	819,966	1,341,288	2,478,666	6,958,476
Total governmental activities program rev.	1,432,793	1,436,846	3,136,061	1,711,128	2,250,546	2,755,438	2,892,228	3,308,308	5,774,073	11,054,538
Business-type activities:										
Charges for services	2,339,599	2,440,362	2,441,297	2,580,513	2,683,597	2,755,556	2,929,566	3,154,451	3,825,566	5,270,161
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	345,815	346,142	103,083	423,999	1,221,313	304,733	1,519,347	2,107,346	4,865,521	13,635,880
Total business-type program revenues	2,685,414	2,786,504	2,544,380	3,004,512	3,904,910	3,060,289	4,448,913	5,261,797	8,691,087	18,906,041
Total primary government program revenues	\$ 4,118,207	\$ 4,223,350	\$ 5,680,441	\$ 4,715,640	\$ 6,155,456	\$ 5,815,727	\$ 7,341,141	\$ 8,570,105	\$ 14,465,160	\$ 29,960,579
Net(expenses)/revenue										
Governmental activities	(2,898,748)	(2,807,288)	(1,901,889)	(3,638,685)	(3,523,639)	(3,300,270)	(3,453,319)	(3,398,083)	(2,868,961)	930,355
Business-type activities	674,153	798,350	523,130	577,609	1,634,691	783,383	2,190,280	2,655,133	5,605,138	14,715,885
Total primary government net expenses	\$ (2,224,595)	\$ (2,008,938)	\$ (1,378,759)	\$ (3,061,076)	\$ (1,888,948)	\$ (2,516,887)	\$ (1,263,039)	\$ (742,950)	\$ 2,736,177	\$ 15,646,240

Sources: Information derived from the annual financial reports for the relevant year.

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes										
Property Taxes	\$ 986,370	\$ 1,068,364	\$ 1,155,060	\$ 1,266,244	\$ 1,392,879	\$ 1,560,287	\$ 1,758,386	\$ 1,963,624	\$ 2,345,738	\$ 3,098,148
Franchise Taxes	357,432	422,204	389,062	409,610	460,174	428,264	478,355	570,280	668,021	673,445
Public Service Taxes	522,661	554,930	559,301	588,241	612,635	629,434	645,074	740,905	844,073	963,525
Fuel Taxes	298,864	313,288	332,253	360,190	361,466	345,310	389,812	415,875	432,986	434,579
State shared revenue	439,968	473,840	505,869	558,835	616,588	595,341	715,534	838,851	866,256	850,197
Investment earnings	11,425	29,629	67,450	42,493	67,556	25,457	220,589	168,107	166,611	401,610
Grants not restricted to specific programs	-	-	-	-	-	-	-	3,133,841	-	-
Miscellaneous	141,510	127,191	93,218	168,866	202,063	176,178	115,241	141,566	168,843	106,251
Interfund transfer	475,335	332,370	523,160	461,809	642,425	545,701	552,421	602,434	682,048	820,942
Total governmental activities	3,233,565	3,321,816	3,625,373	3,856,288	4,355,786	4,305,972	4,875,412	8,575,483	6,174,576	7,348,697
Business-type Activities:										
Investment earnings (loss)	20,704	26,539	28,428	45,022	81,790	48,323	9,188	(15,739)	226,589	393,759
Miscellaneous	725	509	7,874	-	-	-	-	-	-	-
Interfund transfer	(475,335)	(332,370)	(523,160)	(461,809)	(642,425)	(545,701)	(552,421)	(602,434)	(682,048)	(820,942)
Total business-type activities	(453,906)	(305,322)	(486,858)	(416,787)	(560,635)	(497,378)	(543,233)	(618,173)	(455,459)	(427,183)
Total primary government	\$ 2,779,659	\$ 3,016,494	\$ 3,138,515	\$ 3,439,501	\$ 3,795,151	\$ 3,808,594	\$ 4,332,179	\$ 7,957,310	\$ 5,719,117	\$ 6,921,514
Change in Net Position										
Governmental activities	\$ 334,817	\$ 514,528	\$ 1,723,484	\$ 217,603	\$ 832,147	\$ 1,005,702	\$ 1,422,093	\$ 5,177,400	\$ 3,305,615	\$ 8,279,052
Business-type activities	220,247	493,028	36,272	160,822	1,074,056	286,005	1,647,047	2,036,960	5,149,679	14,288,702
Total Primary Government	\$ 555,064	\$ 1,007,556	\$ 1,759,756	\$ 378,425	\$ 1,906,203	\$ 1,291,707	\$ 3,069,140	\$ 7,214,360	\$ 8,455,294	\$ 22,567,754

Sources: Information derived from the annual financial reports for the relevant year.

Lake Alfred, Florida
Schedule of
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2015	2016	2017	2018	2018
General Fund					
Nonspendable	\$ -	\$ 65,311	\$ 39,450	\$ 43,292	\$ 49,827
Restricted	624,366	927,756	612,879	1,051,739	783,978
Assigned	100,000	255,000	275,000	567,000	442,000
Unassigned	1,668,143	1,527,003	1,113,881	878,212	792,275
Total General Fund	\$ 2,392,509	\$ 2,775,070	\$ 2,041,210	\$ 2,540,243	\$ 2,068,080
All Other Governmental Funds					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	25,138	61,370	128,035	20,812
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total All Other Governmental Funds	\$ -	\$ 25,138	\$ 61,370	\$ 128,035	\$ 20,812
	2020	2021	2022	2023	2024
General Fund					
Nonspendable	\$ 367,127	\$ 56,032	\$ 7,733	\$ 2,575,608	\$ 2,193,520
Restricted	1,044,018	1,241,484	1,365,037	1,185,274	2,157,641
Committed	-	-	-	-	129,164
Assigned	50,000	680,000	545,856	1,078,587	982,398
Unassigned	704,636	1,014,044	1,491,754	1,595,216	2,373,984
Total General Fund	\$ 2,165,781	\$ 2,991,560	\$ 3,410,380	\$ 6,434,685	\$ 7,836,707
All Other Governmental Funds					
Nonspendable	\$ -	\$ 11,697	\$ -	\$ -	\$ -
Restricted	122,012	607,238	939,433	1,362,152	6,157,557
Assigned	-	-	3,133,841	-	-
Unassigned	-	-	-	-	-
Total All Other Governmental Funds	\$ 122,012	\$ 618,935	\$ 4,073,274	\$ 1,362,152	\$ 6,157,557

Lake Alfred, Florida
Schedule of Changes in
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenues										
Taxes	\$ 2,111,357	\$ 2,302,194	\$ 2,372,540	\$ 2,554,968	\$ 2,768,416	\$ 2,910,708	\$ 3,206,279	\$ 3,604,598	\$ 4,198,212	\$ 5,080,531
Licenses and Permits	215,034	274,727	179,844	488,266	359,637	384,642	1,039,208	822,043	3,564,759	7,471,006
Intergovernmental	676,383	748,244	766,509	865,399	1,064,768	1,085,555	1,174,359	4,482,577	1,476,866	1,448,164
Charges for services	834,686	735,664	773,060	819,957	807,331	795,940	950,095	976,401	1,138,317	1,650,242
Fines and forfeitures	32,482	28,474	14,579	29,488	19,627	11,083	44,660	44,093	72,268	67,327
Other	321,081	301,257	248,369	297,750	284,771	323,129	296,336	266,971	343,904	763,430
Total revenues	<u>\$ 4,191,023</u>	<u>\$ 4,390,560</u>	<u>\$ 4,354,901</u>	<u>\$ 5,055,828</u>	<u>\$ 5,304,550</u>	<u>\$ 5,511,057</u>	<u>\$ 6,710,937</u>	<u>\$ 10,196,683</u>	<u>\$ 10,794,326</u>	<u>\$ 16,480,700</u>
Expenditures										
Current:										
General Government	\$ 814,955	\$ 915,025	\$ 1,260,365	\$ 1,282,374	\$ 1,351,064	\$ 1,235,606	\$ 1,321,737	\$ 1,508,255	\$ 1,813,105	\$ 2,093,622
Public Safety	1,734,275	1,568,413	1,833,646	1,864,003	2,161,370	2,270,495	2,367,421	2,499,680	3,071,883	3,548,630
Physical environment	378,204	403,029	398,760	514,519	462,262	595,362	563,505	641,097	764,987	846,734
Economic environment	-	973	14,615	984	15,660	15,505	14,954	56,165	183,828	137,255
Transportation	370,903	359,150	598,400	443,182	612,857	417,562	349,749	442,675	495,275	720,517
Culture & Recreation	423,872	489,583	558,818	599,937	706,908	592,233	669,802	720,420	825,124	999,747
Debt Service:										
Principal retirement	-	-	-	-	-	-	-	80,605	2,375	28,595
Interest	-	-	-	-	-	-	-	2,776	5,902	6,511
Capital Outlay	580,375	604,196	885,947	246,940	1,216,240	731,094	733,288	996,504	4,047,587	2,941,543
Total expenditures	<u>\$ 4,302,584</u>	<u>\$ 4,340,369</u>	<u>\$ 5,550,551</u>	<u>\$ 4,951,939</u>	<u>\$ 6,526,361</u>	<u>\$ 5,857,857</u>	<u>\$ 6,020,456</u>	<u>\$ 6,948,177</u>	<u>\$ 11,210,066</u>	<u>\$ 11,323,154</u>
Excess(deficiency) of revenues over(under) expenditures	\$ (111,561)	\$ 50,191	\$ (1,195,650)	\$ 103,889	\$ (1,221,811)	\$ (346,800)	\$ 690,481	\$ 3,248,506	\$ (415,740)	\$ 5,157,546
Other financing sources(uses)										
Transfers in, net	330,515	332,370	523,160	461,809	642,425	545,701	552,421	602,434	682,048	820,942
Leases	-	-	-	-	-	-	-	22,219	-	36,372
Subscriptions	-	-	-	-	-	-	-	-	-	140,455
Proceeds from Borrowing	-	-	-	-	-	-	79,800	-	46,875	-
Total other financing sources (uses)	<u>\$ 330,515</u>	<u>\$ 332,370</u>	<u>\$ 523,160</u>	<u>\$ 461,809</u>	<u>\$ 642,425</u>	<u>\$ 545,701</u>	<u>\$ 632,221</u>	<u>\$ 624,653</u>	<u>\$ 728,923</u>	<u>\$ 997,769</u>
Net change in fund balance	\$ 218,954	\$ 382,561	\$ (672,490)	\$ 565,698	\$ (579,386)	\$ 198,901	\$ 1,322,702	\$ 3,873,159	\$ 313,183	\$ 6,155,315
Debt service as percentage of non-capital expenditures	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.6%	0.1%	0.5%

Lake Alfred, Florida
Schedule of
Assessed Value and Estimated Actual Value of Taxable Property (1)
Last Ten Fiscal Years

Fiscal Year	Real Property	Assessed Value of Personal Property	Centrally Assessed Property	Taxable Assessed Valuation	Total Direct Tax Rate
2015	\$ 122,538,915	\$ 20,757,085	\$ 948,884	\$ 144,244,884	7.489
2016	139,131,303	22,571,088	1,012,647	162,715,038	7.239
2017	152,282,769	22,157,070	1,003,584	175,443,423	7.239
2018	167,253,403	19,973,352	1,040,655	188,267,410	7.239
2019	188,898,531	19,463,673	1,006,867	209,369,071	7.239
2020	207,143,585	27,953,448	1,117,040	236,214,073	7.239
2021	228,307,493	28,172,258	1,138,857	257,618,608	7.239
2022	277,864,084	31,520,900	1,220,154	310,605,138	6.989
2023	393,909,601	31,599,888	1,235,018	426,744,507	6.85
2024	502,325,748	64,807,935	1,235,701	568,369,384	6.85

(1) The State of Florida, by statute, requires property appraisers to assess all property within the State at 100% of market value. Therefore, the assessed valuation and estimated actual value is the same.

Source: Polk County Property Appraiser

Note: Property in the city is assessed each year. Tax rates are per \$1,000 of assessed value.

**Lake Alfred, Florida
Schedule of
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years**

Fiscal Year	Lake Alfred ⁽¹⁾	Polk County (BOCC)	Polk County School Board	Lakes Management	Southwest Florida Water Management District	Total
2015	7.4890	7.6543	7.1490	0.4715	0.3488	23.1126
2016	7.2390	7.6543	6.7970	0.4512	0.3317	22.4732
2017	7.2390	7.6543	6.5140	0.4214	0.3131	22.1418
2018	7.2390	7.1565	6.2510	0.4214	0.1209	21.1888
2019	7.2390	7.1565	6.0860	0.4214	0.1152	21.0181
2020	7.2390	6.8990	5.9350	0.4100	0.2669	20.7499
2021	7.2390	6.8990	5.8290	0.4100	0.1061	20.4831
2022	6.9890	6.6920	5.5190	0.4100	0.0948	19.7048
2023	6.8500	6.6852	5.4080	0.3691	0.0948	19.4071
2024	6.8500	6.6348	5.2960	0.3491	0.0948	19.2247

Source: Polk County Property Appraiser

(1) - There are no separate components of this direct property tax rate.

**Lake Alfred, Florida
Schedule of
Principal Property Tax Payers
For the Current Year and Ten Years Prior**

Taxpayer	2024		2014	
	Taxable Assessed Valuation	Percentage of Total Taxable Assessed Value	Taxable Assessed Valuation	Percentage of Total Taxable Assessed Value
Carribbean Distillers	\$ 25,966,691	4.57%	\$ 3,795,151	2.83%
Mizkan Americas Inc	16,699,383	2.94%	8,585,673	5.66%
Invitation Homes	15,506,957	2.73%	1,358,300	1.01%
Meritage Homes of Florida	14,659,663	2.58%		
CAX Cypress Greens Inc	12,886,053	2.27%		
Tampa Electric	10,587,541	1.86%	3,859,585	2.87%
LGI Homes Florida LLC	9,732,567	1.71%		
Pulte Home Company LLC	8,193,396	1.44%		
True Blue Warehousing LLC	5,043,110	0.89%		
Preferred Materials Inc	4,418,630	0.78%		
	<u>\$ 123,693,991</u>	<u>21.76%</u>		

Source: Polk County Tax Collector

**Lake Alfred, Florida
Schedule of
Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Prior Year Tax Collections	Total Tax Collections	Ratio of Levy to Collections
2015	1,087,254	1,047,359	96.33%	4,377	1,051,736	96.73%
2016	1,171,058	1,126,395	96.19%	4,490	1,130,885	96.57%
2017	1,263,741	1,223,373	96.81%	746	1,224,119	96.86%
2018	1,362,868	1,324,056	97.15%	1,490	1,325,546	97.26%
2019	1,515,623	1,470,820	97.04%	3,499	1,470,820	97.04%
2020	1,709,954	1,640,754	95.95%	1,931	1,640,754	95.95%
2021	1,864,901	1,828,762	98.06%	-	1,828,762	98.06%
2022	2,170,819	2,108,086	97.11%	52,521	2,160,606	99.53%
2023	2,777,040	2,871,022	103.38%	-	2,871,022	103.38%
2024	3,893,330	*	*	*	*	*

* Data not available

**Lake Alfred, Florida
Schedule of
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

Fiscal Year	Governmental Activities			Business - Type Activities			Total Primary Government	Lake Alfred Personal Income	Percentage of Income	Per Capita
	Notes Payable	Leases Payable	Subscriptions Payable	Notes Payable	State Revolving Loans	Leases Payable				
2015	\$ -	\$ -	\$ -	\$ 1,782,014	\$ 3,191,500	\$ -	\$ 4,973,514	\$ 181,027,830	2.75%	\$ 935
2016	-	-	-	1,584,052	2,944,758	-	4,528,810	195,891,872	2.31%	791
2017	-	-	-	1,381,358	2,692,556	-	4,073,914	212,773,635	1.91%	690
2018	-	-	-	1,173,817	2,434,771	-	3,608,588	211,004,850	1.71%	606
2019	-	-	-	961,314	2,171,279	-	3,132,593	234,594,956	1.34%	505
2020	-	-	-	743,729	1,901,956	-	2,645,685	259,082,694	1.02%	417
2021	79,800	-	-	520,942	1,626,671	-	2,227,413	284,876,460	0.78%	342
2022	-	21,414	-	292,828	1,357,792	-	1,650,620	283,100,504	0.58%	251
2023	-	19,039	-	59,259	1,158,563	-	1,217,822	325,918,020	0.37%	166
2024	-	47,696	119,574	-	1,065,764	-	1,185,338	*	*	

* Information not available

Sources Personal Income derived from State of Florida Personal Income using Lake Alfred Population from University of Florida BEBR

**Lake Alfred, Florida
Schedule of
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years**

General Bonded Debt Outstanding

The City has not had any general bonded debt in the past ten fiscal years.

Source: City of Lake Alfred Finance Department

Lake Alfred, Florida
Schedule of
Direct and Overlapping Governmental Activities Debt
9/30/2024

Jurisdiction	Total Governmental Activities Debt Outstanding	Percentage Applicable to Lake Alfred	Amount Applicable to Lake Alfred
District School Board of Polk County	\$ 291,419,283	0.75% (1)	\$ 2,192,090
Polk County Board of County Commissioners	148,516,379	0.75% (2)	1,117,158
Total Overlapping Debt			3,309,248
Total Direct Debt			167,270
Total Direct and Overlapping Debt			<u>\$ 3,476,518</u>

The percentage of overlapping debt applicable is calculated as a ratio of taxable assessed property values in the City of Lake Alfred to total taxable valuation of property in Polk County

Lake Alfred currently does not currently have any governmental activities debt which is being repaid through general property taxes.

Sources:

- (1) School Board of Polk County June 30, 2023 Annual Comprehensive Financial Report (latest available)
- (2) Polk County, Florida September 30, 2023 Annual Comprehensive Financial Report (latest available)

**Lake Alfred, Florida
Schedule of
Legal Debt Margin Information
Last Ten Fiscal Years**

The City Charter and Florida State Statute 200.181 does not provide for legal debt limit but the City has set a limit by Ordinance that limits debt service to less than 25% of annually budgeted revenues.

Source: City of Lake Alfred Finance Department

**Lake Alfred, Florida
Schedule of
Pledged-Revenue Coverage
Last Ten Fiscal Years**

Fiscal Year	Gross Water and Sewer Revenue (1)	Less: Operating Expenses (2)	Net Revenues (3)	Senior Bond service Requirements (4)	Senior Debt Svc Coverage Test 1 (5)	Required Debt Svc Coverage Test 1 (6)	Net Revenues Less: Senior Bond Service Requirements	Junior Bond Service Requirements	Debt Svc Coverage Test 2	Required Debt Svc Coverage Test 2
2015	\$ 2,649,933	\$ 1,272,771	\$ 1,377,162	\$ 236,171	5.83	1.20	\$ 1,140,991	\$ 315,646	3.61	1.15
2016	2,440,362	1,325,237	1,115,125	236,171	4.72	1.20	878,954	315,646	2.78	1.15
2017	2,380,624	1,311,149	1,069,475	236,171	4.53	1.20	833,304	315,646	2.64	1.15
2018	2,564,160	1,527,205	1,036,955	236,171	4.39	1.20	800,784	315,646	2.54	1.15
2019	2,701,552	1,554,877	1,146,675	236,171	4.86	1.20	910,504	315,646	2.88	1.15
2020	2,685,528	1,551,525	1,134,003	236,171	4.80	1.20	897,832	315,646	2.84	1.15
2021	2,871,631	1,521,856	1,349,775	238,443	5.66	1.20	1,111,332	315,646	3.52	1.15
2022	3,084,786	1,896,447	1,188,339	238,443	4.98	1.20	949,896	315,646	3.01	1.15
2023	3,752,759	2,261,115	1,491,644	238,443	6.26	1.20	1,253,201	315,646	3.97	1.15
2024	5,189,330	3,221,222	1,968,108	59,611	33.02	1.20	1,908,497	315,646	6.05	1.15

(1) Gross revenues include all money received from rates, fees, rentals or other charges received by the City or accrued to it in the management and operation of the water and sewer system

(2) Operating expenses include all costs of operating the water and sewer system but does not include depreciation expense and renewal and replacement reserve payments, the annual bond service requirement or transfers to other funds

(3) Net revenues is equal to gross revenue less operating expenses

(4) Senior bond service requirement is the amount required to pay the interest and principal due in each bond year on all senior debt obligations.

(5) Net revenues divided by senior bond service requirements.

(6) Test 1 is net revenues divided by the senior bond service requirements.

(7) Test 2 is net revenues less the senior bond service requirements divided by the junior bond service requirements

**Lake Alfred, Florida
Schedule of
Demographic and Economic Statistics
Last Ten Fiscal Years**

Fiscal Year	Population (1)	Per Capita Personal Income (2)	Personal Income	Median Age (2)	School Enrollment (3)	Unemployment Rate for Polk County (2)
2024	*	*	*	*	*	*
2023	7,340	44,403	325,918,020	38	4,105	3.7
2022	6,568	43,103	283,100,504	39.8	3,650	3.2
2021	6,507	43,780	284,876,460	40.3	3,516	3.1
2020	6,351	40,794	259,082,694	40.2	3,557	7.8
2019	6,199	37,844	234,594,956	40.2	3,535	5.7
2018	5,950	35,463	211,004,850	40.2	2,870	3.9
2017	5,903	36,045	212,773,635	40.2	2,913	4.6
2016	5,728	34,199	195,891,872	40.3	2,651	5.8
2015	5,322	34,015	181,027,830	40.3	-	5.8

- * Information not available
- (1) Office of Economic & Demographic Research
- (2) FRED Economic Data: St. Louis Fed
- (3) Florida Department of Education

**Lake Alfred, Florida
Schedule of
Principal Employers
For the Current Year and Ten Years Prior**

Employer	Type of Business	2024			2014		
		Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Polk County School Board	Education	402	1	40%	225	2	23%
IFAS/ Univerty of Florida	Research Center	240	2	24%	246	1	25%
City of Lake Alfred	Government	100	3	10%	75	3	8%
Mizkan	Manufacturer	70	4	7%	45	6	5%
Southern Gardens	Assisted Living	49	6	5%	42	7	4%
Hardee's	Resturant	24	5	2%	*		#VALUE!
Dunkin Donuts	Resturant	21	7	2%	*		#VALUE!
Taco Bell	Resturant	20	8	2%	*		#VALUE!
LA Diner	Resturant	17	9	2%	*		#VALUE!
Lake Alfred Assisted Living	Assisted Living	15	10	2%	25	8	3%
Total		556			433		

Estimated Total City Employmen 1,000

(1) Source: Survey of Employers

2013 Data from - 2013 Comprehensive Annual Financial Report, page 64

Lake Alfred, Florida
Schedule
Full Time Equivalent City Government Employees by Function
Last Ten Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
GENERAL FUND										
City Commission	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
City Administration	2.0	2.0	2.5	2.5	2.5	2.5	2.5	4.0	4.5	4.0
Finance	4.0	4.0	4.0	4.5	4.5	4.5	4.5	5.0	5.5	6.5
Public Safety										
Police	16.0	16.0	16.0	16.0	20.0	21.0	21.0	21.0	19.5	19.5
Fire	15.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	15.0	15.0
Building & Zoning	3.0	3.0	3.0	3.0	4.0	4.5	4.5	4.5	6.5	5.5
Library	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	3.0	3.0
Parks & Recreation	6.5	6.5	7.0	8.5	9.0	9.0	9.0	9.0	12.5	15.0
DPW Administration	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Building Maintenance	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	1.0
CGMP	1.0	1.0	1.0	1.5	1.5	1.5	1.5	1.5	2.0	2.5
Sanitation	3.0	3.0	3.0	3.0	3.0	3.0	4.0	4.0	4.0	4.0
Roads & Streets	5.0	5.0	4.0	5.0	5.0	5.0	4.0	4.0	5.5	6.0
Total General Fund	62.5	58.5	58.5	62.0	67.5	69.0	69.0	71.0	82.0	85.5
ENTERPRISE FUND										
Utilities (Water & Wastewater)	10.0	10.0	11.0	11.0	10.0	10.0	11.0	11.0	12.0	13.0
Stormwater	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Enterprise Fund	10.0	10.0	11.0	11.0	10.0	10.0	11.0	11.0	12.0	13.0
TOTAL STAFF	72.5	68.5	69.5	73.0	77.5	79.0	80.0	82.0	94.0	98.5

(1) Source: City of Lake Alfred payroll

**Lake Alfred, Florida
Schedule
Various Indicators by Function/Program
Last Ten Fiscal Years**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Public Safety										
Calls for Service	4,769	5,331	8,302	8,619	9,144	8,586	8,755	8,300	9,319	8,755
Traffic Crashes	147	166	202	193	226	177	231	249	260	234
Traffic Violations	411	339	971	937	1,105	1,102	2,539	1,679	1,980	2,518
Fire Control										
Number of Calls	1,142	744	723	767	743	739	1,193	1,404	1,442	1,528
Building Department										
Permits Issued	313	309	362	617	439	407	598	652	1,156	1,426
Code Enforcement Compl. Inspections	240	82	165	31	101	165	229	120	50	69
	1,936	1,599	1,843	1,845	1,996	1,004	1,659	3,435	7,900	10,650
Leisure Services										
Summer Attendees	53	45	62	54	55	-	33	35	55	
Library Visitations	36,649	37,660	36,885	36,709	34,650	24,616	29,578	29,578	29,035	38,599
Circulation	29,304	31,806	36,999	35,980	35,484	39,568	34,938	33,276	37,036	54,356
Facility Rentals	117	102	111	115	95	76	80	85	60	53
Human Services										
Cemetery plots sold	14	19	12	16	10	26	29	6	9	6
Business Tax Receipts	240	220	219	200	217	226	188	212	219	206
Solid Waste										
Refuse collected (Tons)	2,159	2,211	2,572	3,146	4,197	5,321	4,467	4,401	4,906	4,380
Brush collected (Tons)	1,195	1,247	1,469	1,297	*	*	501	267	185	504
Commercial Customers	61	77	72	72	83	88	70	86	67	86
Residential Customers	1,894	2,087	2,099	2,147	2,246	2,323	2,399	2,560	2,675	3,270
Public Works										
Street Resurfacing (Miles)	-	-	0.50	0.25	-	-	0.75	-	1.00	0.25
Water										
New Connections	5	73	26	90	46	30	80	100	171	976
Number of Customers	2,891	2,877	3,133	3,223	3,337	3,467	3,525	3,561	3,732	4,708
Wastewater										
New Connections	5	71	24	49	46	30	80	100	81	717
Number of Customers	2,354	2,335	2,567	2,616	2,729	2,759	2,834	2,928	3,009	3,726
Avg Daily Sewage Treatment	375,000	412,500	412,500	481,000	494,000	520,000	437,000	467,000	520,000	640,800

* : Information not available

Source - City Departments

Lake Alfred, Florida
Schedule
Capital Asset Statistics by Function
Last Ten Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Public Safety										
Station	1	1	1	1	1	1	1	1	1	1
Patrol Cars	8	10	11	11	12	13	13	13	13	15
Fire Trucks	4	4	4	4	4	4	4	4	4	4
Solid Waste										
Collection Trucks	3	4	4	4	4	4	4	5	5	5
Transportation										
Street Miles	48.00	48.00	48.00	48.25	49.79	52.02	52.82	52.82	52.82	52.82
Traffic Signals	3	3	3	3	3	3	3	3	3	3
Leisure Services										
Parks	10	10	10	10	10	10	10	10	10	10
Parks Acreage	166	166	166	166	166	166	166	166	186	186
Rental Facilities	3	3	3	3	3	3	3	3	3	3
Playgrounds	4	4	4	4	4	4	4	4	4	4
Boat Ramps	6	6	6	6	6	6	6	6	6	6
Library	1	1	1	1	1	1	1	1	1	1
Tennis Courts	2	2	2	2	2	2	2	2	2	2
Baseball Fields	3	3	3	3	3	3	3	3	3	3
Basketball Courts	2	2	2	2	2	2	2	2	2	1
Football Field	1	1	1	1	1	1	1	1	1	1
General Government										
Number of Buildings	7	8	9	9	10	10	10	10	11	11
Cemeteries	2	2	2	2	2	2	2	2	2	2
Water										
Water Treatment Plants	2	2	2	2	2	2	2	2	2	2
Fire Hydrants	190	190	190	190	190	195	201	209	213	215
Water Main Miles	31	31	31	31	31	32	33	33	33	34
Wastewater										
Waster Treatment Plant	1	1	1	1	1	1	1	1	1	1
Lift Stations	30	30	30	30	30	30	30	31	32	33
Sanitary Sewer Miles	20	20	20	20	20	21	22	22	22	23

* : Information not available

Source - City Departments



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OTHER REPORTS

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*

Honorable Mayor and Members of the City Commission
City of Lake Alfred, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Lake Alfred, Florida as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise City of Lake Alfred, Florida's basic financial statements, and have issued our report thereon dated June 9, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Lake Alfred, Florida'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 City of Lake Alfred, Florida's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Lake Alfred, Florida's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and recommendations as items 2024-001, 2024-002 and 2024-004 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Lake Alfred, Florida's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and recommendations as item 2024-003.

City Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described above. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Brynjulfson CPA, P.A.

Brynjulfson CPA, P.A.
Auburndale, Florida
June 9, 2025

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE
WITH SECTION 218.415, FLORIDA STATUTES

Honorable Mayor and Members of the City Commission
City of Lake Alfred, Florida

We have examined the City of Lake Alfred, Florida's compliance with Section 218.415, Florida Statutes for the year ended September 30, 2024. Management is responsible for City of Lake Alfred, Florida's compliance with those specified requirements. Our responsibility is to express an opinion on City of Lake Alfred, Florida's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards required that we plan and perform the examination to obtain reasonable assurance about whether the City of Lake Alfred, Florida complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether City of Lake Alfred, Florida 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.

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

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

In our opinion, City of Lake Alfred, Florida complied, in all material respects, with the aforementioned requirements of Section 218.415, Florida Statutes for the year ended September 30, 2024.

Brynjulfson CPA, P.A.

Brynjulfson CPA, P.A.
Auburndale, Florida
June 9, 2025

MANAGEMENT LETTER

Honorable Mayor and Members of the City Commission
City of Lake Alfred, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Lake Alfred, Florida as of and for the year ended September 30, 2024, and have issued our report thereon dated June 9, 2025.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued the following reports in connection with our audit.

- Independent Auditor's 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 Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance with the requirements of Section 218.415, Florida Statutes in accordance with Chapter 10.550, Rules of the Auditor General.

Disclosures in those reports, which are dated June 9, 2025, 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. Corrective actions have been taken to address findings and recommendations made in the preceding financial audit report except as follows:

Tabulation of Uncorrected Audit Findings		
Current Year Finding No.	Prior Year Finding No.	Second-Prior Year Finding No.
2024-001	2023-001	n/a

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. For the legal authority of the City of Lake Alfred, Florida and each component unit of the reporting entity, see footnote A of the summary of significant accounting policies in the notes to financial statements.

Financial Condition and Management

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

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

Property Assessed Clean Energy (PACE) Programs

In accordance with Section 10.554(1)(i)6.a. of the Rules of the Auditor General, no property assessed clean energy (PACE) program—providing financing for qualifying improvements under Section 163.081 or Section 163.082, Florida Statutes—operated within the geographical boundaries of the City of Lake Alfred, Florida, during the fiscal year ended September 30, 2024.

Other Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of laws or regulations and contracts or grant agreements, or fraud, waste, or abuse, that has occurred or is likely to have occurred, that has an effect on the financial statements that is less than material but warrants the attention of those charged with governance. Refer to items 2024-005, 2024-006, 2024-007 and 2024-008 in the accompanying *schedule of findings and recommendations* for our findings and recommendations issued in accordance with Section 10.554(1)(i)3., Rules of the Auditor General.

Specific Information

Management has provided the specific information required by Section 218.39(3)(c), Florida Statutes in the separately published annual financial report of the City of Lake Alfred Community Redevelopment Agency for the year ended September 30, 2024.

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, members of the City Commission, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Brynjulfson CPA, P.A.

Brynjulfson CPA, P.A.
Auburndale, Florida
June 9, 2025

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2024
CITY OF LAKE ALFRED, FLORIDA**

2024-001: Bank Reconciliations – Material Weakness

Criteria:

Effective internal control requires that all bank accounts be reconciled to the general ledger on a monthly basis. Timely and accurate reconciliations are critical for ensuring the completeness and accuracy of recorded cash transactions and for identifying and correcting errors or irregularities.

Condition:

This is a repeat finding from the prior year that remains uncorrected. During our audit for the fiscal year ended September 30, 2024, we again noted that the City's bank accounts were not being reconciled in a timely or accurate manner. Reconciliations were often delayed by several months after the bank statements became available. Furthermore, our audit procedures identified numerous instances of omitted or duplicated cash transactions due to ineffective reconciliation processes, several of which required audit adjustments.

Cause:

Ongoing staff shortages continue to impair the City's ability to perform regular and accurate reconciliations. These challenges were further exacerbated by the conversion to a new accounting system that began in December 2024, as well as the simultaneous implementation and integration of a new community development software platform. The combined impact of these changes disrupted established reconciliation procedures and contributed to increased transaction errors.

Effect:

The failure to perform timely and accurate bank reconciliations significantly increases the risk of material misstatements in the financial statements. It limits the City's ability to detect and correct errors or irregularities in cash transactions and reduces the reliability of financial information used for decision-making.

Recommendation:

We strongly recommend that the City prioritize the completion of monthly bank reconciliations for all accounts, ensuring that reconciliations are accurate, timely, and subject to supervisory review. Regular reconciliations are essential to maintaining the integrity of the general ledger, preventing misstatements, and safeguarding public funds.

View of Responsible Official: See accompanying letter of management's response.

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2024
CITY OF LAKE ALFRED, FLORIDA**

Finding 2024-002: Material Weakness in Review, Reconciliation, and Oversight of Assets and Liabilities

Criteria:

The City is responsible for establishing and maintaining effective internal control over financial reporting to ensure that transactions are properly recorded, assets and liabilities are accurately reported, and financial statements are presented in accordance with generally accepted accounting principles. Sound internal controls should include timely reconciliations, adequate oversight, segregation of duties, and properly designed procedures that are consistently followed. Failure to maintain such controls increases the risk of errors, omissions, and misstatements in the financial statements.

Condition:

During our current audit of the financial statements of the City, we identified several deficiencies in the City's internal control over financial reporting, which collectively constitute a material weakness. Specifically:

1. Developer-related receivables and deposits were not reconciled or monitored on a timely basis.
2. Grant-related receivables from other governments were misstated due to duplicate entries and unrecorded reimbursements, including duplicated cash payment entries.
3. Recurring receivables were understated due to omitted revenue transactions.
4. An investment asset related to participation in the Florida Voluntary Cleanup Tax Credit program was not recorded.
5. Cash and accounts payable were both understated due to a backposted October 2024 check batch.
6. Payroll-related liabilities included inaccurate balances and were not reviewed or reconciled.
7. City-wide accounts payable were recorded entirely in the General Fund, overstating General Fund liabilities and understating General Fund cash, with the inverse effect on other funds.
8. Costs related to the new accounting system implementation were not reclassified as capital outlay upon the system's operational deployment.
9. Retainage payable related to a construction project was not recorded.

Cause:

These deficiencies stem from inadequately designed internal controls and ineffective execution of existing controls. The issues were compounded by a lack of experienced accounting personnel and challenges associated with the implementation of a new accounting information system.

Effect:

As a result of these deficiencies, the City's financial statements were materially misstated, requiring numerous audit adjustments to correct errors and ensure conformity with generally accepted accounting principles.

Recommendation:

We recommend that the City perform a comprehensive, ground-up risk assessment of its financial reporting processes. This assessment should include the following steps:

- **Identify and Evaluate Risks:** Analyze all key transaction cycles to identify risks that could result in material misstatement, including those related to complex or non-routine transactions, interfund activity, grant accounting, and asset recognition.
- **Review Existing Controls:** Examine the current design of internal controls to determine whether they adequately address the identified risks.
- **Test Operational Effectiveness:** Evaluate whether controls are functioning as intended through consistent application and documentation.

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2024
CITY OF LAKE ALFRED, FLORIDA**

- **Fix missing or ineffective controls:** Where controls are absent or poorly designed, implement new controls. Where controls are properly designed but not operating effectively, retrain staff, clarify responsibilities, and implement oversight mechanisms.
- **Strengthen Oversight:** Assign experienced personnel to perform timely reconciliations and financial reviews, and establish documented procedures for critical accounting tasks.
- **Leverage System Capabilities:** Ensure that the new accounting system is fully integrated into financial reporting processes and that staff are adequately trained to use its features for effective control and monitoring.

Timely implementation of these recommendations will improve the reliability of financial reporting and reduce the risk of future material misstatements.

View of Responsible Official: See accompanying letter of management's response.

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2024
CITY OF LAKE ALFRED, FLORIDA**

Finding 2024-003: Material Noncompliance – Inadequate Segregation and Reconciliation of Customer Deposit Cash

Criteria:

Under Florida law and the principles established in *Pinellas County v. Blumberg*, utility customer deposits are considered funds held in trust and must be segregated from general operating cash. Municipalities have a legal obligation to ensure that customer deposit liabilities are backed by a corresponding amount of restricted or separately held cash. Failure to do so constitutes noncompliance with fiduciary responsibilities and exposes the City to legal and financial risk.

Condition:

During our current year audit we noted that the customer deposit segregated cash account was not adjusted during the fiscal year. As a result, the balance was approximately \$214,000 less than required, due to a significant increase in utility customer accounts that was not reflected in the corresponding cash segregation.

Cause:

The City did not perform timely reconciliations between customer deposit liabilities and the related cash account, and failed to adjust the segregated account for increases in customer deposits throughout the year.

Effect:

The City's financial statements understated restricted cash and overstated unrestricted cash. In addition, the failure to properly segregate customer deposit funds increases the risk of misuse or unintentional expenditure of funds held in trust for utility customers.

Recommendation:

We recommend that the City establish and maintain procedures to reconcile customer deposit liabilities to the corresponding cash account on a routine basis. Adjustments should be made as needed to ensure that the restricted cash balance accurately reflects the total customer deposit liability at all times.

View of Responsible Official: See accompanying letter of management's response.

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2024
CITY OF LAKE ALFRED, FLORIDA**

Finding 2024-004: Material Weakness – Lack of Timely and Effective Reconciliation Between Utility Subledger and General Ledger

Criteria:

In environments where subledger systems operate separately from the general ledger and bank reconciliation modules, it is essential that transactions including billing, receipts, and refunds be promptly and accurately posted to the general ledger. An essential internal control in such a structure is the regular reconciliation of subledger balances (e.g., utility receivables and deposits) to their respective general ledger control accounts to ensure the accuracy of financial reporting.

Condition:

During our current year audit we noted that monthly reconciliations between the utility billing and cash collections subledger system and the general ledger accounting system were not performed in a timely or effective manner. This deficiency impacted the accuracy of general ledger balances related to accounts receivable, revenue and customer deposits. The lack of reconciliation contributed to year-end audit adjustments to correct errors that should have been identified through routine monitoring.

Cause:

The City did not properly assess the risks or design appropriate control activities during its transition to a new general ledger accounting system. Weaknesses in the system conversion process, combined with a lack of integration between the utility subledger and the general ledger, led to the ineffective operation of this key internal control.

Effect:

The absence of timely and accurate reconciliation allowed misstatements in accounts receivable, revenue, and customer deposits to persist undetected, resulting in audit adjustments and undermining the reliability of financial reporting.

Recommendation:

We recommend that the City implement formal, documented procedures to ensure timely monthly reconciliations between the utility billing subledger and the general ledger. These reconciliations should include supervisory review and prompt investigation and resolution of any differences. Strengthening this control will help ensure the accuracy of key financial statement balances related to accounts receivable, customer deposits, and cash collections.

The City should also evaluate its system configuration and control design in light of the general ledger conversion to ensure all subledger activity is accurately and efficiently captured.

View of Responsible Official: See accompanying letter of management's response.

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2024
CITY OF LAKE ALFRED, FLORIDA**

Finding 2024-005: Management Letter – Noncompliance with Development Revenue Collection Policy

Criteria:

City Resolution 18-20, Section 4, requires that all funds related to development activities be received prior to the City incurring any associated expenditures. If this policy is properly followed, there should be no receivable balances related to development activities. The existence of a growing development-related receivable is therefore inconsistent with the City's own legally adopted financial policies and indicates a breakdown in internal control.

Condition:

As of September 30, 2024, the City reported a development-related receivable balance of approximately \$108,000. This balance has continued to increase over time, indicating that expenditures related to development activities have been incurred prior to receiving payment from developers.

Cause:

The City has not consistently enforced its adopted policy requiring receipt of development-related funds in advance of incurring associated costs.

Effect:

Failure to collect funds prior to incurring expenditures results in a growing receivable balance, increases the risk of uncollectible amounts, and represents noncompliance with established policy. It also negatively affects the City's cash flow and financial position.

Recommendation:

We recommend the City strictly enforce Resolution 18-20 by verifying that all required funds are collected in advance of initiating any development-related expenditures. Internal controls should be strengthened to ensure compliance with this policy and to prevent further accumulation of development receivables.

View of Responsible Official: See accompanying letter of management's response.

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2024
CITY OF LAKE ALFRED, FLORIDA**

Finding 2024-006: Management Letter - Noncompliance with Statutory Funding Requirements for the Community Redevelopment Agency

Criteria:

Section 163.387(1), Florida Statutes, requires municipalities to appropriate and transfer the tax increment amount due to their CRA in a timely and accurate manner each fiscal year. Noncompliance may result in the imposition of penalties and interest under Section 163.387(2)(b), Florida Statutes, if the required payment is not made by January 1 following the fiscal year end.

Condition:

During our audit we identified a \$12,000 shortfall in the amount transferred to the City's Community Redevelopment Agency (CRA). The City calculated one amount and paid a different, inaccurate amount. Neither figure correctly reflected the statutory funding requirement. As a result, penalties and interest totaling approximately \$1,600 were due under Florida Statutes as of year-end.

Cause:

The City lacked internal controls such as management review or reconciliation procedures to verify the accuracy of the calculated and remitted amounts to the CRA.

Effect:

The CRA did not receive the full amount due, in violation of statutory requirements, and the City incurred avoidable penalties and interest. This also resulted in misstated interfund balances and expenditures within the financial statements.

Recommendation:

We recommend the City implement formal internal control procedures, including independent review and reconciliation of CRA funding calculations and payments, to ensure accuracy, compliance with statutory requirements, and prevention of future penalties and interest.

View of Responsible Official: See accompanying letter of management's response.

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2024
CITY OF LAKE ALFRED, FLORIDA**

Finding 2024-007: Management Letter – Deficiencies in Internal Control Over Building Permit-Related Liabilities

Condition:

During our current year audit we noted an unusual debit balance of approximately \$50,000 in the liability account used to track amounts due to Polk County for county impact fees collected from builders. This balance indicates that more funds were disbursed than collected.

Upon further investigation, the following issues were identified:

- Several instances in which impact fees were collected and remitted to Polk County, then later refunded to the builder by the City without obtaining reimbursement from the County.
- One case in which an impact fee was remitted to the County for a permit application that was never paid by the builder, effectively resulting in the City subsidizing the builder's fee.
- One case in which an impact fee collection was remitted twice to the County for the same permit.
- Additionally, the City failed to remit the correct amount of state building permit surcharges to the Florida Department of Business and Professional Regulation. As a result, the liability account showed an overstated year-end balance of approximately \$45,000, whereas the correct balance would have been closer to \$11,000 had the correct remittances been made during the year.

Cause:

The City did not have effective internal controls in place over fiduciary activities related to building permits, including impact fee and surcharge tracking. There was no process for monthly reconciliation, supervisory review, or verification of collections versus remittances.

Effect:

The City's financial records misstated liabilities, resulting in both a possible financial loss and exposure to further risk. The City issued refunds for funds it no longer possessed and remitted inaccurate amounts to both Polk County and the State.

Criteria:

Under the Interlocal Agreement between the City and Polk County for the collection and remittance of County impact fees, the City is required to collect such fees, remit them to the County monthly, and retain appropriate documentation and accountability. The City acts in a fiduciary capacity and should not issue refunds once funds have been remitted; builders must seek reimbursement directly from Polk County. Additionally, Sections 553.721 and 468.631, Florida Statutes, require that building permit surcharge fees be collected and remitted to the Florida Department of Business and Professional Regulation accurately and in a timely manner.

Recommendation:

We recommend the City implement and enforce strong internal controls over building permit-related fiduciary activities. Specifically:

- Perform monthly reconciliations of impact fees and state surcharge collections to amounts remitted.
- Establish written procedures that prohibit issuing refunds of County impact fees after remittance and require builders to obtain any refunds directly from Polk County.
- Institute supervisory review of all permit-related financial activity, including a secondary review before any remittance or refund is issued.
- Ensure all required state surcharges are accurately calculated, monitored, and remitted to avoid accumulating unnecessary liabilities.

View of Responsible Official: See accompanying letter of management's response.

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2024
CITY OF LAKE ALFRED, FLORIDA**

Finding 2024-008: Management Letter - Noncompliance with Budget Adoption Requirements

Condition:

During the fiscal year ended September 30, 2024, we noted that the City expended approximately \$1,020,000 from its impact fee special revenue fund and approximately \$2,611,000 from its enterprise impact fee fund without adopting a budget for either fund.

Criteria:

Section 166.241, Florida Statutes, requires that all expenditures be made pursuant to an adopted budget. The statute also mandates that adopted budgets regulate expenditures of each fund and prohibits spending outside of an adopted budget.

Cause:

The City did not adopt budgets for these two funds, despite incurring significant expenditures during the fiscal year.

Effect:

Failure to adopt budgets for funds with material financial activity represents noncompliance with Florida budgetary laws and reduces transparency and oversight of financial operations.

Recommendation:

We recommend the City ensure that a legally adopted budget is prepared for all funds with expected financial activity, including special revenue and enterprise impact fee funds. We also note that the City may amend the budget up to 60 days after fiscal year-end, as permitted by Section 166.241(7), Florida Statutes.

View of Responsible Official: See accompanying letter of management's response.



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OTHER INFORMATION



155 E Pomelo Street
Lake Alfred, FL 33850
Office: (863) 291-5270

June 9, 2025

Management's response to 2024-001: Bank Reconciliations

Management's Response:

We acknowledge the audit finding and agree that timely and accurate bank reconciliations are essential for effective financial management and internal control. Additional staffing brought onboard and assignment of responsibility for timely completion will ensure future compliance.

Corrective Action Plan:

1. Process Review and Improvement:

A comprehensive review of the current reconciliation process has been conducted to identify bottlenecks and control weaknesses. Based on this review, updated procedures have been developed to ensure reconciliations are completed within 45 business days of the month-end.

2. Staff Training:

All accounting staff responsible for reconciliations will receive refresher training on proper reconciliation procedures, including the importance of accuracy, documentation, and timely completion.

3. Assignment of Responsibility: Clear roles and responsibilities have been assigned. A senior accountant is now designated to oversee monthly reconciliations and ensure completion and accuracy before review and sign-off by the Finance Director.

4. Monitoring and Review: A monthly checklist has been implemented to monitor completion and review of all bank reconciliations. The Finance Director will review and approve each reconciliation and escalate any discrepancies immediately.

5. System Enhancements (if applicable):

We are exploring automation tools or enhancements within our accounting system to improve the accuracy and efficiency of the reconciliation process.

6. Accounting System:

Return to previous accounting financial software will improve efficiency and productivity, reduce errors, and free up time, energy, and focus to dedicate to quality control.



Finding 2024-002: Material weakness in review, reconciliation, and oversight of assets and liabilities.

Management's Response:

Management acknowledges the findings and concurs with the assessment of a material weakness. We recognize the critical importance of strong internal controls around asset and liability accounts to ensure the accuracy of financial reporting and safeguard of organizational resources. Conversion to and problems with the new accounting system resulted in several of the identified conditions and the loss of effectiveness and efficiency with the new system contributed to the non-system related conditions associated with this comment.

Corrective Action Plan:

1. **Strengthening Reconciliation Procedures:**
Reconciliation procedures for all key asset and liability accounts will be created to include specific timelines, detailed documentation requirements, and standardized templates to ensure consistency and completeness.
2. **Improved Oversight and Review:**
A formal monthly review process will be implemented. Account reconciliations must now be reviewed and approved by supervisory accounting personnel.
3. **Accountability and Role Clarification:**
Roles and responsibilities for account ownership and reconciliation will be clearly defined and communicated.
4. **Periodic Internal Review:**
The Finance Department will conduct quarterly internal audits of reconciliations and reviews, with findings reported directly to senior management. These reviews will serve as an early warning system for potential control issues.
5. **Staff Training:**
Targeted training will be provided for the finance staff on proper reconciliation techniques.
6. **Accounting System:**
Return to previous accounting financial software will improve efficiency and productivity, reduce errors, and free up time, energy, and focus to dedicate to quality control.



Finding 2024-003 – Inadequate Segregation and Reconciliation of Customer Deposits

Management Response:

Management concurs with the audit finding and acknowledges the need to improve the segregation and reconciliation controls related to customer deposit cash. These funds must be handled with the highest degree of integrity, accuracy, and transparency to ensure they are protected and properly reported. Important to note that while the comment stands, ample funding was there to account for customer deposits but the clear separation and segregation of the funds needed to occur. This has been more prevalent due to growth related receipt of additional deposits.

Corrective Action Plan:

1. Segregation of Funds:

Customer deposit funds are maintained in a separate, clearly designated bank account, distinct from the organization's operating or other accounts. This measure ensures a clear audit trail and protects against the misuse of restricted funds.

2. Formal Reconciliation Procedures:

A standard operating procedure (SOP) for customer deposit account reconciliation will be developed and implemented. The SOP will include:

- Monthly reconciliations between the bank balance, sub-ledger, and general ledger
- Investigation and resolution of reconciling items
- Mandatory documentation and cross-referencing of each reconciliation step
- Will review quarterly and adjust balance accordingly.

3. Staff Training:

Staff involved in the handling and accounting for customer deposits will be retrained on best practices in fund segregation and reconciliation. Additional internal control training will be provided on an ongoing basis.

4. Accounting System:

Return to previous accounting financial software will improve efficiency and productivity, reduce errors, and free up time, energy, and focus to dedicate to quality control.



2024-004 – Lack of Timely and Effective Reconciliation between Utility Subledger and General Ledger

Management Response:

Management acknowledges the audit finding and agrees that consistent and timely reconciliation between the utility billing subledger and the general ledger is essential for accurate financial reporting and internal controls.

Corrective Action Plan:

1. **Process Review and Improvement:**
We have initiated a review of the current reconciliation process to identify gaps and inefficiencies.
2. **Daily Reconciliation:**
We will implement a formal daily reconciliation process between the utility billing system and the general ledger. All discrepancies investigated and resolved promptly.
3. **Training and Accountability:**
Staff involved in utility billing and financial reporting will receive updated training on reconciliation procedures and documentation standards.
4. **Accounting System:**
Return to previous accounting financial software will improve efficiency and productivity, reduce errors, and free up time, energy, and focus to dedicate to quality control. Under the previous system these reconciliations were occurring regularly and we will be able to return to that process under the old system.



2024-005 – Noncompliance with Development Revenue Collection Policy

Management Response:

Management acknowledges the audit finding and recognizes the importance of adhering strictly to the Development Revenue Collection Policy to ensure timely, accurate, and transparent revenue collection from development-related activities.

Root Cause Analysis:

Preliminary internal review indicates the non-compliance resulted from a combination of the following:

- Lack of clarity in roles and responsibilities across departments.
- Separation of accounting/billing and the development review process.

Corrective Action Plan:

1. **Policy Reinforcement & Staff Training:**
All relevant staff will undergo mandatory refresher training on the Development Revenue Collection Policy. This training will emphasize procedural steps, accountability, and compliance expectations.
2. **Standardized Processes and Checklists:**
A standardized procedure and checklist will be introduced to ensure all revenue triggers (e.g., subdivision approvals, development permits) are consistently identified and acted upon. These checklists will be used across community development and finance teams.
3. **System and Workflow Improvements:**
We are assessing improvements to the development tracking system to introduce automated alerts and enforce required steps before approvals are finalized (e.g., no permit issuance until applicable fees are invoiced and/or collected).
4. **Interdepartmental Coordination:**
A cross-functional working group will be established to improve coordination between community development and finance. This group will meet monthly to review pending development cases and outstanding revenues.
5. **Ongoing Monitoring and Reporting:**
Monthly compliance reports will be generated and reviewed by the Director of Finance and Community Development to ensure all fees are collected in accordance with policy.
6. **Policy Amendment:**
Community Development has implemented an internal policy change to add deposit amounts and consultant review fees to the Development Review Committee comments



back to applicants. This will connect management (both City and Applicant) back to the accounting and billing process and require payment to be submitted with any resubmittals to continue the review process.

7. Deposit Review:

Staff will review deposit requirement amounts. With many developments having gone through the process we will review total estimated costs associated with different sized developments and reset deposit requirements to be more proportionate to the development under review.



Finding 2024-006 – Noncompliance with Statutory Funding Requirements for the Community Redevelopment Agency

Management Response:

Management concurs with the finding and acknowledges the error. Despite the small number it is proportionately important to the CRA based upon the comparative funding levels and additional attention will need to be given to the CRA closeout process to ensure compliance.

Corrective Action Plan:

1. Statutory Compliance Review:

A comprehensive review of Florida Statute §163.387 will be done to ensure staff members are fully informed of funding obligations, including the requirement for annual contributions of up to 95% of the tax increment to the redevelopment trust fund by January 1st.

2. Funding Schedule Enforcement:

A funding calendar will be developed to ensure the timely and complete transfer of required tax increment revenues to the redevelopment trust fund.

3. Coordination:

Finance Department will better coordinate with City Management/CRA Director on closeout process and generation of the trial balance for the CRA.



Finding 2024-007 – Deficiencies in Internal Control over Building permit- related liabilities

Management's Response:

Management acknowledges the findings and concurs with the assessment of a material weakness. High volume of development and the associated collection of impact fees have exposed weaknesses in the internal processes associated with their collection and administration. For perspective, within this fiscal year, the City collected and remitted over \$7 million in impact fees to the County.

Corrective Action Plan:

1. **Strengthening Reconciliation Procedures:**
Reconciliation procedures for all key asset and liability accounts will be created to include specific timelines, detailed documentation requirements, and standardized templates to ensure consistency and completeness.
2. **Improved Oversight and Review:**
A formal monthly review process will be implemented. Account reconciliations must now be reviewed and approved by supervisory accounting personnel.
3. **Periodic Internal Review:**
The Finance Department will conduct quarterly internal audits of reconciliations and reviews, with findings reported directly to senior management. These reviews will serve as an early warning system for potential control issues.
4. **Staff Training:**
Targeted training will be provided for the finance and community development staff on proper reconciliation techniques.
5. **Updated Internal Policy:**
The City will no longer refund impact fees collected on behalf of the County as once the fees are remitted we are no longer in possession of them. This will remove the responsibility from the City to seek reimbursement of the County and put the responsibility back to the owner to obtain the refund from the agency that ultimately received the funds.



Finding 2024-008 – Noncompliance with Budget Adoption Requirements
This was updated for Fiscal year budget

Management Response:

This has been corrected in the current year budget with the adoption of a restricted revenue fund that is tracked separately from other funds.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read "Ryan Leavengood", with a long, sweeping underline.

Ryan Leavengood
City Manager

A handwritten signature in blue ink, appearing to read "Amber L Deaton".

Amber L Deaton
Finance Director