



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

For Fiscal Year Ended
September 30, 2025

City of Lake Wales, Florida
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the Fiscal Year Ended September 30, 2025

Prepared By:
Department of Finance

City of Lake Wales, Florida

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INTRODUCTORY SECTION



**City of
Lake Wales**

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May 28, 2026

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

The Annual Comprehensive Financial Report (ACFR) of the City of Lake Wales, for the fiscal year ended September 30, 2025, is hereby submitted pursuant to the City Charter, Florida Statutes, and Chapter 10.550, Rules of the Auditor General of the State of Florida.

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

Carr, Riggs & Ingram, Certified Public Accountants, have issued unmodified opinions on the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Lake Wales for the year ended September 30, 2025. The Report of Independent Auditor is located at the front of the financial section of this report.

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

Profile of the Government

The City of Lake Wales, Florida was granted its municipal charter in 1921. The City is located in the geographical center of the Florida peninsula, and is accessible by U.S. Hwy. 27 (north/south) and State Road 60 (east/west). Interstate 4 crosses the state 25 miles north of Lake Wales, and both the Tampa and Orlando International Airports are approximately one hour's drive away. It currently occupies 21 square miles and serves a population of 17,736.

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

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

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

Local Economy

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

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

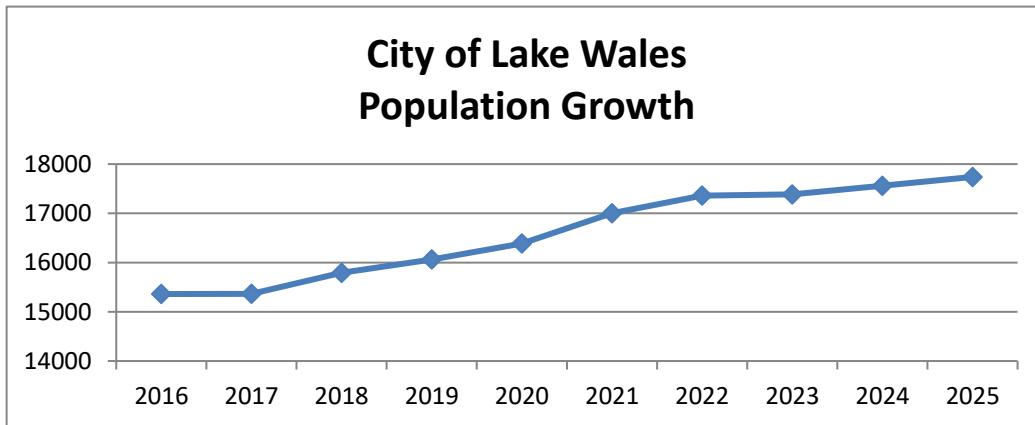
The opening of the CSX Inter-Modal facility just west of the City on State Route 60 is generating an increase in transportation and distribution activity in the area. The expansion of the main runway at the municipally owned Lake Wales airport and the City's assumption of responsibility for its operations has already led to an increase in activity there, with future growth of ancillary businesses expected. Significant residential growth is occurring in all areas of the City as several multi-family development and several single-family developments have applied for initial development permits, totaling over fifteen thousand new housing units expected over the next several years. This residential expansion should also lead to new commercial development in this area. A new mixed-use development on the largest undeveloped parcel within the City (1800 acres) has begun the process of obtaining the necessary approvals for a signature project that will add additional residential and commercial properties.

One large majoring manufacturing company, Advanced Drainage Systems, is investing over \$250M in a new facility in Lake Wales, creating over 250 new jobs paying well above the Area Median Income. Construction is already underway. Five new restaurants have opened recently and at least two more have submitted for development approval. Finally, the city continues to expand its utility system service area leading to future annexation and tax base expansion and supporting new economic development.

In the past few years the City also has invested in revitalizing its Downtown by entering into a partnership with Lake Wales Main Street and undertaking an update of its Community Redevelopment plan. It is expected that public infrastructure investment by the City and CRA will lead to significant private sector investment and additional redevelopment in the traditional downtown area, the NW Neighborhood, as well as additional projects throughout the CRA area. The increased emphasis on Downtown has already led to the renovation of existing structures and the opening of additional businesses. The NW community has realized significant infill development, with over 37 new homes constructed over the past three years.

Growth

Over a ten-year period from 2016 to 2025, the City has experienced an average annual population growth rate of 1.66%. The City currently has several large residential developments which are expected to begin construction within the next eighteen months. Significant population growth is expected from these new development areas.



Year	Population*	% Increase
2015	15,011	
2016	15,362	2.34%
2017	15,365	0.02%
2018	15,791	2.77%
2019	16,062	1.72%
2020	16,386	2.02%
2021	17,001	3.75%
2022	17,359	2.11%
2023	17,384	1.00%
2024	17,558	1.15%
2025	17,736	2.02%

The City’s economic outlook is largely impacted by the state and regional economy with a great deal of reliance placed on surrounding communities for work, shopping and entertainment. Area employment consists predominately of service-related activities, retail trade, manufacturing, government and construction. The Lakeland/Winter Haven Metro Area and the State of Florida unemployment rate as of September 2025 were reported at 3.8% and 3.4 %, respectively, while the national unemployment rate was 3.8%.

In 2006, Florida voters adopted a constitutional amendment that requires the State of Florida to develop a Long-Range Financial Outlook, setting out recommended fiscal strategies for the state and its departments in order to assist the legislature in making budget decisions. The Legislative Budget Commission is required to issue the Outlook by September 15th of each year. The 2025 Outlook provided the following economic projections:

Economic disruption is evident with the reduction of household savings, the elevated use of credit, and continuing inflationary pressure on households. Considerable uncertainty exists regarding the impact on Florida from current and future State and Federal actions. How these economic challenges ultimately unfold will be pivotal to the actual performance of Florida's economy over the next few years.

One measure for assessing the economic health of states is the year-to-year change in real GDP (that is, all goods and services produced or exchanged within a state). The state's GDP expanded by a still strong 4.9 percent in Fiscal Year 2022-23 and 3.7 percent in Fiscal Year 2023-24, but the Conference believes growth decelerated to 2.9 percent in Fiscal Year 2024-25. In the near-term, the Conference expects continued deceleration to more typical rates (1.9 percent and 2.0 percent over the current and next two fiscal years). Beginning in Fiscal Year 2028-29, the economy will stabilize at its now characteristic 2.1 to 2.2 percent growth per year.

Normally, personal income growth is another important gauge of the state's economic health; however, its changes have been in stark contrast to GDP. Buttressed during the pandemic by an infusion of federal dollars into Florida's households, the final growth rate for the state's 2020-21 fiscal year was 9.3 percent and for the 2021-22 fiscal year was 6.2 percent. Personal income growth then accelerated to 9.2 percent in Fiscal Year 2022-23 as workers and employers chased historic levels of inflation and leveraged the tight labor market into better paying opportunities. Largely on the continuing strength of wage growth, Florida still had high growth of 6.6 percent in Fiscal Year 2023-24, with Fiscal Year 2024-25 dropping moderately to 5.3 percent. After five additional years at or above 5 percent growth (Fiscal Year 2025-26 through Fiscal Year 2029-30), annual growth rates begin to stabilize at 4.8 to 4.9 percent per year.

According to a report by the Federal Reserve Board of Governors, "Housing represents the largest expense for most families and, consequently, housing decisions have the potential to substantially affect economic well-being." Collectively, these individual decisions become a key driver of Florida's economy. Because construction activity continues to be subpar relative to the state's long-term average, attention over the past decade has focused on the market for existing homes as an upstream indicator of future construction need. All market metrics point to an existing home market that overheated as a result of the Federal Reserve's initial response to the pandemic but has now cooled off substantially after three years (2023 to 2025) of increasing and high 30-year mortgage rates. Existing home sales volume in each of the calendar years from 2018 to 2022 exceeded the 2005 peak year, but home sales in 2023 and 2024 slowed, each posting a lower level than the prior year. Sales are also down for the first five months of 2025 by approximately 6.2 percent compared to the first five months of 2024. The story is different for the median sales price of single-family homes. Through October 2021, Florida's existing home price gains roughly tracked national gains, but generally stayed below the national median price. From November 2021 through June 2024, Florida's median price was at or above the national median, peaking in February 2023 at 107 percent of the national median price. Florida's median price in May of 2025 was 96.5 percent of its April 2024 peak (\$429,900) and below the national median by the greatest amount since May 2020.

Finally, Florida's tourism-sensitive economy is particularly vulnerable to the longer-term effects of a pandemic. The total number of tourists declined nearly -70.0 percent from the prior year in the second quarter of 2020. After that dramatic drop, tourism recovered gradually, buttressed by the increased number of domestic visitors travelling to Florida by air or car. It took two years to reach recovery from this pandemic in domestic visitors, with Canadian and international visitors still at sub-peak levels. Total visitors, growing by 39.4 percent, surpassed the pre-pandemic peak by the end of Fiscal Year 2021-22, albeit with a different composition. After posting only 2.4 percent growth in Fiscal Year 2024-25, the Conference expects a strong period of growth (4.3 percent) during

Fiscal Year 2025-26, after which the annual growth rate generally moderates from 3.4 percent in Fiscal Year 2026-27 to 2.9 percent at the end of the forecast period. The expected 151.9 million visitors in Fiscal Year 2025-26 will have a collective effect on Florida's infrastructure of an additional 2.35 million residents. The new forecast levels never exceed the pre-pandemic forecast levels for the overlapping years.

Long-term Financial Planning

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

- The City and CRA will continue implementation of the award-winning Lake Wales Connected plan. Activities include affordable housing construction, housing rehabilitation, development incentives, and capital construction.
- Expansion of recreational activities and facilities through partnerships with private sector organizations to minimize costs and expand quality of life options for residents.
- Continue to invest in technology to increase municipal productivity and control operations and maintenance costs.

Acknowledgements

The City of Lake Wales will be submitting the Annual Comprehensive Financial Report, for the fiscal year ending September 30, 2025, to the Government Finance Officers Association (GFOA) to be reviewed under the Certificate of Achievement for Excellence in Financial Reporting program. In order to be awarded a Certificate of Achievement, the City has to publish an easily readable and efficiently organized ACFR that satisfied both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,



James Slaton,
City Manager



Dorothy Abbott, CPA
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Lake Wales
Florida**

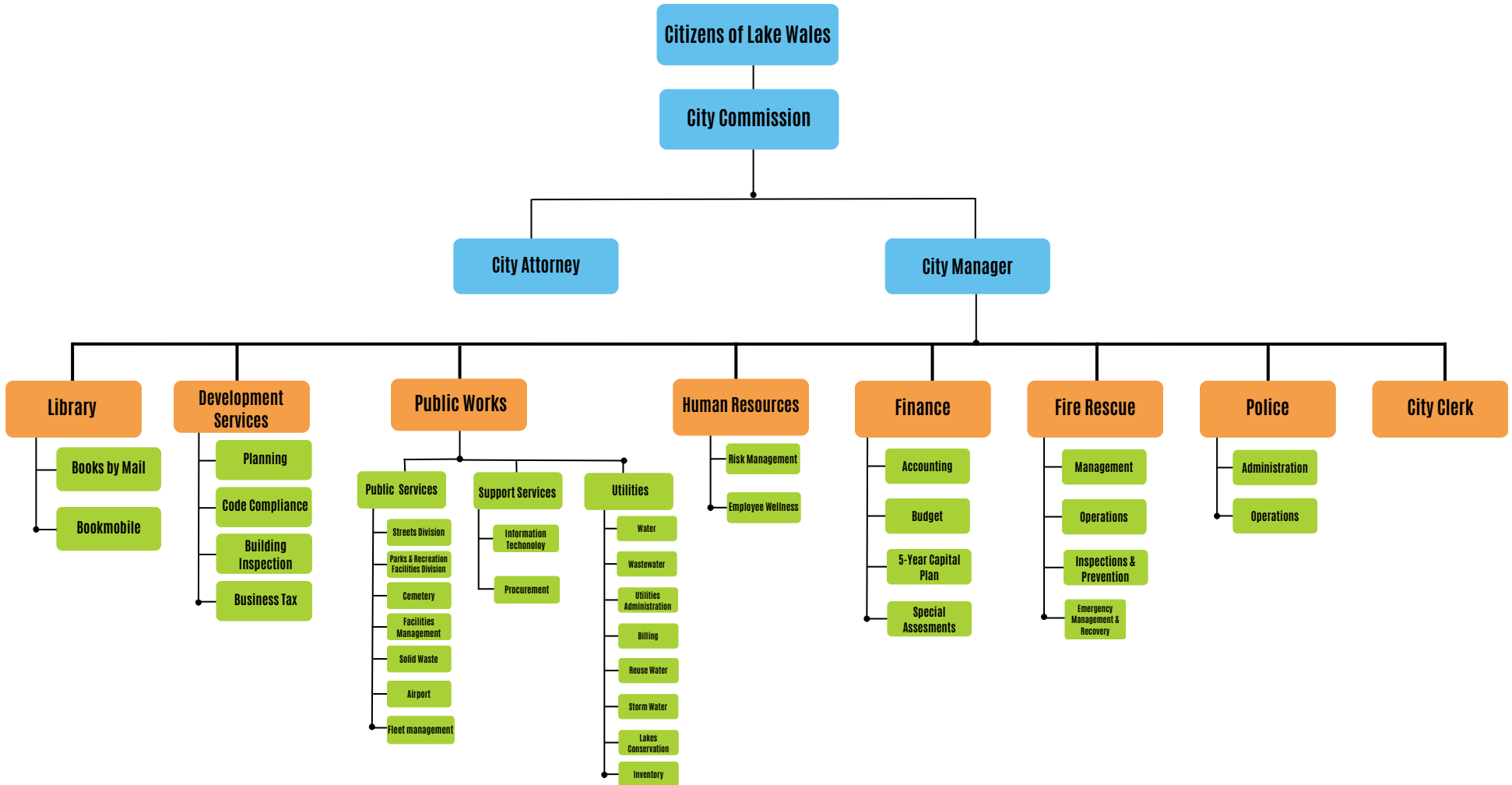
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2024

Christopher P. Morill

Executive Director/CEO

CITY OF LAKE WALES ORGANIZATIONAL CHART



City of Lakes Wales, Florida
Principal Officials

Elected Officials

Mayor----- Jack Hilligoss

Deputy Mayor ----- Robin Gibson

Commissioner ----- Keith Thompson

Commissioner ----- Daniel Williams

Commissioner ----- Carol Gillespie

City Officials

City Manager ----- James Slaton

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



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FINANCIAL SECTION



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INDEPENDENT AUDITOR’S REPORT

To the City Commission
City of Lake Wales, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lake Wales, Florida (the “City”), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lake Wales, Florida, as of September 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Lake Wales, Florida's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Chapter 10.550, *Rules of the Auditor General*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying

accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

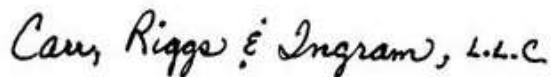
Other Information

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 May 28, 2026, on our consideration of the City of Lake Wales, Florida’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control over financial reporting and compliance.



CARR, RIGGS & INGRAM, LLC

Orlando, Florida

May 28, 2026

City of Lake Wales, Florida

Management's Discussion and Analysis September 30, 2025

As management of the City of Lake Wales (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2025. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found by referencing the table of contents of this report.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$89,524,753 (*net position*). As of September 30, 2025, the City reports an unrestricted net position of \$7,465,051, as compared to \$5,652,298 in the prior year.
- The City's total net position increased by \$10,578,516 during the current year compared to an increase of \$8,973,595 in the prior year. The governmental activities and business-type activities increased their net position by 22% (20% in prior year) and 8% (8% in prior year), respectively.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$18,253,782; a decrease of \$2,319,040 for the year. Approximately 35% of total fund balance is *available for spending* at the government's discretion (unassigned) compared to 28% in the prior year.

Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

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

The *statement of net position* presents information on all of the City's (1) assets and deferred outflows, (2) liabilities, and deferred inflows with the residual measure between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

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

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

City of Lake Wales, Florida

Management's Discussion and Analysis September 30, 2025

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

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

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

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

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

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

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

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

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

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

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

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

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

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Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$89,524,753 at the close of the most recent fiscal year.

The following schedule is a summary of the Statement of Net Position found on page 18 of this report.

	City of Lake Wales Net Position					
	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 22,079,185	\$ 28,295,277	\$ 23,693,774	\$ 19,024,515	\$ 45,772,959	\$ 47,319,792
Capital assets, net of depreciation	49,140,610	40,932,267	63,569,597	63,808,774	112,710,207	104,741,041
Total assets	<u>71,219,795</u>	<u>69,227,544</u>	<u>87,263,371</u>	<u>82,833,289</u>	<u>158,483,166</u>	<u>152,060,833</u>
Deferred Outflows	<u>3,290,855</u>	<u>5,425,601</u>	<u>264,340</u>	<u>533,494</u>	<u>3,555,195</u>	<u>5,959,095</u>
Current and other liabilities	3,884,741	7,257,682	3,270,284	3,079,134	7,155,025	10,336,816
Long-term liabilities	30,242,925	36,326,346	28,382,823	28,612,877	58,625,748	64,939,223
Total liabilities	<u>34,127,666</u>	<u>43,584,028</u>	<u>31,653,107</u>	<u>31,692,011</u>	<u>65,780,773</u>	<u>75,276,039</u>
Deferred Inflows	<u>3,850,939</u>	<u>1,137,586</u>	<u>2,881,896</u>	<u>2,660,066</u>	<u>6,732,835</u>	<u>3,797,652</u>
Net Position:						
Net investment in capital assets	25,281,340	19,013,025	35,935,876	36,638,415	61,217,216	55,651,440
Restricted	11,137,392	10,279,945	9,705,094	7,362,554	20,842,486	17,642,499
Unrestricted	113,313	638,561	7,351,738	5,013,737	7,465,051	5,652,298
Total net position	<u>\$ 36,532,045</u>	<u>\$ 29,931,531</u>	<u>\$ 52,992,708</u>	<u>\$ 49,014,706</u>	<u>\$ 89,524,753</u>	<u>\$ 78,946,237</u>

By far the largest portion of the City's net position, \$61,217,216 (68%), reflects its investment in capital assets (e.g., land, buildings, improvements, infrastructure and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should still be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, \$20,842,486 (23%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$7,465,051 (9%), may be used to meet the government's ongoing obligations to the citizens and creditors.

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

City of Lake Wales, Florida

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The following schedule is a summary of the Statement of Activities on page 19 of this report.

	City of Lake Wales					
	Changes in Net Position					
	Governmental Activities		Business-type Activities		Total	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Revenues:						
Program Revenues:						
Charges for services	\$ 9,848,430	\$ 8,151,269	\$ 13,799,777	\$ 12,625,037	\$ 23,648,207	\$ 20,776,306
Operating grants and contributions	818,550	838,487	-	-	818,550	838,487
Capital grants and contributions	4,833,671	4,264,215	2,660,376	2,968,248	7,494,047	7,232,463
General Revenues:						
Property taxes	9,776,423	9,183,429	-	-	9,776,423	9,183,429
Other taxes	4,079,776	4,010,300	-	-	4,079,776	4,010,300
Franchise fees	1,704,893	1,645,725	-	-	1,704,893	1,645,725
Other	3,108,305	3,623,964	591,255	589,094	3,699,560	4,213,058
Total Revenues	<u>34,170,048</u>	<u>31,717,389</u>	<u>17,051,408</u>	<u>16,182,379</u>	<u>51,221,456</u>	<u>47,899,768</u>
Expenses:						
Governmental Activities:						
General government	2,980,215	3,018,012	-	-	2,980,215	3,018,012
Public safety	13,211,041	13,722,583	-	-	13,211,041	13,722,583
Physical environment	1,999,423	1,819,574	-	-	1,999,423	1,819,574
Transportation	2,433,656	1,747,741	-	-	2,433,656	1,747,741
Economic environment	2,981,715	2,405,427	-	-	2,981,715	2,405,427
Human services	10,174	10,174	-	-	10,174	10,174
Culture and recreation	4,606,083	4,374,807	-	-	4,606,083	4,374,807
Interest on long-term debt	972,227	972,232	-	-	972,227	972,232
Business-type Activities:						
Water and sewer utility	-	-	10,380,094	10,318,909	10,380,094	10,318,909
Cemetery	-	-	119,923	121,318	119,923	121,318
Stormwater	-	-	948,389	415,396	948,389	415,396
Total Expenses	<u>29,194,534</u>	<u>28,070,550</u>	<u>11,448,406</u>	<u>10,855,623</u>	<u>40,642,940</u>	<u>38,926,173</u>
Increase (decrease) in net position before transfers	4,975,514	3,646,839	5,603,002	5,326,756	10,578,516	8,973,595
Transfers	1,625,000	1,623,000	(1,625,000)	(1,623,000)	-	-
Change in net position	6,600,514	5,269,839	3,978,002	3,703,756	10,578,516	8,973,595
Beginning net position	29,931,531	25,838,927	49,014,706	45,052,345	78,946,237	70,891,272
Restatement	-	(1,177,235)	-	258,605	-	(918,630)
Ending net position	<u>\$ 36,532,045</u>	<u>\$ 29,931,531</u>	<u>\$ 52,992,708</u>	<u>\$ 49,014,706</u>	<u>\$ 89,524,753</u>	<u>\$ 78,946,237</u>

City of Lake Wales, Florida

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Governmental activities: Governmental activities increased the City's net position by \$6,600,514, as compared to an increase of \$5,269,839 in the prior year. Key elements of changes in results of activities are as follows:

Total revenue increased by \$2,452,659 or 8% mainly due to the following:

- Charges for services increased by approximately \$1,697,161 (21%) from 2024. This change is mainly due to increased impact fee, building permit fee and planning/zoning fee revenue (\$1,260,000) and increased solid waste revenue (\$442,000) due to increased construction activity within the City.
- Capital grants and contributions increased by approximately \$569,456 (13%) from 2024 mainly due to the recognition of \$4,050,810 of American Rescue Plan Act State and Local Fiscal Recovery grant revenue in 2025 compared to \$3,420,921 in the previous year.
- General revenues increased by \$205,979 (1%) from 2024 mainly due to a \$592,994 increase in property taxes partially offset by a \$515,659 decrease in other revenue. Tax revenue increases are due to increased property values and economic activity within the City. Miscellaneous revenues decreased mainly due to reduced investment income of approximately \$604,000 due to reduced balances in interest bearing accounts.

Total expenses increased by approximately \$1,124,000 or 4% mainly due to the following:

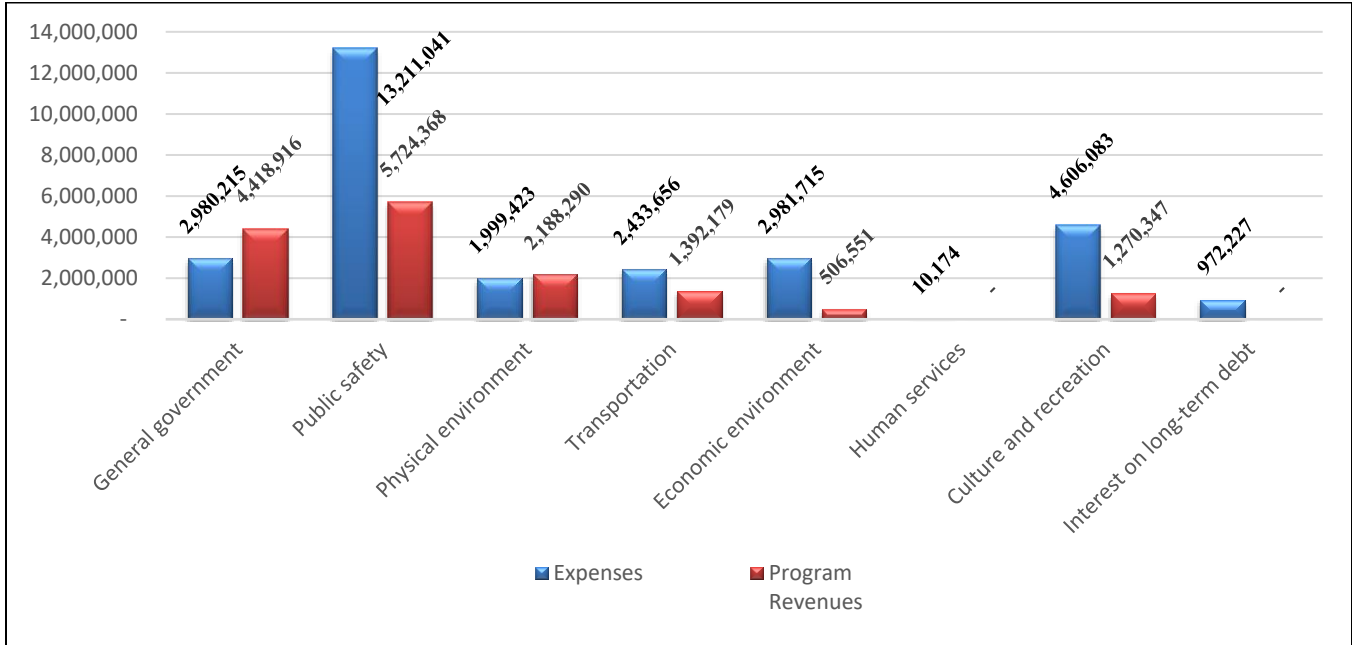
- Public safety expenses decreased by \$511,542, or 4%, from 2024, primarily due to lower personnel costs, which more than offset general cost increases. Personnel costs decreased by approximately \$639,000, or 6%, including wages, payroll taxes, health insurance, and pension expense. Pension expense declined by approximately \$1,099,000, or 48%, due to changes in actuarially determined pension elements, mainly driven by better-than-expected investment returns on pension plan assets. Nonpension personnel costs increased by approximately \$460,000, or 5%, primarily due to wage increases.
- Transportation expenses increased by \$685,915, or 39%, from 2024, primarily due to general cost increases, increased personnel services expenses, and higher contributions to outside agencies. Contributions to the Lake Wales Airport Authority increased by approximately \$292,000, or 110%, and contributions to Winter Haven Area Transit increased by \$30,285, or 21%.
- Economic environment expenses increased by \$576,288 (24%) from 2024 mainly due to increased grant, business and development incentives which increased by approximately \$626,000 (116%).
- Culture and recreation expenses increased by approximately \$231,200 (5%) from 2024 mainly due to increased personnel costs of \$167,000 (8%) which includes wages, payroll taxes and pension expenses.
- Remaining functional expenses increased by an aggregate \$142,047 or 2% due to myriad changes in a diverse set of expense accounts within the remaining functions, none of which were individually significant.

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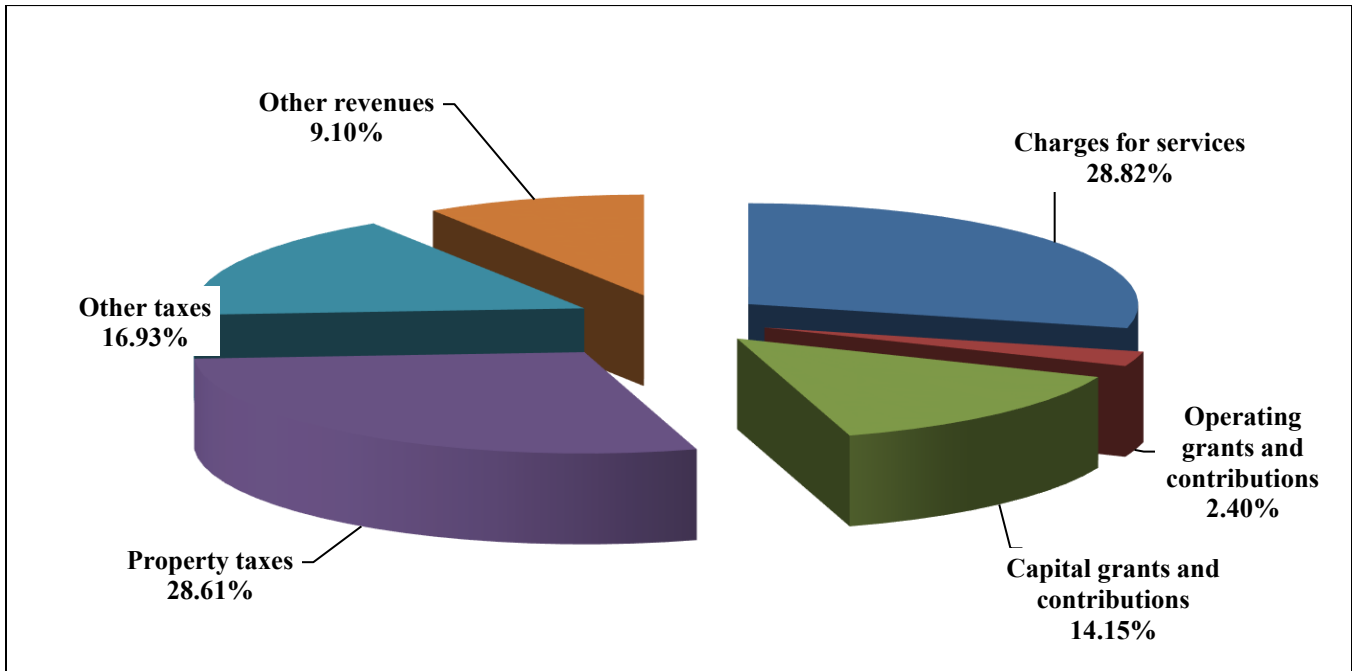
The following chart compares expenses with program revenues for the City's governmental activities:

Expenses and Program Revenues – Governmental Activities



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

Revenues by Source – Governmental Activities



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Business-type Activities

Business-type activities increased the City's net position by \$3,978,002 which is \$274,246 (7%) more than the prior year increase in net position. Key elements of this change are as follows:

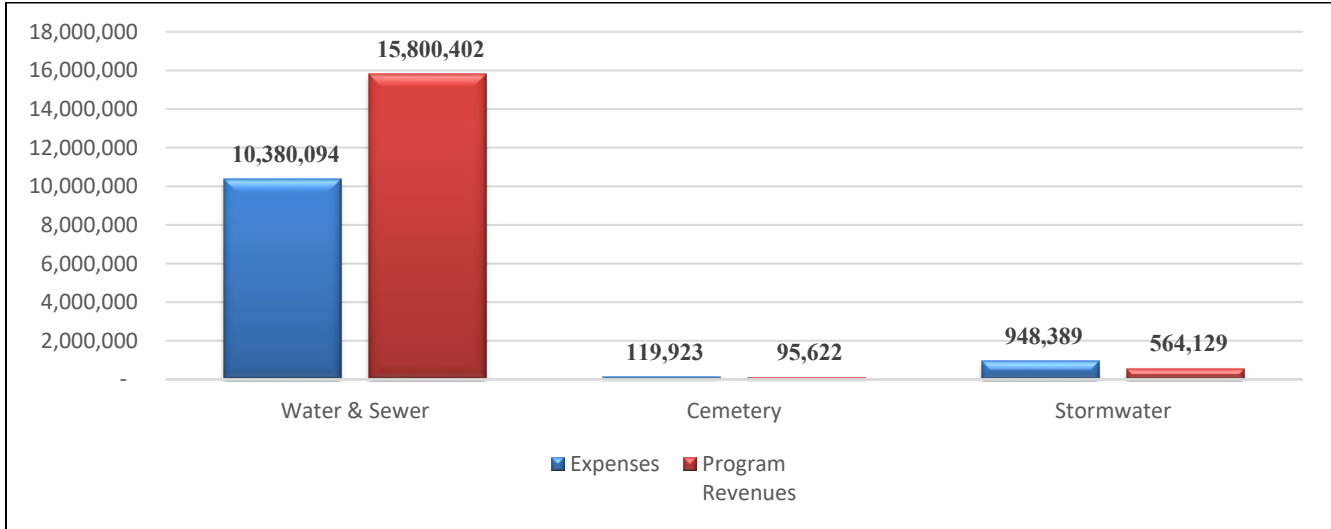
- Charges for services revenue increased by approximately \$1,175,000 or 9% due to rate increases and additional customers being added to the utility systems.
- Overall business-type expenses increased by approximately \$592,800 or 5% mainly driven by increased stormwater expenses of \$532,994 (128%) due to the following:
 - Increased noncapital stormwater restoration and lake cleanup of approximately \$496,000 or 16%.
- During 2025, \$1,625,000 was transferred out to the governmental activities, as compared to \$1,623,000 transferred out in the prior year. This is an increase of \$5,000 (<1%).

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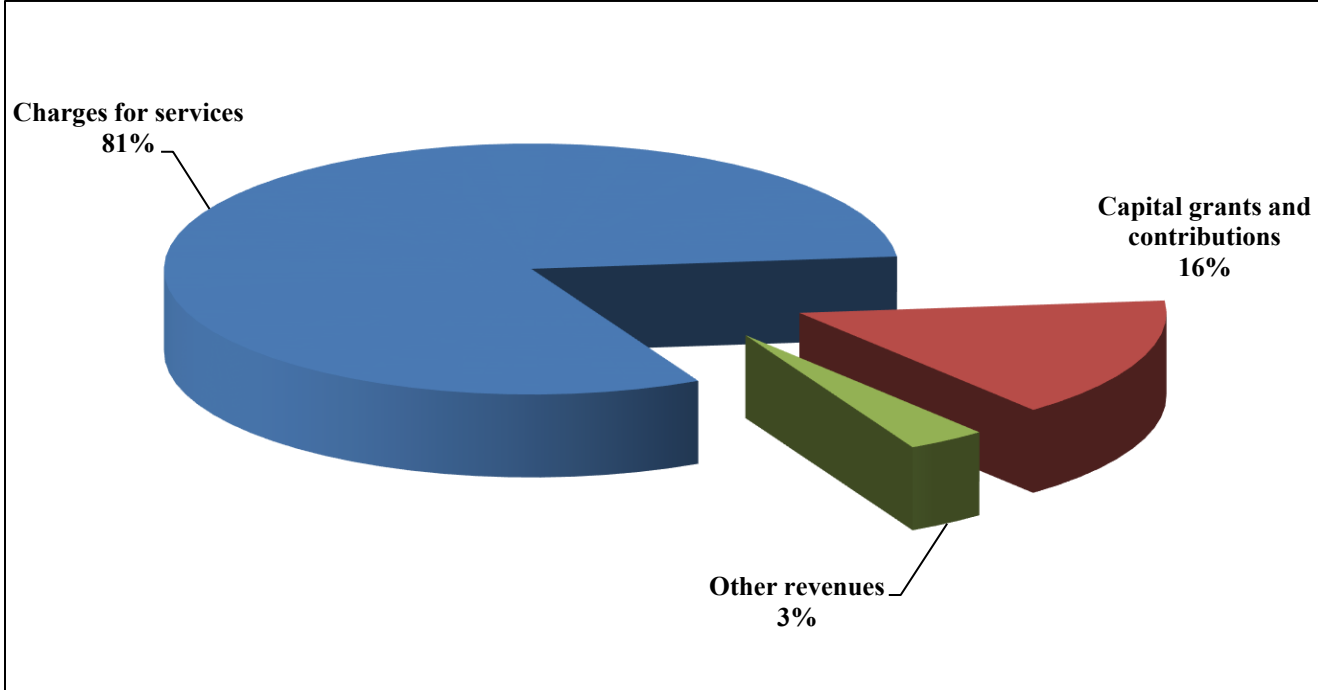
The following chart compares expenses with program revenues for the City's business-type activities:

Expenses and Program Revenues – Business-type Activities



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

Revenues by Source – Business-type Activities



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Financial Analysis of the Government's Funds

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

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$18,253,782, a decrease of \$2,319,040 for the year. Approximately 35% of this amount (\$6,357,706) constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The remainder of the fund balance (\$11,896,076) is classified as non-spendable (\$434,980), assigned (\$323,704) and restricted (\$11,137,392).

The general fund is the chief operating fund for the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$6,378,240 while total fund balance reached \$6,813,220. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. In 2011, the City established a reserve policy for the general fund equal to 15% - 20% of total operating costs. As of September 30, 2025, the general fund's unassigned and assigned fund balance represents 23% of total general fund expenditures, while total fund balance represents 25% of the same amount.

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

Fund balance of the City's general fund increased by \$162,307 during the current fiscal year. Revenue (\$21,444,490) and the net transfer from other funds (\$5,440,982) was less than expenditures (\$27,185,248) by \$724,613. The general fund also reported \$801,033 of debt proceeds, and \$48,145 of insurance settlements and proceeds from the sale of capital assets of \$37,742.

- Total revenue increased by \$1,216,375 (6%) mainly due to the following:
 - Taxes increased by approximately \$329,000 (4%) led by increased property tax revenue of \$173,335 or 3%.
 - Charges for services revenue increased by approximately \$812,000 (19%) mainly due to increased garbage collection fees (\$442,000) and Lake Wales Family Recreation Center revenue (\$228,000).
 - Licenses and permit revenue increased by approximately \$290,000 (7%), caused by increased economic activity within the City, including increased residential construction.
- Total expenditures increased \$3,372,591 or 14% mainly due to the following:
 - Public safety expenditures increased by approximately \$1,153,000 (9%) largely due to an approximately \$950,000 increase in capital expenditures mainly for new vehicles, land purchase and Fire Station 3 engineering and design costs.
 - Physical environment expenditures increased by approximately \$1,055,000 (63%) largely due to increased contracted solid waste collection and removal costs of approximately \$685,000 (57%).

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Fund balance of the City's community redevelopment fund decreased by \$2,887,599 during the current fiscal year. Revenue and other sources within the CRA (\$5,650,761) were less than debt service requirements (\$1,470,341) and operating costs (\$7,068,019). The main driver of the decrease in fund balance of the CRA was the issuance of the Lake Wales Community Redevelopment Agency Redevelopment Revenue Bonds, Series 2023 for \$18,804,365 (face plus issuance premium) in 2023 while a significant portion of those bond proceeds were reported as expenditures during 2025 as project expenditures were incurred.

Fund balance in the American Rescue Plan Act special revenue fund decreased by \$478,104. This amount represents the cumulative interest revenue earned on unspent ARPA funds since the fund was established. Under the grant requirements for this fund, revenues and transfers are recognized only to the extent that allowable expenditures have been incurred; therefore, the change in fund balance typically consists of interest revenue. During 2025, the remaining ARPA funds were spent on allowable expenditures, resulting in recognition of all unearned revenue carried forward from the prior year, along with all interest earned on unspent ARPA funds, as revenue in 2025. The fund was closed in 2025.

The transportation special revenue fund did not meet the criteria for presentation as a major fund in the prior year; however, it met those criteria in the current year and is therefore reported as a major fund. Fund balance in the transportation special revenue fund decreased by \$361,657 during the current fiscal year, compared to an increase of \$1,413,696 in the prior year. Revenues increased by approximately \$453,000, or 23%, and transfers increased by approximately \$517,000, or 69%. However, expenditures also increased significantly, by approximately \$2,745,000 or 210%, resulting in the current-year decrease in fund balance. The increase in revenues was primarily attributable to an approximate \$381,000, or 61%, increase in impact fees due to increased construction activity within the City. The increase in expenditures was primarily due to the timing of transportation-related projects.

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

Unrestricted net position of the Public Utilities Fund at the end of the year amounted to \$6,246,751, an increase of \$2,440,187 or 64%. As of September 30, 2025, the utility system had \$8,517,452 restricted for capital projects and \$1,187,642 restricted for debt service. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

During the year there was a net \$1,360,000 increase in general fund expenditure appropriations between the original and final amended budget. This increase was mainly due to the following significant amendments:

- The City Manager department's budgeted expenditures increased by \$130,000.
- The waste disposal department's budgeted expenditures increased by \$750,000.
- The cemetery department's budgeted expenditures increased by \$200,000.
- The recreational facilities budgeted expenditures increased by \$140,000.

During the year there was a net \$1,805,000 increase in general fund revenues between the original and final amended budget.

Budget amendments are made throughout the year to adjust original estimates for differences between anticipated and actual activity. These amendments are generally intended to align revenues, expenditures, and other financing sources and uses with actual results while ensuring that no department exceeds its budgeted appropriations.

City of Lake Wales, Florida

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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, 2025 is \$112,710,207 (net of accumulated depreciation). This investment in capital assets includes land, construction-in-progress, buildings and improvements, machinery and equipment, and infrastructure (roads, right-of-ways, stormwater and utility). The net increase (additions to capital assets less retirements and depreciation) in the City's investment in capital assets was \$7,969,166, an increase of 8%. This consisted of a 20% increase for governmental activities and a small (<1%) decrease for business-type activities. Information on the City's capital assets as of September 30 of the current and prior year is summarized in the following table:

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 4,989,645	\$ 5,047,299	\$ 850,497	\$ 850,497	\$ 5,840,142	\$ 5,897,796
Construction in progress	1,533,882	16,504,578	1,364,185	1,372,898	2,898,067	17,877,476
Buildings	16,262,412	15,702,269	6,625,143	6,378,975	22,887,555	22,081,244
Improvements other than buildings	29,144,258	9,907,797	83,887,973	82,183,550	113,032,231	92,091,347
Machinery & equipment	12,293,087	11,086,749	7,454,309	7,335,144	19,747,396	18,421,893
Right-to-use leased equipment	6,582,089	5,949,719	666,950	464,916	7,249,039	6,414,635
Infrastructure	25,424,885	22,047,226	-	-	25,424,885	22,047,226
Total	<u>96,230,258</u>	<u>86,245,637</u>	<u>100,849,057</u>	<u>98,585,980</u>	<u>197,079,315</u>	<u>184,831,617</u>
Less: accumulated depreciation	<u>(47,089,648)</u>	<u>(45,313,370)</u>	<u>(37,279,460)</u>	<u>(34,777,206)</u>	<u>(84,369,108)</u>	<u>(80,090,576)</u>
Capital assets, net	<u>\$ 49,140,610</u>	<u>\$ 40,932,267</u>	<u>\$ 63,569,597</u>	<u>\$ 63,808,774</u>	<u>\$ 112,710,207</u>	<u>\$ 104,741,041</u>

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

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

Governmental Activities:

- CWIP – Downtown Improvements Plan - \$71,771 - (total capitalized costs - \$409,604)
- CWIP – Recreation master plan - \$15,574 (total capitalized costs - \$316,554)
- CWIP – Park Avenue – design/construction - \$40,733 (total capitalized costs - \$4,773,357)
- CWIP – First Street – design/construction - \$102,597 (total capitalized costs - \$357,333)
- CWIP – Sidewalks – design/construction - \$575,959 (total capitalized costs - \$955,260)
- CWIP – Stuart House Rehabilitation - \$5,670 (total capitalized costs - \$14,045)
- CWIP – Orange Street – design/construction - \$86,715 (total capitalized costs - \$103,120)
- CWIP – Fire Station expansion - \$80,697 (total capitalized costs - \$82,947)
- CWIP – Park and Market – design/construction - \$2,727,465 (total capitalized costs - \$9,764,715)
- CWIP – Crystal Avenue connector trail - \$47,173 (total capitalized costs - \$364,795)
- CWIP – Crystal Avenue – design/construction - \$87,935 (total capitalized costs - \$96,789)
- CWIP – Police Annex – design - \$142,536 (total capitalized costs - \$142,536)
- CWIP – Fire Station #3 - \$246,580 (total capitalized costs - \$246,580)
- CWIP – Lincoln Avenue Streetscape - \$63,104 (total capitalized costs - \$63,104)
- CWIP – Grand Wales Hotel - \$62,633 (total capitalized costs - \$62,633)

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- Kiwanis park improvements - \$16,771
- Cemetery Road Repaving - \$427,232
- Land - \$303,574
- (7) 2024 Chevy Tahoe - \$442,244
- John Deere Rotary Broom - \$14,596
- Voice Stress Analyzer - \$10,995
- Depot Roof - \$106,935
- Depot Museum Improvements - \$38,436
- Fleet Roof Replacement - \$374,634
- Yellow Depot Museum Improvements - \$26,926
- 2021 PJ Trailer 7x22 Car Hauler - \$6,999
- Grand Hotel – 115 N First St - \$453,209
- 2025 Kawasaki Mule Pro DXT - \$18,822
- Administrative Building Security System - \$5,875
- Fleet Automotive Lift - \$18,741
- 2025 Kubota Excavator - \$42,786
- 2024 Ford F250SD XL - \$75,041
- Parking lot paving – 290 Cypress Gardens Ln - \$89,454
- Resurfacing City Streets - \$1,263,180
- 2024 Ford Explorer - \$42,190
- LWFRFC – TV – Samsung 85” - \$9,524
- LWFRFC – Fitness Equipment - \$6,527
- 2024 Ford F350SD XLT - \$62,301
- (3) Motorola Radios – APX6000 - \$15,810
- Roads – Hunt Club North - \$1,597,793
- (2) 2024 Ford F150 XL - \$122,722
- Data Center server - \$137,231
- 2025 ED Trailer lowside dump - \$9,324
- (2) 2025 John Deere Z997R Mowers - \$49,716
- Kirkland Gym Flooring - \$159,000
- 2024 Trimax Procut Pull Behind Mower - \$15,090
- 2024 Ford F250SD XL - \$56,536
- 2019 Vetted Long Run Speed Trailer \$19,220
- 2023 Forest River 16’ Enclosed Trailer - \$9,955
- John Deere Progator Sprayer - \$50,441
- HVAC – Tourist Club - \$27,000
- 2021 PJ Trailer 7’x16’ Dump Trailer - \$13,999
- Security Gate – Police - \$8,008

Business-Type Activities

- CWIP – Market Street plant rehabilitation - \$46,000 (total capitalized cost - \$60,000)
- CWIP – Waverly acquisition - \$65,860 (total capitalized cost - \$65,860)
- CWIP – Wastewater and reclaimed water master plan - \$15,650 (total capitalized cost - \$174,950)
- CWIP – Headworks rebuild - \$581,210 (total capitalized cost - \$633,610)
- CWIP - NW water main extension - \$157,714 (total capitalized costs - \$345,484)
- CWIP – LWMG Design Phase II - \$114,481 (total capitalized costs - \$114,481)
- Liftstation Rehab - \$45,621
- Liftstation Pump - \$12,050

City of Lake Wales, Florida

Management's Discussion and Analysis September 30, 2025

- Blue Star 150Kw Generator - \$109,841
- New service connections - \$286,760
- 2025 ED Silverline Dump Trailer - \$9,324
- (2) Ford F150 XL - \$104,921
- Ford F350SD XL - \$97,113
- Slipline - \$766,952

Debt. At the end of the current fiscal year the City had total debt outstanding of \$51,354,767, including the addition of \$2,032,016 in notes payable during fiscal year 2025 to fund construction projects and equipment purchases, and \$1,003,067 of additions to leases payable to acquire the right to use vehicles and equipment. The debt obligations are secured by the equipment acquired, a covenant to budget, or a pledge of revenue sources. Information on the City's notes and leases payable as of September 30 of the current and prior year is summarized in the following table:

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Notes payable	\$ 21,673,619	\$ 22,520,544	\$ 27,268,178	\$ 26,905,419	\$ 48,941,797	\$ 49,425,963
Leases payable	2,154,927	1,896,028	258,043	138,839	2,412,970	2,034,867
Total debt obligations	\$ 23,828,546	\$ 24,416,572	\$ 27,526,221	\$ 27,044,258	\$ 51,354,767	\$ 51,460,830

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

Economic Factors and Next Year's Budget and Rates

The unemployment rate at the end of fiscal year 2025 for Lakeland/Winter Haven Metro Area was 5.2%. The following is a summary of the applicable unemployment rates for Lakeland/Winter Haven Metro Area, the State of Florida, and United States:

<u>Region Name</u>	<u>Current Year Sept. 2025</u>	<u>Previous Year Sept. 2024</u>
Lakeland/Winter Haven Metro Area	5.2%	3.8%
State of Florida	4.2%	3.4%
United States	4.4%	3.8%

**Source: <https://fred.stlouisfed.org/>*

The tax base for the City is composed of real property, personal property and centrally assessed property. The taxable value of such property increased 11.85% from 2025 to 2026.

The estimated City's population increased from 17,558 in 2024 to 17,736 in 2025, a 1% increase.

All of these factors were considered in preparing the City of Lake Wales's budget for the 2025-26 fiscal year.

Requests for Information

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

City of Lake Wales, Florida

Statement of Net Position

September 30, 2025

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Airport Authority	Library
Assets					
Cash and cash equivalents	\$ 13,529,457	\$ 6,934,138	\$ 20,463,595	\$ 250,873	\$ 24,966
Receivable, net	856,426	4,324,781	5,181,207	323,409	-
Internal balances	5,381	(5,381)	-	-	-
Due from component unit	1,119,514	-	1,119,514	-	-
Intergovernmental receivables	653,718	-	653,718	168,995	-
Restricted assets:					
Cash and cash equivalents	5,339,851	11,648,568	16,988,419	111,618	592,453
Inventories	349,070	786,056	1,135,126	56,040	-
Note receivable	77,161	-	77,161	-	-
Prepaid items	148,607	5,612	154,219	-	26,972
Capital assets:					
Nondepreciable	6,523,527	2,214,682	8,738,209	1,763,169	220,929
Depreciable, net	42,617,083	61,354,915	103,971,998	13,910,631	582,714
Total assets	71,219,795	87,263,371	158,483,166	16,584,735	1,448,034
Deferred outflows of resources					
Deferred outflows related to OPEB	52,893	13,267	66,160	-	-
Deferred outflows related to pensions	3,237,962	251,073	3,489,035	-	-
Total deferred outflows of resources	3,290,855	264,340	3,555,195	-	-
Liabilities					
Accounts payable	1,081,648	361,196	1,442,844	11,339	67,974
Construction payable	30,724	107,500	138,224	131,149	9,953
Accrued liabilities	676,442	126,085	802,527	12,802	47,936
Accrued interest	142,569	88,581	231,150	9,183	-
Due to primary government	-	-	-	1,119,514	-
Deposits	26,051	1,857,446	1,883,497	4,800	-
Unearned revenues	1,927,307	729,476	2,656,783	-	-
Noncurrent liabilities:					
Due within one year	1,527,737	2,009,813	3,537,550	90,769	-
Due in more than one year	28,715,188	26,373,010	55,088,198	1,091,921	-
Total liabilities	34,127,666	31,653,107	65,780,773	2,471,477	125,863
Deferred inflows of resources					
Deferred inflows related to OPEB	198,052	44,325	242,377	-	-
Deferred inflows related to pensions	3,652,887	380,117	4,033,004	-	-
Deferred inflows related to leases	-	2,457,454	2,457,454	310,540	-
Total deferred inflows of resources	3,850,939	2,881,896	6,732,835	310,540	-
Net position					
Net investment in capital assets	25,281,340	35,935,876	61,217,216	14,377,651	793,690
Restricted for:					
Law enforcement	18,254	-	18,254	-	-
Library	-	-	-	-	528,481
Transportation	1,895,384	-	1,895,384	-	-
Community redevelopment	5,944,728	-	5,944,728	-	-
Debt service	-	1,187,642	1,187,642	102,435	-
Capital projects	3,279,026	8,517,452	11,796,478	-	-
Unrestricted (deficit)	113,313	7,351,738	7,465,051	(677,368)	-
Total net position	\$ 36,532,045	\$ 52,992,708	\$ 89,524,753	\$ 13,802,718	\$ 1,322,171

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

City of Lake Wales, Florida
Statement of Activities
for the year ended September 30, 2025

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position				
	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-Type Activities	Total	Airport Authority	Library
Primary government:									
Governmental activities:									
General government	\$ 2,980,215	\$ 159,712	\$ 1,294	\$ 4,257,910	\$ 1,438,701	\$ -	\$ 1,438,701	\$ -	\$ -
Public safety	13,211,041	5,082,559	609,411	32,398	(7,486,673)	-	(7,486,673)	-	-
Physical environment	1,999,423	2,188,290	-	-	188,867	-	188,867	-	-
Transportation	2,433,656	1,196,915	195,264	-	(1,041,477)	-	(1,041,477)	-	-
Economic environment	2,981,715	-	10,000	496,551	(2,475,164)	-	(2,475,164)	-	-
Human services	10,174	-	-	-	(10,174)	-	(10,174)	-	-
Culture and recreation	4,606,083	1,220,954	2,581	46,812	(3,335,736)	-	(3,335,736)	-	-
Interest on long-term debt	972,227	-	-	-	(972,227)	-	(972,227)	-	-
Total governmental activities	29,194,534	9,848,430	818,550	4,833,671	(13,693,883)	-	(13,693,883)	-	-
Business-type activities:									
Water and sewer utility	10,380,094	13,140,026	-	2,660,376	-	5,420,308	5,420,308	-	-
Cemetery	119,923	95,622	-	-	-	(24,301)	(24,301)	-	-
Stormwater	948,389	564,129	-	-	-	(384,260)	(384,260)	-	-
Total business-type activities	11,448,406	13,799,777	-	2,660,376	-	5,011,747	5,011,747	-	-
Total primary government	40,642,940	23,648,207	818,550	7,494,047	(13,693,883)	5,011,747	(8,682,136)	-	-
Component units:									
Airport Authority	\$ 2,408,627	\$ 708,198	\$ -	\$ 1,706,761				6,332	-
Library	1,564,327	151,604	831,359	-				-	(581,364)
Total component units	\$ 3,972,954	\$ 859,802	\$ 831,359	\$ 1,706,761				\$ 6,332	\$ (581,364)
General revenues									
Taxes:									
Property taxes					9,776,423	-	9,776,423	-	577,632
Franchise fees					1,704,893	-	1,704,893	-	-
Public service taxes					2,522,576	-	2,522,576	-	-
Communication service taxes					537,139	-	537,139	-	-
Fuel taxes					947,537	-	947,537	-	-
Local business tax					72,524	-	72,524	-	-
State and county shared revenues					2,097,350	-	2,097,350	-	-
Investment earnings					622,736	435,719	1,058,455	24,698	21,359
Insurance recoveries					48,145	-	48,145	-	-
Gain on disposal of capital assets					232,466	3,941	236,407	-	-
Miscellaneous revenues					107,608	151,595	259,203	-	21,877
Transfers					1,625,000	(1,625,000)	-	-	-
Total general revenues and transfers					20,294,397	(1,033,745)	19,260,652	24,698	620,868
Change in net position					6,600,514	3,978,002	10,578,516	31,030	39,504
Net position, beginning of year					29,931,531	49,014,706	78,946,237	13,771,688	1,282,667
Net position, end of year					\$ 36,532,045	\$ 52,992,708	\$ 89,524,753	\$ 13,802,718	\$ 1,322,171

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

City of Lake Wales, Florida
Balance Sheet - All Governmental Funds
September 30, 2025

	<u>General</u>	<u>Community Redevelopment</u>	<u>American Rescue Plan Act Special Revenue Fund</u>	<u>Transportation Special Revenue Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Assets						
Cash and cash equivalents	\$ 5,896,592	\$ 6,069,924	\$ -	\$ 1,220,237	\$ 342,704	\$ 13,529,457
Receivable, net	847,745	8,681	-	-	-	856,426
Due from other funds	5,381	-	-	-	-	5,381
Due from component unit	1,119,514	-	-	-	-	1,119,514
Inventories	349,070	-	-	-	-	349,070
Intergovernmental receivables	346,111	8,750	-	278,323	20,534	653,718
Restricted cash and cash equivalents:						
Impact fees	-	-	-	2,060,825	3,279,026	5,339,851
Note receivable	-	77,161	-	-	-	77,161
Prepaid items	85,910	-	-	-	-	85,910
Total assets	<u>\$ 8,650,323</u>	<u>\$ 6,164,516</u>	<u>\$ -</u>	<u>\$ 3,559,385</u>	<u>\$ 3,642,264</u>	<u>\$ 22,016,488</u>
Liabilities and fund balances						
Liabilities						
Accounts payable	\$ 811,785	\$ 180,894	\$ -	\$ 67,689	\$ 21,280	\$ 1,081,648
Accrued liabilities	566,242	9,581	-	16,920	-	592,743
Construction payable	1,411	29,313	-	-	-	30,724
Due to pension plans	83,699	-	-	-	-	83,699
Deposits	26,051	-	-	-	-	26,051
Unearned revenues	347,915	-	-	1,579,392	-	1,927,307
Total liabilities	<u>1,837,103</u>	<u>219,788</u>	<u>-</u>	<u>1,664,001</u>	<u>21,280</u>	<u>3,742,172</u>
Deferred inflows of resources						
Unavailable revenue	-	-	-	-	20,534	20,534
Total deferred inflows of resources	-	-	-	-	20,534	20,534
Fund balances						
Nonspendable:						
Inventories and prepaid items	434,980	-	-	-	-	434,980
Restricted for:						
Law enforcement expenditures	-	-	-	-	18,254	18,254
Transportation expenditures	-	-	-	1,895,384	-	1,895,384
Community redevelopment expenditures	-	5,944,728	-	-	-	5,944,728
Capital projects	-	-	-	-	3,279,026	3,279,026
Assigned for:						
Debt service	-	-	-	-	323,704	323,704
Unassigned	6,378,240	-	-	-	(20,534)	6,357,706
Total fund balance	<u>6,813,220</u>	<u>5,944,728</u>	<u>-</u>	<u>1,895,384</u>	<u>3,600,450</u>	<u>18,253,782</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 8,650,323</u>	<u>\$ 6,164,516</u>	<u>\$ -</u>	<u>\$ 3,559,385</u>	<u>\$ 3,642,264</u>	<u>\$ 22,016,488</u>

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

City of Lake Wales, Florida

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2025

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

Total fund balances of governmental funds	\$ 18,253,782
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.	49,140,610
Prepaid bond insurance is a long-term asset that is not available to pay for current period expenditures and, therefore, are not reported in the governmental funds.	62,697
Revenues not received within the "availability" period are deferred at the fund level and recognized in the statement of activities.	20,534
Interest payable on long-term debt does not require current financial resources and, therefore, interest payable is not reported as a liability in the governmental funds balance sheet.	(142,569)
Long-term liabilities (including certain accounts payable, compensated absences and OPEB liabilities) are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.	(30,242,925)
Deferred outflows of resources represent a consumption of net position or fund balance that applies to future periods and, therefore, are not reported in the governmental funds	3,290,855
Deferred inflows of resources represent an acquisition of net position or fund balance that applies to future periods and, therefore, are not reported in the governmental funds	(3,850,939)
Net position of governmental activities	<u>\$ 36,532,045</u>

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

City of Lake Wales, Florida

Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Funds
For the Year Ended September 30, 2025

	General	Community Redevelopment	American Rescue Plan Act Special Revenue Fund	Transportation Special Revenue Fund	Other Governmental Funds	Total
Revenues						
Taxes	\$ 8,120,907	\$ 2,059,213	\$ -	\$ 947,537	\$ 797,066	\$ 11,924,723
Licenses and permits	4,624,321	-	-	-	-	4,624,321
Intergovernmental	2,861,022	2,548,163	4,050,810	218,689	-	9,678,684
Charges for services	5,006,663	-	-	187,751	-	5,194,414
Fines and forfeits	307,412	-	-	-	643	308,055
Investment earnings	323,503	69,135	133,450	65,148	110,710	701,946
Impact fees	-	-	-	1,009,165	1,316,249	2,325,414
Miscellaneous	200,662	10,239	-	-	-	210,901
Total revenues	21,444,490	4,686,750	4,184,260	2,428,290	2,224,668	34,968,458
Expenditures						
Current:						
General government	4,250,322	-	-	-	-	4,250,322
Public safety	14,510,193	-	-	-	37,455	14,547,648
Physical environment	2,737,954	-	-	-	3,771	2,741,725
Transportation	730,467	-	-	4,053,127	-	4,783,594
Economic environment	230,083	7,068,019	-	-	-	7,298,102
Human services	43,600	-	-	-	-	43,600
Culture and recreation	4,682,629	-	-	-	-	4,682,629
Debt Service:						
Principal	-	-	-	-	1,389,059	1,389,059
Interest and fiscal charges	-	-	-	-	986,339	986,339
Capital outlay	-	-	-	-	15,574	15,574
Total expenditures	27,185,248	7,068,019	-	4,053,127	2,432,198	40,738,592
Excess (deficiency) of revenues over (under) expenditures	(5,740,758)	(2,381,269)	4,184,260	(1,624,837)	(207,530)	(5,770,134)
Other financing sources (uses)						
Transfers in	5,440,982	24,837	-	1,263,180	1,470,341	8,199,340
Transfers out	(424,837)	(1,470,341)	(4,662,364)	-	(16,798)	(6,574,340)
Insurance recoveries	48,145	-	-	-	-	48,145
Issuance of debt	801,033	-	-	-	-	801,033
Sale of capital assets	37,742	939,174	-	-	-	976,916
Total other financing (uses) sources	5,903,065	(506,330)	(4,662,364)	1,263,180	1,453,543	3,451,094
Net change in fund balances	162,307	(2,887,599)	(478,104)	(361,657)	1,246,013	(2,319,040)
Fund balances, beginning of year as previously reported	6,650,913	8,832,327	478,104	-	4,611,478	20,572,822
Change within financial reporting entity (nonmajor to major)	-	-	-	2,257,041	(2,257,041)	-
Fund balances, beginning of year as adjusted	6,650,913	8,832,327	478,104	2,257,041	2,354,437	20,572,822
Fund balances, end of year	\$ 6,813,220	\$ 5,944,728	\$ -	\$ 1,895,384	\$ 3,600,450	\$ 18,253,782

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

City of Lake Wales, Florida

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of the Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2025

Net change in fund balances of the governmental funds \$ (2,319,040)

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

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

Capital asset additions	\$ 10,539,078	
Capital asset disposals	(324,751)	
Depreciation expense	<u>(2,005,984)</u>	8,208,343

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

(538,222)

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

New debt	(801,033)	
Principal paid	<u>1,389,059</u>	588,026

Governmental funds report the effect of prepaid bond insurance when the debt is first issued, whereas these amounts are reported as a prepaid asset on the statement of net position and amortized in the statement of activities.

This is the bond insurance costs amortized in the statement of activities in the current year

	<u>(3,492)</u>	(3,492)
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Other long-term obligations are reported in the government-wide statement of net position as liabilities, but not at the fund level as they do not require the use of current financial resources and therefore are reported as revenues when received and expenditures when paid:

(Increase) in compensated absences liability	(183,293)	
Decrease in interest accrued on long term debt	<u>17,603</u>	(165,690)

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

(Decrease) in deferred outflows related to pensions	(2,124,284)	
(Increase) in deferred inflows related to pensions	(2,759,034)	
Decrease in the net pension liability	<u>5,745,899</u>	862,581

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

(Decrease) in deferred outflows related to OPEB	(10,462)	
Decrease in deferred inflows related to OPEB	45,681	
(Increase) in the total OPEB liability	<u>(67,211)</u>	<u>(31,992)</u>

Change in net position of governmental activities \$ 6,600,514

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

City of Lake Wales, Florida
Statement of Net Position - Proprietary Funds
September 30, 2025

	<u>Public Utilities Fund</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total Enterprise Funds</u>
Assets			
Current assets			
Cash and cash equivalents	\$ 5,704,116	\$ 1,230,022	\$ 6,934,138
Receivables, net	1,713,052	143,865	1,856,917
Lease receivable, current	145,711	-	145,711
Restricted cash and cash equivalents:			
Debt reserve accounts	184,199	-	184,199
Escrow - C street project	8,610	-	8,610
Impact fees	8,038,256	-	8,038,256
Customer deposits	1,857,446	-	1,857,446
Debt reserve accounts	1,089,471	-	1,089,471
Impact fees	470,586	-	470,586
Inventories	786,056	-	786,056
Due from other funds	220,071	-	220,071
Prepaid items	<u>5,612</u>	<u>-</u>	<u>5,612</u>
Total current assets	<u>20,223,186</u>	<u>1,373,887</u>	<u>21,597,073</u>
Noncurrent assets			
Lease receivable, noncurrent	2,322,153	-	2,322,153
Capital assets:			
Nondepreciable	1,865,832	348,850	2,214,682
Depreciable, net	<u>60,450,145</u>	<u>904,770</u>	<u>61,354,915</u>
Total noncurrent assets	<u>64,638,130</u>	<u>1,253,620</u>	<u>65,891,750</u>
Total assets	<u>84,861,316</u>	<u>2,627,507</u>	<u>87,488,823</u>
Deferred outflows of resources			
Deferred outflows related to OPEB	13,267	-	13,267
Deferred outflows related to pensions	<u>251,073</u>	<u>-</u>	<u>251,073</u>
Total deferred outflows of resources	<u>264,340</u>	<u>-</u>	<u>264,340</u>
Total assets and deferred outflows of resources	<u>\$ 85,125,656</u>	<u>\$ 2,627,507</u>	<u>\$ 87,753,163</u>

Continued ...

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

City of Lake Wales, Florida

Statement of Net Position - Proprietary Funds

September 30, 2025

(Concluded)

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Public Utilities Fund</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total Enterprise Funds</u>
Liabilities			
Current liabilities			
Accounts payable	\$ 320,301	\$ 40,895	\$ 361,196
Construction payable	107,500	-	107,500
Accrued liabilities	126,085	-	126,085
Accrued interest	86,028	2,553	88,581
Due to other funds	-	225,452	225,452
Customer deposits	1,857,446	-	1,857,446
Unearned revenues	729,476	-	729,476
Accrued compensated absences	21,729	-	21,729
Current portion of long-term debt	1,930,661	57,423	1,988,084
Total current liabilities	<u>5,179,226</u>	<u>326,323</u>	<u>5,505,549</u>
Noncurrent liabilities			
Notes and lease obligations payable - noncurrent	25,121,846	416,291	25,538,137
Accrued compensated absences	195,560	-	195,560
Total OPEB liability	93,529	-	93,529
Net pension liability	181,430	-	181,430
Joint venture loan guarantee	364,354	-	364,354
Total noncurrent liabilities	<u>25,956,719</u>	<u>416,291</u>	<u>26,373,010</u>
Total liabilities	<u>31,135,945</u>	<u>742,614</u>	<u>31,878,559</u>
Deferred inflows of resources			
Deferred inflows related to OPEB	44,325	-	44,325
Deferred inflows related to pensions	380,117	-	380,117
Deferred inflows related to leases	2,457,454	-	2,457,454
Total deferred inflows of resources	<u>2,881,896</u>	<u>-</u>	<u>2,881,896</u>
Net position			
Net investment in capital assets	35,155,970	779,906	35,935,876
Restricted for capital projects	8,517,452	-	8,517,452
Restricted for debt service	1,187,642	-	1,187,642
Unrestricted	6,246,751	1,104,987	7,351,738
Total net position	<u>\$ 51,107,815</u>	<u>\$ 1,884,893</u>	<u>\$ 52,992,708</u>

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

City of Lake Wales, Florida

Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds
For the Year Ended September 30, 2025

	Business-type Activities - Enterprise Funds		
	Public	Nonmajor	Total
	Utilities	Enterprise	Enterprise
	Fund	Funds	Funds
Operating revenues:			
Charges for services	\$ 13,140,026	\$ 659,751	\$ 13,799,777
Other income	151,595	-	151,595
Total operating revenues	13,291,621	659,751	13,951,372
Operating expenses:			
Personnel services	3,130,908	-	3,130,908
Contractual services	587,608	61,311	648,919
Repairs and maintenance	1,316,755	568,801	1,885,556
Materials and supplies	496,745	-	496,745
General and administrative	2,027,961	379,917	2,407,878
Depreciation	2,457,190	45,064	2,502,254
Total operating expenses	10,017,167	1,055,093	11,072,260
Operating income (loss)	3,274,454	(395,342)	2,879,112
Nonoperating revenues (expenses)			
Interest income	410,917	24,802	435,719
Interest expense and fiscal charges	(355,884)	(13,219)	(369,103)
Other nonoperating expense	(7,043)	-	(7,043)
Gain (loss) on sale of capital assets	3,941	-	3,941
Total nonoperating revenues (expenses)	51,931	11,583	63,514
Income (loss) before contributions and transfers	3,326,385	(383,759)	2,942,626
Capital contributions			
Grants	37,975	-	37,975
Impact fees	2,622,401	-	2,622,401
Total capital contributions	2,660,376	-	2,660,376
Transfers			
Transfers in	-	400,000	400,000
Transfers out	(2,025,000)	-	(2,025,000)
Total transfers	(2,025,000)	400,000	(1,625,000)
Change in net position	3,961,761	16,241	3,978,002
Net position, beginning of year	47,146,054	1,868,652	49,014,706
Net position, end of year	\$ 51,107,815	\$ 1,884,893	\$ 52,992,708

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

City of Lake Wales, Florida
Statement of Cash Flows - Proprietary Funds
For the Year Ended September 30, 2025

	Business-type Activities - Enterprise Funds		
	Public	Nonmajor	Total
	Utilities	Enterprise	Enterprise
	Fund	Funds	Funds
Cash flows from operating activities			
Cash received from customers	\$ 13,770,588	\$ 659,488	\$ 14,430,076
Cash payments to suppliers for goods and services	(4,913,962)	(1,003,155)	(5,917,117)
Cash payments for employee services	(3,206,092)	-	(3,206,092)
Net cash provided by (used in) operating activities	5,650,534	(343,667)	5,306,867
Cash flows from noncapital financing activities			
Loans (to) from other funds	(164,759)	170,140	5,381
Transfer to (from) other funds	(2,025,000)	400,000	(1,625,000)
Net cash provided by (used in) noncapital financing activities	(2,189,759)	570,140	(1,619,619)
Cash flows from capital and related financing activities			
Acquisition and construction of capital assets	(2,167,198)	(114,481)	(2,281,679)
Impact fees	2,622,401	-	2,622,401
Capital grants	37,975	-	37,975
Debt issuance proceeds	2,234,051	-	2,234,051
Principal payments on long-term debt	(1,703,077)	(49,011)	(1,752,088)
Interest paid	(351,404)	(13,903)	(365,307)
Proceeds from sale of equipment	3,941	-	3,941
Net cash used in capital and related financing activities	676,689	(177,395)	499,294
Cash flows from investing activities			
Interest income	410,919	24,802	435,721
Net cash provided by investing activities	410,919	24,802	435,721
Net increase (decrease) in cash and cash equivalents	4,548,383	73,880	4,622,263
Cash and cash equivalents, beginning of year	12,804,301	1,156,142	13,960,443
Cash and cash equivalents, end of year	\$ 17,352,684	\$ 1,230,022	\$ 18,582,706

continued...

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

City of Lake Wales, Florida
Statement of Cash Flows - Proprietary Funds
For the Year Ended September 30, 2025
(Concluded)

	Business-type Activities - Enterprise Funds		
	Public	Nonmajor	Total
	Utilities	Enterprise	Enterprise
	Fund	Funds	Funds
Reconciliation of cash and cash equivalents to statement of net position:			
Cash and cash equivalents	\$ 5,704,116	\$ 1,230,022	\$ 6,934,138
Restricted cash and cash equivalents	11,648,568	-	11,648,568
Cash and cash equivalents, end of year	\$ 17,352,684	\$ 1,230,022	\$ 18,582,706
Reconciliation of operating income to net cash provided by operating activities			
Operating income (loss)	\$ 3,274,454	\$ (395,342)	\$ 2,879,112
Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities:			
Depreciation	2,457,190	45,064	2,502,254
(Increase) decrease in assets and deferred outflows:			
Accounts receivable	6,532	(263)	6,269
Inventories	(209,170)	-	(209,170)
Prepaid	9,315	-	9,315
Lease receivables	141,209	-	141,209
Deferred outflows related to pensions	266,819	-	266,819
Deferred outflows related to OPEB	2,335	-	2,335
Increase (decrease) in liabilities and deferred inflows:			
Accounts payable	(285,038)	6,874	(278,164)
Accrued liabilities	4,801	-	4,801
Customer deposits	194,348	-	194,348
Unearned revenue	284,971	-	284,971
Compensated absences	10,752	-	10,752
Total OPEB liability	14,999	-	14,999
Net pension liability	(744,813)	-	(744,813)
Deferred inflows related to OPEB	(10,194)	-	(10,194)
Deferred inflows related to pensions	380,117	-	380,117
Deferred inflows related to leases	(148,093)	-	(148,093)
Net cash provided by operating activities	\$ 5,650,534	\$ (343,667)	\$ 5,306,867

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

City of Lake Wales, Florida
Statement of Net Position - Fiduciary Funds
September 30, 2025

	Pension Trust Funds	Custodial Fund
Assets		
Cash and cash equivalent	\$ -	\$ 400,014
Investments, at fair value:		
Money market funds	1,740,378	-
Government bonds	2,773,769	-
Government assets backed/CMO securities	9,416,842	-
Taxable municipal bonds	352,729	-
Foreign bonds	170,183	-
Corporate bonds and notes	2,403,477	-
Common and preferred stock	38,343,094	-
Real estate investment fund	2,228,676	-
Total investments	<u>57,429,148</u>	<u>-</u>
Receivable (net):		
Interest and dividends	139,871	-
Due from City	93,363	-
Total receivable	<u>233,234</u>	<u>-</u>
Total assets	<u>57,662,382</u>	<u>400,014</u>
Liabilities		
Accounts payable	39,868	-
Due to other governments	-	400,014
Total liabilities	<u>39,868</u>	<u>400,014</u>
Net position		
Net position restricted for pension benefits	<u>\$ 57,622,514</u>	<u>\$ -</u>

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

City of Lake Wales, Florida

Statement of Changes in Fiduciary Net Position - Fiduciary Funds
For the Year Ended September 30, 2025

	Pension Trust Funds	Custodial Fund
Additions		
Contributions:		
Employer	\$ 1,961,189	\$ -
State of Florida	402,494	-
Employee	665,452	-
Fees collected on behalf of other governments	-	5,586,033
Total contributions	<u>3,029,135</u>	<u>5,586,033</u>
Interest and dividends	1,134,814	-
Net decrease in the fair value of investments	<u>5,970,064</u>	-
Investment gain	7,104,878	-
Investment expense	<u>(275,683)</u>	-
Investment gain, less investment expense	<u>6,829,195</u>	-
Total additions	<u>9,858,330</u>	<u>5,586,033</u>
Deductions		
Benefit payments, including refunds of employee contributions	2,898,057	-
Administration	222,639	-
Remittance of fees to other governments	-	5,586,033
Total deductions	<u>3,120,696</u>	<u>5,586,033</u>
Change in net position	6,737,634	-
Total net position - beginning of year	<u>50,884,880</u>	-
Total net position - end of year	<u>\$ 57,622,514</u>	<u>\$ -</u>

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

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2025

I. Summary of significant accounting policies

A. Reporting entity

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

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

Blended Component Unit. The following component unit was determined to be a blended component unit of the primary government for financial reporting:

- The Lake Wales Community Redevelopment Agency (CRA) was created pursuant to Chapter 163, Florida Statutes, and is governed by Sections 2-71 through 2-74 of the City Code of Ordinances. In accordance with Section 2-72, the City Commission serves as the CRA governing board. In addition, the City and CRA have the same management team. In evaluating this potential component unit, it was determined that the CRA is a separate legal entity but should be treated as a blended component unit and included as part of the primary government for reporting purposes. The CRA is presented in the financial statements of the City as a special revenue fund and issued separate stand-alone audited financial statements for fiscal year ending September 30, 2025.

Discretely Presented Component Unit. The following component units were determined to be discretely presented component units of the primary government for financial reporting:

- The Lake Wales Library District (Library District) was created pursuant to Chapter 57-1488, Laws of Florida, and is governed by Section 2-116 of the Code of Ordinances. The City Commission appoints the Board of Directors. Chapter 57-1488, Laws of Florida, authorizes the City Commission to levy up to one mil in property taxes to establish, maintain, and operate a public municipal library. The City Commission approves the Library District's budget, levies the ad valorem property tax for the library operations, appoints the Library Board of Directors and has operational responsibility for the library. In evaluating this potential component unit, it was determined that the Library District is a separate legal entity governed by a board of five members separate from the City Commission and is treated as a discretely presented component unit for reporting purposes.

City of Lake Wales, Florida

Notes to the Financial Statements September 30, 2025

The Library District meets the dependent special district criteria provided by Section 189.403(2), Florida Statutes. Section 218.39(3), Florida Statutes provides that a dependent special district may make provision for an annual financial audit by being included within the audit of another local governmental entity upon which it is dependent. The Library District and the City of Lake Wales have made this election. The Library District did not issue separate audited financial statements for the fiscal year ending September 30, 2025.

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

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

The Airport Authority meets the dependent special district criteria provided by Section 189.403(2), Florida Statutes. Section 218.39(3), Florida Statutes provides that a dependent special district may make provision for an annual financial audit by being included within the audit of another local governmental entity upon which it is dependent. The Airport Authority and the City of Lake Wales have made this election. The Lake Wales Airport Authority did not issue separate audited financial statements for fiscal year ending September 30, 2025.

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

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

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2025

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases or subscriptions are reported as other financing sources.

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

The City reports the following major governmental funds:

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

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2025

The City reports the following major proprietary fund:

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

Additionally, the City reports the following fund types:

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

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the Public Utilities Fund, Stormwater Fund and the LWMG Cemetery Fund are charges to customers for sales and services. The Public Utilities Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include personal and contractual services, repairs and maintenance, material and supplies, and general and administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2025

D. Assets, liabilities, and net position or equity

1. Deposits and investments

Cash and Cash Equivalents and Investments

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

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

Investments – City

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

Investments – Pension Funds

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

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

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2025

2. *Receivables*

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

3. *Inventories and prepaid items*

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are recorded using the consumption method of accounting. Under the consumption method, services paid for in advance are reported as an asset until the period in which the services are consumed.

4. *Restricted assets*

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

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

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

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

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

5. *Interest Costs*

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

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2025

6. Capital assets

Capital assets, which include property, plant, equipment, intangible and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, other than infrastructure assets, are defined by the government as assets with an initial, individual cost of more than \$5,000 and estimated useful life in excess of one year. The government reports infrastructure assets on a network and subsystem basis. Accordingly, the amount spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements regardless of their amount.

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

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

<u>Assets</u>	<u>Years</u>
Water and Wastewater Treatment Disposal Plants	50-67
Other Buildings	10-50
Water Distribution System	40
Sewer Collection System	50
Tanks and Storage	40
Airport Runways and Other Airport Infrastructure	10-20
Equipment	3-25
Vehicles	6-10
Wells and Pumping Equipment	15-50
Other Improvements	5-50
Other Infrastructure	15-50
Right to Use Leased Equipment	5-12

7. Deferred outflows/inflows of resources

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

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

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2025

8. *Compensated absences*

Effective for the fiscal year ended September 30, 2025, the City implemented GASB Statement No. 101, Compensated Absences.

The City's policies permit employees to accumulate vacation and sick time up to certain limits and to be compensated for these upon termination of employment. For financial reporting purposes, the City applies a leave utilization assumption under which leave is used on a last-in, first-out (LIFO) basis. Under this approach, future leave is considered earned in the future; accordingly, at each reporting date the compensated absences liability reflects the amount that would be paid if an employee terminated employment as of that date. The liability for compensated absences is recorded in the government-wide statements and in the proprietary fund financial statements under noncurrent liabilities. Governmental funds do not report the compensated absences liability unless the liability has matured as a result of employee resignations or retirements.

Management's evaluation of accrued leave balances as of September 30, 2024 indicated that implementation of GASB 101 did not result in a material change in the City's previously reported compensated absences liability.

9. *Long-term obligations*

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as refunding losses, are amortized over the life of the bonds using the bonds outstanding method or the straight-line method, which both approximate the effective interest method. Bonds payable are reported net of the applicable bond premium, discount or refunding loss. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

10. *Leases*

Lessee: The City recognizes lease liabilities and intangible right-to-use lease assets in the government-wide financial statements in accordance with its capitalization policy for leased assets. Because right-to-use leased assets are largely offset by corresponding lease liabilities and have limited impact on net operations, the City applies a capitalization threshold for leased assets that is higher than the \$5,000 threshold used for individual tangible capital assets.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight - line basis over its useful life which varies but is typically 5-12 years.

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.

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2025

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

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

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

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

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

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

11. Fund Balances

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

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

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2025

- **Unassigned** - This classification is used for (a) negative unrestricted fund balances in any governmental fund, or (b) fund balances within the general fund that are not restricted, committed or assigned.

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

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

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

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

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

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

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

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

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2025

12. Revenue Recognition

Utility revenues are recognized when customers are billed, unless there has been a significant change in meter reading dates. In that event, unbilled or unearned revenues are recorded for consistency. Included in accounts receivable on September 30, 2025, are unbilled amounts totaling \$895,552 (\$673,760 enterprise funds and \$221,792 general fund).

13. Property Taxes

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the Polk County Property Appraiser and the Polk County Tax Collector. The laws of the state regulating tax assessments are also designed to assure a consistent property valuation method state-wide. Florida Statutes permit municipalities to levy property taxes at a rate of up to 10.00 mills. The City's millage rate for the 2025 fiscal year was 7.0462 mills.

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

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

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

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

14. Pension Plans

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

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2025

II. Stewardship, compliance, and accountability

A. Budgetary information

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

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

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

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

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2025

III. Detailed notes on all funds

A. Deposits and investments

Deposits

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

On September 30, 2025, the carrying amount of cash on hand and on deposit with banks, including interest-bearing deposits was \$37,452,013 and the related bank balance was \$37,501,801.

Investments – City

On September 30, 2025, the carrying amount of investments was zero as the City did not report any investments. The City seeks to optimize return on investments within the constraints of safety and liquidity.

Investments – Pension Funds

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

On September 30, 2025, pension trust funds' investments are valued at fair value, with the exception of money market mutual funds, which are presented at amortized cost, and the fire and police pension plans' pooled real estate investments which are presented at net asset value (NAV).

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City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2025

Investments – Fair Value

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

The City’s pension trust funds have the following carrying values as of September 30, 2025, based on measurement criteria as specified:

General Employees' Pension Trust Fund:

	September 30, 2025	Level 1	Level 2	Amortized Cost
Investments at fair value				
Money market mutual funds	\$ 707,166	\$ -	\$ -	\$ 707,166
Government bonds	760,807	32,265	728,542	-
Government asset-backed/ CMO securities	3,641,767	-	3,641,767	-
Taxable municipal bonds	116,474	-	116,474	-
Foreign bonds	76,274	-	76,274	-
Corporate bonds and notes	941,478	54,977	886,501	-
Common and preferred stock	12,412,911	11,629,281	783,630	-
Total investments measured at fair value	<u>\$ 18,656,877</u>	<u>\$ 11,716,523</u>	<u>\$ 6,233,188</u>	<u>\$ 707,166</u>

Firefighters' Pension Trust Fund:

	September 30, 2025	Level 1	Level 2	Amortized Cost
Investments at fair value				
Money market mutual funds	\$ 328,939	\$ -	\$ -	\$ 328,939
Government bonds	726,486	35,178	691,308	-
Government asset-backed/ CMO securities	2,218,101	-	2,218,101	-
Taxable municipal bonds	92,762	-	92,762	-
Foreign bonds	34,592	-	34,592	-
Corporate bonds and notes	576,736	30,543	546,193	-
Common and preferred stock	10,231,566	9,540,095	691,471	-
Total investments measured at fair value	14,209,182	<u>\$ 9,605,816</u>	<u>\$ 4,274,427</u>	<u>\$ 328,939</u>
Investments measured at net asset value (NAV)				
Real estate investment fund	823,307			
Total investments	<u>\$ 15,032,489</u>			

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2025

Police Officers' Pension Trust Fund:

	September 30, 2025	Level 1	Level 2	Amortized Cost
Investments at fair value				
Money market mutual funds	\$ 704,273	\$ -	\$ -	\$ 704,273
Government bonds	1,286,476	84,183	1,202,293	-
Government asset-backed/ CMO securities	3,556,974	-	3,556,974	-
Taxable municipal bonds	143,493	-	143,493	-
Foreign bonds	59,317	-	59,317	-
Corporate bonds and notes	885,263	78,393	806,870	-
Common and preferred stock	15,698,617	14,524,401	1,174,216	-
Total investments measured at fair value	<u>22,334,413</u>	<u>\$ 14,686,977</u>	<u>\$ 6,943,163</u>	<u>\$ 704,273</u>
Investments measured at net asset value (NAV)				
Real estate investment fund	<u>1,405,369</u>			
Total investments	<u>\$ 23,739,782</u>			

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

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

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

	<u>General Employees</u>	<u>Fire Fighters</u>	<u>Police Officers</u>
Domestic Equity Securities	55%	50%	50%
Fixed Income Securities	32%	25%	25%
International Equity	10%	15%	15%
Cash	3%	0%	0%
Private Real Estate	0%	10%	10%

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

City of Lake Wales, Florida

Notes to the Financial Statements September 30, 2025

Information related to interest rate and credit risk for the pension trust funds' fixed income investments on September 30, 2025 is summarized below:

General Employees' Pension Trust Fund:

<u>Investment Type</u>	<u>Credit Rating (S&P's)</u>	<u>Fair Value/ Amortized Cost</u>	<u>Weighted Average Maturity (years)</u>
Money Market Funds	N/R	\$ 707,166	<1
Corporate Bonds	AAA	24,953	
Corporate Bonds	AA+	91,311	
Corporate Bonds	AA	90,835	
Corporate Bonds	AA-	80,461	
Corporate Bonds	A+	90,690	
Corporate Bonds	A	143,037	
Corporate Bonds	A-	243,830	
Corporate Bonds	BBB+	117,400	
Corporate Bonds	BBB	11,879	
Corporate Bonds	N/R	<u>47,082</u>	
Total Corporate Bonds		941,478	14.50
Government Bonds	AA+	760,807	12.42
Government asset-backed/CMO Sec.	AAA	206,191	
Government asset-backed/CMO Sec.	AA+	2,618,451	
Government asset-backed/CMO Sec.	AA	89,044	
Government asset-backed/CMO Sec.	A+	24,215	
Government asset-backed/CMO Sec.	A	264,467	
Government asset-backed/CMO Sec.	A-	69,207	
Government asset-backed/CMO Sec.	N/R	<u>370,192</u>	
Total Government asset-backed/CMO Sec.		3,641,767	20.65
Foreign Bonds	**	76,274	5.12
Taxable Municipal Bonds	AAA	20,531	
Taxable Municipal Bonds	AA	22,801	
Taxable Municipal Bonds	A+	13,523	
Taxable Municipal Bonds	AA-	36,965	
Taxable Municipal Bonds	N/R	<u>22,654</u>	
Total Taxable Municipal Bonds		116,474	15.41
Equities	N/R	<u>12,412,911</u>	na
Total Fair Value		<u><u>\$ 18,656,877</u></u>	

*Credit rating on the above bonds that were rated varied from AA+ to BBB+

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

N/R = Not rated

City of Lake Wales, Florida
Notes to the Financial Statements
September 30, 2025

Firefighters' Pension Trust Fund:

Investment Type	Credit Rating (Moody)	Fair Value/ Amortized Cost	Weighted Average Maturity
Money Market Funds	N/R	\$ 328,939	<1
Corporate Bonds	AA+	75,977	
Corporate Bonds	AA	39,370	
Corporate Bonds	AA-	31,867	
Corporate Bonds	A+	91,119	
Corporate Bonds	A	102,533	
Corporate Bonds	A-	138,608	
Corporate Bonds	BBB+	73,296	
Corporate Bonds	BBB	8,909	
Corporate Bonds	N/R	<u>15,057</u>	
Total Corporate Bonds		576,736	14.25
Government Bonds	AA+	726,486	12.50
Government asset-backed/CMO Sec.	AAA	128,552	
Government asset-backed/CMO Sec.	AA+	1,835,381	
Government asset-backed/CMO Sec.	AA	3,973	
Government asset-backed/CMO Sec.	A+	15,623	
Government asset-backed/CMO Sec.	A	59,017	
Government asset-backed/CMO Sec.	A-	34,165	
Government asset-backed/CMO Sec.	N/R	<u>141,390</u>	
Total Government asset-backed/CMO Sec.		2,218,101	21.12
Foreign Bonds	**	34,592	3.57
Taxable Municipal Bonds	AAA	33,256	
Taxable Municipal Bonds	AA	15,219	
Taxable Municipal Bonds	A+	9,015	
Taxable Municipal Bonds	AA-	14,451	
Taxable Municipal Bonds	N/R	<u>20,821</u>	
Total Taxable Municipal Bonds		92,762	16.14
Real estate investment fund	N/R	823,307	na
Equities	N/R	<u>10,231,566</u>	na
Total Fair Value		<u><u>\$ 15,032,489</u></u>	

*Credit rating on the above bonds that were rated varied from AA+ to BBB+

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

N/R = Not rated

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2025

Police Officers' Pension Trust Fund:

Investment Type	Credit Rating (S&P's)	Fair Value/ Amortized Cost	Weighted Average Maturity
Money Market Funds	N/R	\$ 704,273	<1
Corporate Bonds	AA+	141,985	
Corporate Bonds	AA	33,690	
Corporate Bonds	AA-	53,923	
Corporate Bonds	A+	115,637	
Corporate Bonds	A	141,987	
Corporate Bonds	A-	191,963	
Corporate Bonds	BBB+	169,026	
Corporate Bonds	N/R	<u>37,052</u>	
Total Corporate Bonds		885,263	13.79
Government Bonds	AA+	1,286,476	11.44
Government asset-backed/CMO Sec.	AAA	259,402	
Government asset-backed/CMO Sec.	AA+	2,693,539	
Government asset-backed/CMO Sec.	A+	31,102	
Government asset-backed/CMO Sec.	A	123,567	
Government asset-backed/CMO Sec.	A-	69,207	
Government asset-backed/CMO Sec.	N/R	<u>380,157</u>	
Total Government asset-backed/CMO Sec.		3,556,974	20.28
Foreign Bonds	**	59,317	4.04
Taxable Municipal Bonds	AAA	35,975	
Taxable Municipal Bonds	AA	29,173	
Taxable Municipal Bonds	A+	18,030	
Taxable Municipal Bonds	AA-	24,085	
Taxable Municipal Bonds	N/R	<u>36,230</u>	
Total Taxable Municipal Bonds		143,493	17.04
Real estate investment fund	N/R	1,405,369	na
Equities	N/R	<u>15,698,617</u>	na
Total Fair Value		<u><u>\$ 23,739,782</u></u>	

*Credit rating on the above bonds that were rated varied from AA+ to BBB+

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

N/R = Not rated

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

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2025

Interest rate risk

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

Concentration of credit risk

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

Custodial credit risk - deposits

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of September 30, 2025, the City's cash deposits were entirely covered by federal depository insurance or by the banking network provided by Chapter 280 of the Florida Statutes. Florida Statutes provide for collateral pooling by banks and savings and loans and limit local government deposits to "qualified public depositories."

Custodial credit risk - investments

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

B. Receivables

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

	General	Community Redevelopment	Transportation Fund	Other Governmental Funds	Total Governmental Funds	Enterprise - Business Type	Total
Receivable:							
Taxes	\$ 222,888	\$ -	\$ -	\$ -	\$ 222,888	\$ -	\$ 222,888
Franchise fees	215,303	-	-	-	215,303	-	215,303
Accounts	262,036	8,681	-	-	270,717	1,790,604	2,061,321
Unbilled amounts	221,793	-	-	-	221,793	673,760	895,553
Gross receivables	922,020	8,681	-	-	930,701	2,464,364	3,395,065
Less: allowance for uncollectibles	(74,275)	-	-	-	(74,275)	(607,447)	(681,722)
Net total receivable	<u>\$ 847,745</u>	<u>\$ 8,681</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 856,426</u>	<u>\$ 1,856,917</u>	<u>\$ 2,713,343</u>
Intergovernmental							
Receivables	<u>\$ 346,111</u>	<u>\$ 8,750</u>	<u>\$ 278,323</u>	<u>\$ 20,534</u>	<u>\$ 653,718</u>	<u>\$ -</u>	<u>\$ 653,718</u>
Lease receivables	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,467,864</u>	<u>\$ 2,467,864</u>

The City delays revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of *unearned revenue* reported in the governmental funds totaled \$1,927,307 and in the enterprise funds totaled \$729,476 and are reported as unearned as these funds have not been used on allowable expenditures as of September 30, 2025.

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2025

C. Capital assets

Capital asset activity for the year ended September 30, 2025 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reclassification</u>	<u>Disposals</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets not being depreciated					
Land	\$ 5,047,299	\$ 305,122	\$ -	\$ (362,776)	\$ 4,989,645
Construction in progress	16,504,578	4,357,141	(19,292,563)	(35,274)	1,533,882
Total capital assets, not being depreciated	<u>21,551,877</u>	<u>4,662,263</u>	<u>(19,292,563)</u>	<u>(398,050)</u>	<u>6,523,527</u>
Capital assets being depreciated:					
Buildings	15,702,269	560,143	-	-	16,262,412
Improvements other than buildings	9,907,797	674,320	18,563,563	(1,422)	29,144,258
Machinery and equipment	11,086,749	632,323	729,000	(154,985)	12,293,087
Infrastructure	22,047,226	3,377,659	-	-	25,424,885
Right to use leased equipment	5,949,719	632,370	-	-	6,582,089
Total depreciable capital assets	<u>64,693,760</u>	<u>5,876,815</u>	<u>19,292,563</u>	<u>(156,407)</u>	<u>89,706,731</u>
Total all capital assets	<u>86,245,637</u>	<u>10,539,078</u>	<u>-</u>	<u>(554,457)</u>	<u>96,230,258</u>
Less accumulated depreciation for:					
Buildings	(6,445,637)	(366,147)	-	14,876	(6,796,908)
Improvements other than buildings	(6,715,204)	(334,353)	-	5,213	(7,044,344)
Machinery and equipment	(10,045,834)	(271,340)	-	209,617	(10,107,557)
Infrastructure	(18,688,759)	(543,823)	-	-	(19,232,582)
Right to use leased equipment	(3,417,936)	(490,321)	-	-	(3,908,257)
Total accumulated depreciation	<u>(45,313,370)</u>	<u>(2,005,984)</u>	<u>-</u>	<u>229,706</u>	<u>(47,089,648)</u>
Depreciable capital assets, net	<u>19,380,390</u>	<u>3,870,831</u>	<u>19,292,563</u>	<u>73,299</u>	<u>42,617,083</u>
Total governmental activities capital assets, net	<u>\$ 40,932,267</u>	<u>\$ 8,533,094</u>	<u>\$ -</u>	<u>\$ (324,751)</u>	<u>\$ 49,140,610</u>

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

Governmental activities:	
General government	\$ 147,464
Public safety	573,724
Physical environment	124,898
Transportation	619,272
Economic environment	11,471
Human services	10,174
Culture and recreation	518,981
Total governmental activities depreciation expense	<u>\$ 2,005,984</u>

City of Lake Wales, Florida

Notes to the Financial Statements September 30, 2025

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reclassification</u>	<u>Disposals</u>	<u>Ending Balance</u>
Business-type activities					
Capital assets not being depreciated					
Land	\$ 850,497	\$ -	\$ -	\$ -	\$ 850,497
Construction in progress	1,372,898	980,915	(989,628)	-	1,364,185
Total capital assets, not being depreciated	<u>2,223,395</u>	<u>980,915</u>	<u>(989,628)</u>	<u>-</u>	<u>2,214,682</u>
Capital assets being depreciated:					
Buildings	6,378,975	-	246,168	-	6,625,143
Improvements other than buildings	82,183,550	960,963	743,460	-	83,887,973
Machinery and equipment	7,335,144	119,165	-	-	7,454,309
Right to use leased equipment	464,916	202,034	-	-	666,950
Total depreciable capital assets	<u>96,362,585</u>	<u>1,282,162</u>	<u>989,628</u>	<u>-</u>	<u>98,634,375</u>
Total all capital assets	<u>98,585,980</u>	<u>2,263,077</u>	<u>-</u>	<u>-</u>	<u>100,849,057</u>
Less accumulated depreciation for:					
Buildings	(1,189,811)	(151,095)	-	-	(1,340,906)
Improvements other than buildings	(27,045,388)	(2,126,331)	-	-	(29,171,719)
Machinery and equipment	(6,265,130)	(168,294)	-	-	(6,433,424)
Right to use leased equipment	(276,877)	(56,534)	-	-	(333,411)
Total accumulated depreciation	<u>(34,777,206)</u>	<u>(2,502,254)</u>	<u>-</u>	<u>-</u>	<u>(37,279,460)</u>
Depreciable capital assets, net	<u>61,585,379</u>	<u>(1,220,092)</u>	<u>989,628</u>	<u>-</u>	<u>61,354,915</u>
Total business-type activities capital assets, net	<u>\$ 63,808,774</u>	<u>\$ (239,177)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,569,597</u>

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

Business-type activities:

Water	\$ 1,063,716
Sewer	1,393,474
Cemetery	29,008
Stormwater	16,056
	<u>16,056</u>

Total business-type activities depreciation expense \$ 2,502,254

Discretely presented component units:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reclassification</u>	<u>Disposals</u>	<u>Ending Balance</u>
Airport Authority					
Capital assets not being depreciated					
Land	\$ 1,625,274	\$ -	\$ -	\$ -	\$ 1,625,274
Construction in progress	137,900	-	-	(5)	137,895
Total capital assets, not being depreciated	<u>1,763,174</u>	<u>-</u>	<u>-</u>	<u>(5)</u>	<u>1,763,169</u>
Capital assets being depreciated:					
Buildings	2,608,866	-	-	-	2,608,866
Improvements other than buildings	22,121,888	1,184,648	-	-	23,306,536
Machinery and equipment	968,882	125,265	-	-	1,094,147
Total depreciable capital assets	<u>25,699,636</u>	<u>1,309,913</u>	<u>-</u>	<u>-</u>	<u>27,009,549</u>
Total all capital assets	<u>27,462,810</u>	<u>1,309,913</u>	<u>-</u>	<u>(5)</u>	<u>28,772,718</u>
Less accumulated depreciation for:					
Buildings	(858,118)	(55,791)	-	-	(913,909)
Improvements other than buildings	(10,271,545)	(1,196,684)	-	-	(11,468,229)
Machinery and equipment	(662,702)	(54,078)	-	-	(716,780)
Total accumulated depreciation	<u>(11,792,365)</u>	<u>(1,306,553)</u>	<u>-</u>	<u>-</u>	<u>(13,098,918)</u>
Depreciable capital assets, net	<u>13,907,271</u>	<u>3,360</u>	<u>-</u>	<u>-</u>	<u>13,910,631</u>
Total governmental activities capital assets, net	<u>\$ 15,670,445</u>	<u>\$ 3,360</u>	<u>\$ -</u>	<u>\$ (5)</u>	<u>\$ 15,673,800</u>

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2025

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reclassification</u>	<u>Disposals</u>	<u>Ending Balance</u>
Library District					
Capital assets not being depreciated					
Land	\$ 263	\$ -	\$ -	\$ -	\$ 263
Construction in progress	17,000	203,666	-	-	220,666
Total capital assets, not being depreciated	<u>17,263</u>	<u>203,666</u>	<u>-</u>	<u>-</u>	<u>220,929</u>
Capital assets being depreciated:					
Buildings	865,575	-	-	-	865,575
Improvements other than buildings	89,682	-	-	-	89,682
Machinery and equipment	1,847,853	69,761	-	-	1,917,614
Total depreciable capital assets	<u>2,803,110</u>	<u>69,761</u>	<u>-</u>	<u>-</u>	<u>2,872,871</u>
Total all capital assets	<u>2,820,373</u>	<u>273,427</u>	<u>-</u>	<u>-</u>	<u>3,093,800</u>
Less accumulated depreciation for:					
Buildings	(625,602)	(14,875)	-	-	(640,477)
Improvements other than buildings	(76,230)	(4,484)	-	-	(80,714)
Machinery and equipment	(1,515,937)	(53,029)	-	-	(1,568,966)
Total accumulated depreciation	<u>(2,217,769)</u>	<u>(72,388)</u>	<u>-</u>	<u>-</u>	<u>(2,290,157)</u>
Depreciable capital assets, net	<u>585,341</u>	<u>(2,627)</u>	<u>-</u>	<u>-</u>	<u>582,714</u>
Total governmental activities capital assets, net	<u>\$ 602,604</u>	<u>\$ 201,039</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 803,643</u>

Depreciation expense and accumulated depreciation in the above tables of Note C include amortization expense and accumulated amortization of the right-to-use leased equipment of the governmental and business-type activities.

D. Construction commitments

The City has active construction projects as of September 30, 2025. At year-end, the City's commitments with contractors are as follows:

<u>Projects</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Wastewater Master Plan	\$ 172,190	\$ 52,810
Water Master Plan	23,057	91,853
Water Treatment Plant Renovations	-	79,000
Headworks Modifications	476,880	174,120
RIB Site Assessment	10,620	16,480
Marietta Gravity Sewer	18,200	28,800
Scenic Highway Line Extensions	86,655	249,045
Waverly Acquisition	46,398	43,102
Lake Wales Memorial Garden Improvements	137,334	635,244
Total primary government	<u>\$ 971,334</u>	<u>\$ 1,370,454</u>

Lake Wales Airport Authority - discretely presented component unit:

<u>Projects</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Lighting, Signage and MIRLS	\$ 3,988	\$ 429,451
Wildlife Hazard Management Plan	3,156	45,544
AWOX-II and Airport Beacon	21,620	38,380
Total Lake Wales Airport Authority	<u>\$ 28,764</u>	<u>\$ 513,375</u>

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2025

Other Commitments:

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

E. Leases

Lease receivable – The City and the Authority report the following lease receivable elements:

- The City is party to several lease receivables related to antenna placement lease agreements, the oldest originally executed in 1998 and the most recent executed in 2006. Several of the lease agreements have been amended since the inception. The lease terms vary slightly but generally are for an initial 5-year period with the option of five additional 5-year renewal periods thereafter. The City recognized approximately \$148,093 in lease revenue during the fiscal year related to these leases. On September 30, 2025, the City's receivable for future lease payments was \$2,467,864. Also, the City reports a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term on a straight-line basis. On September 30, 2025, the balance of the deferred inflow of resources was \$2,457,454. These lease-related transactions are reported in the City's public utilities enterprise fund.

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

- The Authority is party to two lease receivables related to land lease agreements, both were effective October 1, 2024. The lease terms vary slightly but generally are for an initial 30-year period with the option of one additional 10-year renewal period thereafter. The Authority recognized approximately \$8,300 in lease revenue during the fiscal year related to these leases. On September 30, 2025, the Authority's receivable for future lease payments was \$314,279. Also, the Authority reports a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term on a straight-line basis. On September 30, 2025, the balance of the deferred inflow of resources was \$310,540.

The future lease receipts were discounted using an interest rate of 4.11% which was an estimated yield on high quality municipal bonds as of the beginning of the period of implementation (October 1, 2024).

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

F. Interfund receivable, payables and transfers

Interfund receivable or payable balances on September 30, 2025 were as follows:

Receivable Fund	Payable Fund	Amount
General	LWMG Cemetery	\$ 5,381
Public Utilities	Stormwater	220,071
Due to/from component unit:		
General	Airport Authority	<u>\$ 1,119,514</u>

The interfund receivables/payable represent interfund short-term borrowing that has not been repaid as of September 30, 2025.

City of Lake Wales, Florida

Notes to the Financial Statements September 30, 2025

The composition of interfund transfers for the year ended September 30, 2025 is as follows:

	Transfer In:						Total
	General	Debt Service	Transportation	CRA	Stormwater	LWMG Cemetery	
Transfer Out:							
General	\$ -	\$ -	\$ -	\$ 24,837	\$ 200,000	\$ 200,000	\$ 424,837
CRA	-	1,470,341	-	-	-	-	1,470,341
ARPA	3,399,184	-	1,263,180	-	-	-	4,662,364
Law Enforcement							
Grant	16,798	-	-	-	-	-	16,798
Public Utilities	2,025,000	-	-	-	-	-	2,025,000
Total	\$ 5,440,982	\$ 1,470,341	\$ 1,263,180	\$ 24,837	\$ 200,000	\$ 200,000	\$ 8,599,340

Transfers during the year were used to 1) move revenue from the fund with collection authorization to the debt service fund as debt service principal and interest payments became due, 2) move ARPA funds to reimburse funds where the revenues were ultimately utilized, including the Transportation Special Revenue Fund, 3) move general fund resources as a subsidy to the Stormwater and LWMG Cemetery funds, and 4) fund the annual budgeted transfer from the Public Utilities Fund to the General Fund.

G. Long-term debt

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

	Beginning Balance	Additions	Disposals	Ending Balance	Due Within One Year
Governmental activities:					
Notes and lease obligations payable:					
Notes payable	\$ 22,520,544	\$ -	\$ (846,925)	\$ 21,673,619	\$ 821,097
Lease payable	1,896,028	801,033	(542,134)	2,154,927	549,208
Total notes and lease payable	24,416,572	801,033	(1,389,059)	23,828,546	1,370,305
Other liabilities:					
Net pension liabilities	10,167,178	-	(5,745,899)	4,421,279	-
OPEB liability	351,580	67,211	-	418,791	-
Compensated absences	1,391,016	183,293	-	1,574,309	157,432
Total other liabilities	11,909,774	250,504	(5,745,899)	6,414,379	157,432
Governmental long-term liabilities	\$ 36,326,346	\$ 1,051,537	\$ (7,134,958)	\$ 30,242,925	\$ 1,527,737
	Beginning Balance	Additions	Disposals	Ending Balance	Due Within One Year
Business-type activities:					
Notes and lease obligations payable:					
Notes payable	\$ 26,905,419	\$ 2,032,016	\$ (1,669,257)	\$ 27,268,178	\$ 1,912,065
Lease payable	138,839	202,034	(82,830)	258,043	76,019
Total notes and lease payable	27,044,258	2,234,050	(1,752,087)	27,526,221	1,988,084
Other liabilities:					
Net pension liabilities	926,243	-	(744,813)	181,430	-
OPEB liability	78,530	14,999	-	93,529	-
Compensated absences	206,537	10,752	-	217,289	21,729
Joint venture loan guarantee	357,309	7,045	-	364,354	-
Total other liabilities	1,568,619	32,796	(744,813)	856,602	21,729
Business-type long-term liabilities	\$ 28,612,877	\$ 2,266,846	\$ (2,496,900)	\$ 28,382,823	\$ 2,009,813

City of Lake Wales, Florida

Notes to the Financial Statements

September 30, 2025

Discretely presented component unit:

	Beginning Balance	Additions	Disposals	Ending Balance	Due Within One Year
Airport Authority					
Notes payable:					
Notes payable	\$ 1,359,214	\$ -	\$ (194,214)	\$ 1,165,000	\$ 89,000
Total notes payable	1,359,214	-	(194,214)	1,165,000	89,000
Other liabilities:					
Compensated absences	14,237	3,453	-	17,690	1,769
Total other liabilities	14,237	3,453	-	17,690	1,769
Discretely presented component unit					
Total long-term liabilities	\$ 1,373,451	\$ 3,453	\$ (194,214)	\$ 1,182,690	\$ 90,769

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

No current portion of the total OPEB liability is presented, as amounts expected to be liquidated within one year are not material to the financial statements.

City of Lake Wales, Florida

Notes to the Financial Statements September 30, 2025

Listed below are the individual debt issues and the outstanding principal balance on September 30, 2025:

	Purpose (2)	Frequency of Payment (1)	Maturity	Originally Issued	Outstanding Amount	Interest Rate
Governmental activities						
Note payable:						
Redevelopment Revenue Note, Series 2007	4	S	2028	\$ 9,500,000	\$ 1,893,350	4.34%
Redevelopment Revenue Note, Series 2023	4	S	2051	17,595,000	17,595,000	3.91%
Redevelopment Revenue Note, Series 2023 Premium	na	na	2051	1,209,365	1,027,876	na
Ascending Lien Capital Improvement, Revenue Note, Series 2013	6	S	2028	1,200,000	393,301	3.54%
Capital Improvement Revenue Notes, Series 2019	7	S	2035	900,000	634,917	2.59%
Fitness Center Equipment Purchase Note	8	A	2027	310,083	129,175	7.84%
Lease obligations						
Vehicle Lease Payable - FY 2021'22	19	M	2026	391,291	81,810	4.67%
Vehicle Lease Payable - FY 2022'23	20	M	2028	1,026,609	626,090	5.53%
Vehicle Lease Payable - FY 2023'24	23	M	2029	218,234	148,289	5.53%
Vehicle Lease Payable - FY 2024'25	24	M	2030	801,033	711,315	5.74%
Fire Department Fire Truck Lease - 2022'23	10	A	2033	700,000	580,692	3.58%
Copier leases payable - FY 2021'22	18	M	2026	58,182	6,731	6.00%
Total governmental activities					<u>\$ 23,828,546</u>	
Business-type activities						
Note payable:						
State Revolving Fund Loan - 5913P	2	S	2028	1,025,345	150,105	1.88%
State Revolving Fund Loan - 59140	5	S	2033	368,589	161,326	2.30%
State Revolving Fund Loan - 530300	5	S	2033	4,163,664	1,776,222	1.91%
State Revolving Fund Loan - 530310	9	S	2036	5,380,510	3,522,311	1.82%
State Revolving Fund Loan - 530320	12	S	2039	2,216,402	1,570,553	0.72%
State Revolving Fund Loan - 530330	12	S	2039	3,206,386	2,286,978	0.00%
State Revolving Fund Loan - 530360	13	S	2044	2,389,730	2,230,652	0.20%
State Revolving Fund Loan - 530370	21	S	2043	1,884,786	1,789,612	0.51%
State Revolving Fund Loan - 530380	9	S	2029	1,158,429	817,563	0.00%
State Revolving Fund Loan - 5303B0	22	S	2045	4,774,911	4,774,911	1.15%
State Revolving Fund Loan - 531301	15	S	2040	2,240,580	1,728,193	0.97%
State Revolving Fund Loan - 530350	16	S	2040	1,073,008	826,645	0.29%
State Revolving Fund Loan - 530390	11	S	2041	5,010,126	4,138,270	0.96%
State Revolving Fund Loan - 5303A0	1	S	2025	342,750	309,404	0.00%
State Revolving Fund Loan - 5303C0	25	S	2035	655,477	655,475	1.02%
State Revolving Fund Loan - 5303D0	26	S	2029	77,500	39,525	0.00%
Ascending Lien Capital Improvement, Revenue Note, Series 2013	6	S	2028	500,000	164,310	3.54%
Utility System Refunding Note, Series 2006B	3	S	2027	2,550,000	326,123	1.14%
Lease obligations						
Vehicle Lease Payable - FY 2020'21	17	M	2026	70,037	1,294	4.35%
Vehicle Lease Payable - FY 2022'23	20	M	2028	166,768	72,624	4.35%
Vehicle Lease Payable - FY 2024'25	24	M	2030	202,034	181,240	5.74%
Copier leases payable - FY 2021'22	18	M	2026	24,935	2,885	6.00%
Total business-type activities					<u>\$ 27,526,221</u>	
Discretely presented component unit - Airport Authority						
Notes payable:						
Subordinate Lien Capital Improvement Revenue Note (Airport Project), Series 2017	14	S	2037	\$ 1,825,000	\$ 1,165,000	2.92%
Total discretely presented component unit - Airport Authority					<u>\$ 1,165,000</u>	

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

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2025

(2) Purpose:

1. Stormwater master plan. (SRF – 5303A0).
2. Planning and design of wastewater treatment plant expansion. (SRF – 5913P).
3. Construction of water and wastewater system improvements, including rehabilitation of lift station #2, southside force main and water main extension, and southside reuse transmission lines. This note was initially issued as a non-revolving line of credit during May 2006 but on October 1, 2009, the loan converted to a term loan. (Series 2006B).
4. Acquisition, construction and equipping of various capital improvements within the Community Redevelopment Area. (Series 2007).
5. Construction of wastewater plant rehabilitation and expansion. (SRF – 59140 & 530300).
6. Construction funding for fire substation \$1,200,000 and cemetery addition \$500,000. (Series 2013).
7. Acquisition, construction, rehabilitation and equipping of various capital improvements, including a YMCA facility.
8. Acquisition of fitness center equipment.
9. Construction of major sewer system rehabilitation/replacement project (SRF – 530310 & SRF - 530380).
10. Lease financing for a new Fire Truck.
11. Acquisition of Park Water Company (SRF 530390).
12. Construction of the State Road 60 utilities extensions (SRF – 530320 & SRF - 530330).
13. Septic to sewer project (SRF 530360).
14. Lake Wales Municipal Airport capital improvement projects including design, construction and rehabilitation of taxiways, runways, construction of hangars, aircraft apron expansion, access road construction and parking improvements. (Series 2017).
15. Water line replacement and ground storage tank (SRF – 531301).
16. Rehabilitation of the City’s reuse system (SRF – 530350).
17. Lease financing for a F350 4x4 crane truck (Lease FY 2020’21).
18. Lease financing for several multi-function copiers.
19. Lease financing for 6 police vehicles (Leases FY 2021’22).
20. Lease financing for 13 police vehicles, 2 tractors, 8 general vehicles (4 for governmental activities and 4 for business-type activities) (Leases FY 2022’23).
21. Replace 3,100 linear feet of 6-in water main (SRF 530370).
22. Installation of new stormwater piles and connection replacements (SRF 5303B0).
23. Lease financing for 4 police vehicles (Leases FY 2023’24).
24. Lease financing for (4) Ford F150 trucks, (2) Ford F250 trucks, (2) Ford F350 trucks, (1) Ford Explorer and (7) Chevrolet Tahoe police vehicles (Leases FY 2024’25).
25. Liftstation and sewer infrastructure improvements (SRF – 5303C0)
26. Lead service line inventory (SRF – 5303D0)

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2025

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

- Utility System Revenue and Refunding Revenue Notes, Series 2006B - senior lien on utility system net revenues;
- Redevelopment Revenue Note, Series 2007 and 2023 – shall not constitute a general obligation of the City or the Community Redevelopment Area but shall be payable solely from the tax increment revenues and the non-ad valorem revenues as budgeted and appropriated.
- State Revolving Fund Loans - junior lien on utility system net revenues;
- Ascending Lien Cap Imp Rev Note, Series 2013 – senior lien on communication service taxes and a junior lien on electric franchise fees and public service (utility) taxes.
- Subordinate Lien Capital Improvement Revenue Note (Airport Project), Series 2017 – junior lien of electric franchise fees.

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

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

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

- The Utility System Refunding Revenue Note, Series 2006B requires annual debt service reserves equal to 1/6th per month of all interest and 1/12th per month of the annual principal amount coming due. As of September 30, 2025, the sinking fund balance for Series 2006B was \$184,199.
- The Subordinate Lien Capital Improvement Revenue Note (Airport Project), Series 2017 requires annual debt service reserves equal to 1/6th per month of all interest and 1/12th per month of the annual principal amount coming due. As of September 30, 2025, the sinking fund balance for Series 2017 was \$111,618.
- State Revolving Fund loans require a “Loan Debt Service Account”. Beginning six months prior to each semiannual loan payment, the City shall make five monthly loan deposits into the Loan Debt Service Account. The amount set aside in the Loan Debt Service Account for the existing State Revolving Fund loans is \$1,089,471.

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2025

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

- Redevelopment Revenue Note, Series 2007 and 2023 – The note holder may declare the entire remaining liability balance due and payable and the City would be obligated to pay all costs of collection and enforcement of the provisions of the note.
- Capital Improvement Revenue Note, Series 2013 – The note holder may, upon written notice, declare the outstanding principal on the note due and payable immediately. The City would also be obligated to pay all costs of collection and enforcement of the note, including such reasonable attorneys’ fees as may be incurred during the process by the note holder.
- Capital Improvement Revenue Note, Series 2019 – The note holder may charge a late fee of 5% of any payment not received by the note holder within ten days of the due date and may charge an interest rate of 5.59% on the unpaid balance during the period of default.
- Utility System Refunding Note, Series 2006B - Any amounts due under this note that are not paid when due shall bear interest equal to the current rate of 1.14% plus 2.00% for a total interest rate from and after the date due of 3.14%.
- Lease/purchase agreements – The lessor/lender typically has the right to declare the unpaid principal components of the remaining payment to be due and payable upon default and in some cases, can forcibly repossess the asset securing the lease/purchase.
 - The terms of the Fire Department Fire Truck Lease - 2022'23 do not allow the lender to forcibly repossess the equipment.
- State Revolving Funds (SRF) Loans – The lender, subject to the rights of superior liens on the pledged revenues, may request a court to appoint a receiver to manage the water and sewer systems, intercept the delinquent amount from any unobligated funds due to the City under any revenue or tax sharing fund established by the State of Florida, impose a penalty in the amount not to exceed a rate of 18 percent per annum on the amount due, notify financial market credit rating agencies and potential creditors and may accelerate the repayment schedule or increase the interest rate on the unpaid principal of the loan to as much as three times the loan interest rate.

City of Lake Wales, Florida

Notes to the Financial Statements

September 30, 2025

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

Annual debt service requirements of the City's notes payable and lease obligations as of September 30, 2025, are as follows:

Fiscal Year	Governmental Activities					
	Notes		Leases		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 821,097	\$ 896,909	\$ 549,208	\$ 98,581	\$ 1,370,305	\$ 995,490
2027	852,807	859,907	485,836	69,275	1,338,643	929,182
2028	814,327	821,337	484,879	42,869	1,299,206	864,206
2029	598,596	801,868	257,959	23,097	856,555	824,965
2030	518,000	776,696	139,943	12,030	657,943	788,726
2031-2035	2,980,916	3,492,166	237,102	17,176	3,218,018	3,509,342
2036-2040	3,370,000	2,739,750	-	-	3,370,000	2,739,750
2041-2045	4,285,000	1,834,400	-	-	4,285,000	1,834,400
2046-2050	5,230,000	879,000	-	-	5,230,000	879,000
2051-2055	1,175,000	47,000	-	-	1,175,000	47,000
Unamortized premium	1,027,876	-	-	-	1,027,876	-
Total	\$ 21,673,619	\$ 13,149,033	\$ 2,154,927	\$ 263,028	\$23,828,546	\$13,412,061

Fiscal Year	Business-type Activities					
	Notes		Leases		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 1,912,065	\$ 268,400	\$ 76,019	\$ 11,962	\$ 1,988,084	\$ 280,362
2027	2,041,892	327,745	75,567	8,185	2,117,459	335,930
2028	1,867,328	210,744	43,344	4,938	1,910,672	215,682
2029	1,854,682	190,724	44,109	2,474	1,898,791	193,198
2030	1,821,586	171,461	19,004	292	1,840,590	171,753
2031-2035	8,682,251	583,142	-	-	8,682,251	583,142
2036-2040	6,666,051	229,706	-	-	6,666,051	229,706
2041-2045	2,422,323	49,664	-	-	2,422,323	49,664
Total	\$ 27,268,178	\$ 2,031,586	\$ 258,043	\$ 27,851	\$27,526,221	\$ 2,059,437

Fiscal Year	Discretely Presented Component Unit - Airport Authority					
	Notes		Leases		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 89,000	\$ 32,719	\$ -	\$ -	\$ 89,000	\$ 32,719
2027	92,000	30,076	-	-	92,000	30,076
2028	94,000	27,360	-	-	94,000	27,360
2029	97,000	24,572	-	-	97,000	24,572
2030	100,000	21,696	-	-	100,000	21,696
2031-2035	545,000	62,269	-	-	545,000	62,269
2036-2040	148,000	3,008	-	-	148,000	3,008
Total	\$ 1,165,000	\$ 201,700	\$ -	\$ -	\$ 1,165,000	\$ 201,700

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2025

Joint Venture Loan Guarantee – The City has entered into an agreement with the Florida Department of Environmental Protection to guarantee to pay the principal and interest of their proportional share of SRF loan funds borrowed by the Polk Regional Water Cooperative to fund the projects of the combined projects implementation agreement. The SRF loan bears interest at 1.89% and principal and interest are due semiannually beginning on August 15, 2027 with a final maturity on February 15, 2037 based on the amounts outstanding at September 30, 2025. As of September 30, 2025, the Polk Regional Water Cooperative has borrowed \$10,617,972 through this SRF funding of which, \$364,354 has been guaranteed by the City and has been recorded as a liability in the City’s public utilities enterprise fund. See Note IV.G for more information on the Polk Regional Water Cooperative and the relationship with the City.

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

Fiscal Year	Business-type Activities Joint Venture Loan	
	Principal	Interest
2026	\$ -	\$ -
2027	16,629	3,456
2028	33,734	6,439
2029	34,378	5,796
2030	35,033	5,140
2031-2035	185,444	15,423
2036-2040	59,136	1,126
Total	\$ 364,354	\$ 37,380

Future Revenues that are Pledged

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

	Debt Obligation Reference	Total Principal and Interest Outstanding	Current Year Principal and Interest	Current Year Revenue	% of Revenue to Principal and Interest Paid
CRA Tax Increment Revenues	Series 2007 and Series 2023	\$ 32,507,063	\$ 1,470,340	\$ 3,990,689	271%
Communication Service Taxes	Series 2013	597,331	151,605	537,139	354%
Stormwater System Net Revenue	SRF 5303A0	309,404	10,896	(360,900)	-3312%
Water and Sewer Net Revenue	SRF and Series 2006B	28,814,240	1,443,098	5,731,644	397%
		<u>\$ 62,228,038</u>	<u>\$ 3,075,939</u>	<u>\$ 9,898,572</u>	

Conduit Debt

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

The Retirement Facility Revenue Bonds, Series 2008 (Series 2008) and interest thereon do not constitute an indebtedness or pledge of the general credit of the City, Polk County, the State of Florida or any political subdivision or agency thereof. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. Series 2008 was initially issued for \$26,885,000. As of September 30, 2025, the outstanding balance on these bonds is \$13,600,000.

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2025

IV. Other Information

A. Related party transactions

During 2025, the City provided the use of certain City personnel to the Authority (the discretely presented component unit) at no cost. The City Manager and City Finance Director currently serve as the Airport Manager and Airport Finance Director, respectively. The City's Public Service Director acted in a liaison capacity between the City Commission and the Airport Authority Board. Additional services were provided by City purchasing, information technology, and finance departments. Public Service department costs totaling \$24,961 were charged to the Authority for the year ended September 30, 2025.

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

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

An interlocal agreement was approved and executed by the Airport Authority Board and the City Commission in October 2007 and renewed in October 2012. In this new agreement, both parties reaffirmed that the Authority did not have sufficient funds available to pay all of the costs of operating the Authority, and as a result thereof, it was in the mutual interest of the parties for the City to pay certain costs incurred by the Authority. However, payments by the City contemplated under the agreement were not to continue past five years, at which time it was expected that the Authority would be capable of bearing these costs. In all events, the Authority agreed to comply with the policies and procedures of the City, including but not limited to the policies governing investments and the purchase and acquisition of goods and services. The Airport Authority has a liability to the General Fund of \$1,119,514 on September 30, 2025.

B. Contingent liabilities

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

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

City of Lake Wales, Florida

Notes to the Financial Statements

September 30, 2025

C. Other postemployment benefits (OPEB)

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

Plan Description

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

Benefits Provided

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

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

Funding Policy

Currently, the City’s OPEB benefits are unfunded. The City has not advance-funded or established a funding methodology for the annual other postemployment benefit (OPEB) costs or the OPEB obligation, and the OPEB Plan is financed on a pay-as-you-go basis. For the year ended September 30, 2025, the City recognized an estimated OPEB expense of \$54,137.

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

Other postemployment benefits plan membership is comprised of the following at 9/30/2023, the date in the latest complete actuarial valuation:

Inactive Plan members, or beneficiaries currently receiving benefits	2
Inactive Plan members entitled to but not yet receiving benefits	-
Active Plan members	<u>206</u>
Total	<u><u>208</u></u>

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2025

Total OPEB Liability

The City's total OPEB liability as reported on September 30, 2025 was determined by an actuarial valuation as of September 30, 2023, updated to September 30, 2024 (measurement date). The actuarial assumptions used in this valuation were as follows:

Inflation rate	2.50%
Discount Rate	4.06%
Initial Trend Rate	7.00%
Ultimate Trend Rate	4.00%
Year to Ultimate Trend Rate	51

Salary Rate Increases: For general pension plan employees, the assumed salary increase is 10% for the first year and 4% each year thereafter. For police pension plan employees, the assumed salary increase is 15% for the first year, 5% for years one to four and 4.25% thereafter. For fire pension plan employees, the assumed salary increase is 15% for the first year, 10% for years one to four and 4.40% thereafter

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

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

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

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

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

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

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

Discount rate – Given the City's decision not to fund the OPEB Plan, all future benefit payments were discounted using a high-quality municipal bond rate of 4.06%. The high-quality municipal bond rate was based on the week closest but not later than the measurement date of the S&P municipal Bond 20-year High Grade Index as published by S&P Dow Jones Indices. The S&P Municipal Bond Index consists of bonds in the S&P Municipal bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor's Ratings Services, Aa2 by Moody's or AA by Fitch. If there are multiple ratings, the lowest rating is used.

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2025

Changes in the Total OPEB Liability:

	Total OPEB Liability	
	<hr/>	
Reporting period ending September 30, 2024	\$	430,110
Changes for the year:		
Service cost		29,724
Interest		22,119
Changes of assumptions		41,797
Benefit payments		<u>(11,430)</u>
Net changes		<u>82,210</u>
Reporting period ending September 30, 2025	\$	<u><u>512,320</u></u>

Changes in assumptions reflect a change in discount rate from 4.87% for the reporting period ending September 30, 2024 to 4.06% for the reporting period ending September 30, 2025.

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

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

	1% Decrease (3.06%)	Discount Rate (4.06%)	1% Increase (5.06%)
	<hr/>	<hr/>	<hr/>
Total other postemployment benefits liability	\$ 570,666	\$ 512,320	\$ 461,361

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

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

	1% Decrease (3.00% to 6.00%)	Discount Rate (4.00% to 7.00%)	1% Increase (5.00% to 8.00%)
	<hr/>	<hr/>	<hr/>
Total other postemployment benefits liability	\$ 450,697	\$ 512,320	\$ 586,068

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2025

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

On September 30, 2025, deferred outflows of resources and deferred inflows of resources related to OPEB were as follows:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 105,818
Change in assumptions	51,155	136,559
City contributions subsequent to the measurement date	15,005	-
Total	<u>\$ 66,160</u>	<u>\$ 242,377</u>

Deferred outflows of resources related to City contributions subsequent to the measurement date of September 30, 2025 will be recognized as a reduction of the total OPEB liability in the year ended September 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ending September 30,</u>	<u>Amount</u>
2026	\$ (34,575)
2027	(49,904)
2028	(49,902)
2029	(42,900)
2030	(19,912)
Thereafter	5,971
	<u>\$ (191,222)</u>

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2025

D. Employee retirement systems and pension plans

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

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

Summary of Significant Accounting Policies

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

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

Cash, Cash Equivalents, and Investments

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

The money weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested. For the fiscal year ended September 30, 2025, the money-weighted rate of return on plan investments, net of investment expense, was as follows:

	<u>General</u>	<u>Fire</u>	<u>Police</u>
Money-weighted rate of return	13.25%	13.52%	13.31%

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2025

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

General Information about the Pension Plans

Plan Description:

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

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

Benefits Provided:

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

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

Police, fire and general employees who have satisfied the requirements for normal retirement are eligible to participate in the Deferred Retirement Option Program (DROP) for up to five years. During the DROP period, the member accrues a benefit amount equal to what would have been the members retirement benefit had the member retired as of the date of entry into the DROP program plus earnings. This accumulated amount is paid in a lump-sum when the member leaves active service at the end of the DROP period. Amounts held in DROP accounts as of September 30, 2025, are \$376,144 for the General Pension Plan, \$311,346 for the Police Officers' Pension Plan and \$1,234,175 for the Firefighters' Pension Plan.

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2025

Participant Data: Plan membership details are as follows:

	As of October 1, 2024		
	General Employees' Pension Fund	Fire Fighters' Pension Fund	Police Officers' Pension Fund
Inactive Plan members or beneficiaries currently receiving benefits	63	19	34
Inactive Plan members entitled to but not yet receiving benefits	43	17	13
Active Plan members	142	31	45
Total	248	67	92

Contributions Required and Contribution Made

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

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

	General Employees' Pension Fund	Firefighters' Pension Fund	Police Officers' Pension Fund
Contribution rates/amounts:			
City and State contributions	\$ 691,002	\$ 830,566	\$ 842,115
Plan members	5.0%	5.0%	5.0%

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

The annual required contribution for the 2025 fiscal year was determined as part of the October 1, 2023 actuarial valuations. The assumptions did not include post retirement cost of living adjustment.

Changes in the Net Pension Liability: The following schedules represent the changes in the net pension liability as of the City's *measurement date* of September 30, 2024 for each of the pension plans in which the City participates. As a result, the individual Plan Fiduciary Net Position in the schedules below will not agree to the individual Plan Fiduciary Net Position as of September 30, 2025.

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2025

General Employees' Pension Plan:

	Increase (Decrease)		
	Total	Plan	Net
	Pension	Fiduciary Net	Pension
	Liability	Position	Liability
	(a)	(b)	(a)-(b)
Reporting period ending 9/30/2024	\$ 16,010,950	\$ 12,902,340	\$ 3,108,610
Changes for the year:			
Service cost	465,906	-	465,906
Interest	1,191,796	-	1,191,796
Differences between expected and actual experience	16,010	-	16,010
Changes of assumptions	90,763	-	90,763
Contributions - employer	55,713	637,653	(581,940)
Contributions - employee	-	406,294	(406,294)
Net investment income	-	3,336,714	(3,336,714)
Benefit payments, including refunds of employee contributions	(959,199)	(959,199)	-
Administrative expenses	-	(62,074)	62,074
Net changes	860,989	3,359,388	(2,498,399)
Reporting period ending 9/30/2025	\$ 16,871,939	\$ 16,261,728	\$ 610,211

Firefighters' Pension Plan:

	Increase (Decrease)		
	Total	Plan	Net
	Pension	Fiduciary Net	Pension
	Liability	Position	Liability
	(a)	(b)	(a)-(b)
Reporting period ending 9/30/2024	\$ 15,545,435	\$ 10,774,911	\$ 4,770,524
Changes for the year:			
Service cost	223,961	-	223,961
Interest	1,187,273	-	1,187,273
Share plan allocation	16,983	-	16,983
Differences between expected and actual experience	7,922	-	7,922
Changes of assumptions	78,642	-	78,642
Changes in benefit terms	-	-	-
Contributions - employer	-	538,997	(538,997)
Contributions - State of Florida	-	166,762	(166,762)
Contributions - employee	-	106,406	(106,406)
Net investment income	-	2,475,430	(2,475,430)
Benefit payments, including refunds of employee contributions	(700,521)	(700,038)	(483)
Administrative expenses	-	(73,762)	73,762
Net changes	814,260	2,513,795	(1,699,535)
Reporting period ending 9/30/2025	\$ 16,359,695	\$ 13,288,706	\$ 3,070,989

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2025

Police Officers' Pension Plan:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
	\$		\$
Reporting period ending 9/30/2024	20,983,955	\$ 17,769,668	\$ 3,214,287
Changes for the year:			
Service cost	449,874	-	449,874
Interest	1,536,333	-	1,536,333
Share plan allocation	57,649	-	57,649
Differences between expected and actual experience	573,311	-	573,311
Changes of assumptions	-	-	-
Contributions - employer	-	537,427	(537,427)
Contributions - State of Florida	-	211,458	(211,458)
Contributions - employee	-	154,708	(154,708)
Net investment income	-	4,101,240	(4,101,240)
Benefit payments, including refunds of employee contributions	(1,345,167)	(1,345,167)	-
Administrative expenses	-	(94,888)	94,888
Net changes	1,272,000	3,564,778	(2,292,778)
	\$		
Reporting period ending 9/30/2025	22,255,955	\$ 21,334,446	\$ 921,509

The net pension liability of each Plan was measured as of September 30, 2023 for financial reporting purposes and the total pension liability used to calculate the net pension liability for this purpose was determined by actuarial valuations as of October 1, 2022, updated to September 30, 2023 (measurement date). Significant actuarial assumptions used to measure the total pension liability are as follows:

	General Employees' Pension Fund	Firefighters' Pension Fund	Police Officers' Pension Fund
Significant assumptions:			
Investment rate of return	7.35%	7.60%	7.40%
Projected salary increase*	Service based	Service based	Service based
*Includes inflation at	2.50%	2.50%	2.50%
Post retirement COLA	0.00%	0.00%	0.00%
Experience study used	October 10, 2025	July 21, 2023	July 19, 2023

Mortality rates used to determine the total pension liability as of the September 30, 2024 measurement date were based on The Society of Actuaries' Retirement Plans Experience Committee (RPEC) Pub-2010 Public Retirement Plans Mortality Tables Reports for active, inactive and disabled males or females, as appropriate, with adjustments for mortality improvements based on MP-2018.

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

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2025

Best estimates of arithmetic real rates of return for each major asset class included in each pension plan’s target asset allocation as of September 30, 2025 are summarized below:

General Employees’ Pension Plan:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	55%	7.80%
International Equity	10%	3.80%
Fixed Income	32%	1.80%
Cash	3%	-0.10%
	<u>100%</u>	

Firefighters’ and Police Officers’ Pension Plans:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	50%	7.80%
International Equity	15%	3.80%
Bonds	25%	1.80%
Private Real Estate	10%	5.40%
	<u>100%</u>	

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

For the year ended September 30, 2025, the City recognized total pension expense of \$1,434,355 comprised of pension expense of \$363,033, \$518,454, and \$552,868 for the General Employees’ Pension Fund, Firefighters’ Pension Fund and Police Officers’ Pension Fund, respectively. On September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

General Employees’ Pension Fund:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 56,340	\$ -
City contributions made subsequent to the measurement date of September 30, 2024	691,002	-
Change in assumptions	88,371	-
Net difference between projected and actual earnings on pension plan investments	-	1,278,454
Total	<u>\$ 835,713</u>	<u>\$ 1,278,454</u>

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2025

Firefighters' Pension Fund:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 174,690	\$ 246,803
City contributions made subsequent to the measurement date of September 30, 2024	830,566	-
Change in assumptions	176,885	70,276
Net difference between projected and actual earnings on pension plan investments	-	774,002
Total	\$ 1,182,141	\$ 1,091,081

Police Officers' Pension Fund:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 458,648	\$ 241,857
City contributions made subsequent to the measurement date of September 30, 2024	842,116	-
Change in assumptions	161,693	-
Net difference between projected and actual earnings on pension plan investments	-	1,421,612
Total	\$ 1,462,457	\$ 1,663,469

Amounts reported as deferred outflows of resources related to City contributions subsequent to the measurement date of September 30, 2024 will be recognized as a reduction of the net pension liability in the year ended September 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30,	General Employees' Pension Fund	Firefighters' Pension Fund	Police Officers' Pension Fund	Total
2026	\$ (128,381)	\$ (164,755)	\$ (265,745)	\$ (558,881)
2027	74,254	97,667	186,969	358,890
2028	(606,183)	(360,641)	(521,500)	(1,488,324)
2029	(473,433)	(311,777)	(442,852)	(1,228,062)
Total	\$ (1,133,743)	\$ (739,506)	\$ (1,043,128)	\$ (2,916,377)

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2025

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

- General Employees’ Pension Plan – 7.35%
- Firefighters’ Pension Plan – 7.60%
- Police Officers’ Pension Plan – 7.40%

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

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

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

Sensitivity of the Net Pension Liabilities as of the City's measurement date of September 30, 2024:

	Current Discount Rate	1% Decrease	Current Discount	1% Increase
City's Net Pension General Employees Liability	7.40%	\$ 2,622,622	\$ 610,211	\$(1,054,015)
City's Net Pension Firefighters Liability	7.65%	\$ 4,798,886	\$ 3,070,989	\$ 1,618,905
City's Net Pension Police Officers Liability	7.40%	\$ 3,379,332	\$ 921,509	\$(1,129,161)
Total		\$ 10,800,840	\$ 4,602,709	\$ (564,271)

Sensitivity of the Net Pension Liabilities as of the Plans' current fiscal year of September 30, 2025:

	Current Discount Rate	1% Decrease	Current Discount	1% Increase
City's Net Pension General Employees Liability	7.35%	\$ 2,444,493	\$ 155,425	\$(1,740,415)
City's Net Pension Firefighters Liability	7.60%	\$ 3,951,602	\$ 2,144,884	\$ 632,937
City's Net Pension Police Officers Liability	7.40%	\$ 2,791,957	\$ 96,279	\$(2,128,739)
Total		\$ 9,188,052	\$ 2,396,588	\$(3,236,217)

The net effect of significant changes between the City's measurement date of September 30, 2024 and the Plans’ reporting date of September 30, 2025 can be seen in the tables above and are generally due to the changes in fair value of the plan investments between measurement dates above.

City of Lake Wales, Florida

Notes to the Financial Statements

September 30, 2025

Statement of Fiduciary Net Position as of September 30, 2025

	<u>Pension Trust Fund</u>			
	<u>General Employees' Pension</u>	<u>Firefighters' Pension</u>	<u>Police Officers' Pension</u>	<u>Total</u>
Assets				
Investments, at fair value:				
Money market funds	\$ 707,166	\$ 328,939	\$ 704,273	\$ 1,740,378
Government Bonds	760,807	726,486	1,286,476	2,773,769
Government Assets backed/CMO Securities	3,641,767	2,218,101	3,556,974	9,416,842
Taxable Municipal Bonds	116,474	92,762	143,493	352,729
Foreign Bonds	76,274	34,592	59,317	170,183
Corporate bonds and notes	941,478	576,736	885,263	2,403,477
Common and preferred stock	12,412,911	10,231,566	15,698,617	38,343,094
Real estate investment fund	-	823,307	1,405,369	2,228,676
Total investments	<u>18,656,877</u>	<u>15,032,489</u>	<u>23,739,782</u>	<u>57,429,148</u>
Receivable (net):				
Interest and dividends	44,891	36,526	58,454	139,871
Due from City	8,723	84,640	-	93,363
Total receivable	<u>53,614</u>	<u>121,166</u>	<u>58,454</u>	<u>233,234</u>
Total assets	<u>18,710,491</u>	<u>15,153,655</u>	<u>23,798,236</u>	<u>57,662,382</u>
Liabilities				
Accounts payable	30,707	-	9,161	39,868
Total liabilities	<u>30,707</u>	<u>-</u>	<u>9,161</u>	<u>39,868</u>
Net position				
Net position restricted for pension benefits	<u>\$ 18,679,784</u>	<u>\$ 15,153,655</u>	<u>\$ 23,789,075</u>	<u>\$ 57,622,514</u>

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2025

Schedule of Changes in Fiduciary Net Position for the year ended September 30, 2025:

	Pension Trust Fund			Total
	General Employees' Pension	Firefighters' Pension	Police Officers' Pension	
Additions				
Contributions:				
Employer	\$ 691,002	\$ 655,785	\$ 614,402	\$ 1,961,189
State of Florida	-	174,781	227,713	402,494
Employee	379,977	117,670	167,805	665,452
Total contributions	<u>1,070,979</u>	<u>948,236</u>	<u>1,009,920</u>	<u>3,029,135</u>
Interest and dividends	382,524	277,145	475,145	1,134,814
Net increase (decrease) in the fair value of investments	1,910,992	1,589,137	2,469,935	5,970,064
Total investments income	<u>2,293,516</u>	<u>1,866,282</u>	<u>2,945,080</u>	<u>7,104,878</u>
Less investment expense	(84,160)	(79,102)	(112,421)	(275,683)
Net investment income	<u>2,209,356</u>	<u>1,787,180</u>	<u>2,832,659</u>	<u>6,829,195</u>
Total additions	<u>3,280,335</u>	<u>2,735,416</u>	<u>3,842,579</u>	<u>9,858,330</u>
Deductions				
Benefit payments	691,453	786,710	1,193,651	2,671,814
Refunds of contributions	117,840	5,987	102,416	226,243
Administration	52,986	77,770	91,883	222,639
Total deductions	<u>862,279</u>	<u>870,467</u>	<u>1,387,950</u>	<u>3,120,696</u>
Change in net position	2,418,056	1,864,949	2,454,629	6,737,634
Total net position - beginning	<u>16,261,728</u>	<u>13,288,706</u>	<u>21,334,446</u>	<u>50,884,880</u>
Total net position - ending	<u>\$ 18,679,784</u>	<u>\$ 15,153,655</u>	<u>\$ 23,789,075</u>	<u>\$ 57,622,514</u>

Net Pension Liability:

The components of the net pension liabilities to be reported by the City in fiscal year 2026, measured as of the Plans' most recent fiscal year-end, September 30, 2025, were as follows:

	General Employees' Pension Fund	Firefighters' Pension Fund	Police Officers' Pension Fund	Total
Total pension liability	\$ 18,835,209	\$ 17,298,539	\$ 23,885,354	\$ 60,019,102
Plan fiduciary net position	<u>18,679,784</u>	<u>15,153,655</u>	<u>23,789,075</u>	<u>57,622,514</u>
City's net pension liability	<u>\$ 155,425</u>	<u>\$ 2,144,884</u>	<u>\$ 96,279</u>	<u>\$ 2,396,588</u>

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

99.17%	87.60%	99.60%	96.01%
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City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2025

E. Defined Contribution Plan

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

There were four participants in the 401(a) Plan during the year ended September 30, 2025 which were participating employees who exceeded the benefit cap of the City's defined benefit pension plans. Total 401(a) Plan pension contributions for the year ended September 30, 2025 were approximately \$96,000 (City contribution). The vesting schedule allows 100% vesting immediately.

F. Self-Insurance

The City is exposed to risks for losses related to health and other medical benefits it provides to its employees. A self-insurance program was created October 1, 2023 to handle these risks. The self-insurance program was established to account for medical insurance claims of City employees and their covered dependents. Commercial insurance for specific loss claims in excess of \$150,000 is in place as well as stop-loss insurance for aggregate claims over \$3,060,754 for the year ended September 30, 2025. The City has contracted with various agencies to perform certain administrative functions, such as monitoring, reviewing, and paying claims. All claims are handled by a third-party administrator. All funds of the City which carry employees participate in the program and make payments based on estimates of the amounts needed to pay prior and current year claims, claims reserves, and administrative costs. A liability for claims is reported if it is probable that a liability has occurred, and the amount is estimable. As of September 30, 2025, the City reported a liability of \$135,527 across all funds to account for actual claims and those incurred but not reported Claims (IBNR).

Changes in the claims liability amount for the year ended September 30, 2025 were:

	2025
Claims liability balance, October 1	\$ 223,743
Claims and changes in estimates	2,577,050
Claims payments	<u>(2,665,266)</u>
Claims liability balance, September 30	<u>\$ 135,527</u>

G. Risk Management

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

The FMIT is governed by a board of elected officials and these officials approve an actuarially recommended premium structure based on loss experience. Losses, if any, in excess of FMIT's ability to assess its members would revert back to the member that incurred the loss. As of September 30, 2025, no additional assessments (premiums) could be required from the City to fund prior year costs of the risk pool. Settlements have not exceeded coverages for each of the past three years.

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2025

H. Joint Venture

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

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

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, 2025, the total administrative budget of the PRWC was \$346,516, of which the City's proportionate share was \$11,814.

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

Combined projects funding - The PRWC has entered into a state revolving fund (SRF) loan agreement with the State of Florida Department of Environmental Protection (FDEP) to borrow up to \$13,624,440 to assist Member Governments in meeting their local share of the total estimated combined project planning and design costs. Member Governments can elect to fund their local share of the project costs from their existing funds or participate in the SRF loan agreement. The City has elected to participate in the SRF loan agreement to fund their estimated local share (\$467,520) of the project costs and as a result have entered into an agreement with FDEP to guarantee the City's payment of their share of the SRF loan debt service requirements. The SRF loan bears interest at 1.89% and principal and interest are due semiannually beginning on August 15, 2027.

As of September 30, 2025, \$10,617,972 of SRF funds have been drawn by the PRWC. The City's proportionate share of this liability totaled \$364,354 as of September 30, 2025 and has been recorded as a City liability in the business-type activities/enterprise fund. See Note III.G for more detail.

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

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



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REQUIRED SUPPLEMENTARY INFORMATION

City of Lake Wales, Florida

Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual - General Fund For the year ended September 30, 2025

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 8,137,762	\$ 8,137,762	\$ 8,120,907	\$ (16,855)
Licenses and permits	2,925,000	4,525,000	4,624,321	99,321
Intergovernmental	3,202,261	3,407,261	2,861,022	(546,239)
Charges for services	4,541,765	4,541,765	5,006,663	464,898
Fines and forfeits	185,300	185,300	307,412	122,112
Investment earnings	310,000	310,000	323,503	13,503
Miscellaneous	31,240	31,240	200,662	169,422
Total revenues	<u>19,333,328</u>	<u>21,138,328</u>	<u>21,444,490</u>	<u>306,162</u>
Expenditures				
Current:				
General government:				
City commission	152,107	152,107	133,974	18,133
City manager	640,928	770,928	748,206	22,722
City clerk	118,774	118,774	111,471	7,303
Finance	545,785	605,785	588,120	17,665
Human resources	246,248	261,248	248,026	13,222
City attorney	64,500	64,500	48,922	15,578
Planning	567,324	567,324	437,735	129,589
Fleet maintenance	80,995	80,995	23,664	57,331
Facilities maintenance	1,275,350	1,275,350	1,044,665	230,685
Communications and engagement	367,696	387,696	366,341	21,355
Information services	345,095	360,095	356,249	3,846
Municipal building administration	124,706	124,706	86,737	37,969
Non-departmental	41,475	56,475	56,212	263
Support services	-	-	-	-
Public safety:				
Police	9,338,216	9,338,216	8,185,502	1,152,714
Fire	6,677,960	6,677,960	5,637,515	1,040,445
Building permits and inspections	639,424	639,424	465,146	174,278
Code Enforcement	275,726	275,726	222,030	53,696
Physical environment:				
Waste disposal	1,367,490	2,117,490	2,126,158	(8,668)
Cemetery	482,060	682,060	610,795	71,265
Economic environment	225,000	225,000	205,083	19,917
Transportation	730,468	730,468	731,468	(1,000)
Human services	68,600	68,600	68,600	-
Culture and recreation:				
Parks division	2,597,599	2,597,599	2,292,922	304,677
Recreation facilities	2,188,400	2,328,400	2,132,710	195,690
Special events	75,950	75,950	70,465	5,485
Depot museum	175,000	190,000	186,532	3,468
Total expenditures	<u>\$ 29,412,876</u>	<u>\$ 30,772,876</u>	<u>\$ 27,185,248</u>	<u>\$ 3,587,628</u>

Continued...

City of Lake Wales, Florida

Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual - General Fund
 For the year ended September 30, 2025
 (Conclusion)

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Deficiency of revenues under expenditures	\$ (10,079,548)	\$ (9,634,548)	\$ (5,740,758)	\$ 3,893,790
Other financing sources (uses)				
Note proceeds	4,100,000	1,100,000	801,033	(298,967)
Transfers in	5,980,000	5,425,000	5,440,982	15,982
Transfers out	(400,000)	(400,000)	(424,837)	(24,837)
Insurance recoveries	-	-	48,145	48,145
Sale of capital assets	2,000	2,000	37,742	35,742
Total other financing sources (uses)	<u>9,682,000</u>	<u>6,127,000</u>	<u>5,903,065</u>	<u>(223,935)</u>
Net change in fund balance	(397,548)	(3,507,548)	162,307	3,669,855
Fund balances, beginning of year	<u>6,650,913</u>	<u>6,650,913</u>	<u>6,650,913</u>	<u>-</u>
Fund balances, end of year	<u>\$ 6,253,365</u>	<u>\$ 3,143,365</u>	<u>\$ 6,813,220</u>	<u>\$ 3,669,855</u>

City of Lake Wales, Florida

Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual - Community Redevelopment Fund For the year ended September 30, 2025

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 2,091,371	\$ 2,091,371	\$ 2,059,213	\$ (32,158)
Intergovernmental	7,446,152	7,446,152	2,548,163	(4,897,989)
Investment earnings	150,000	150,000	69,135	(80,865)
Miscellaneous revenue	-	-	10,239	10,239
Total revenues	<u>9,687,523</u>	<u>9,687,523</u>	<u>4,686,750</u>	<u>(5,000,773)</u>
Expenditures				
Current:				
Economic environment	18,353,574	18,353,574	7,068,019	11,285,555
Total expenditures	<u>18,353,574</u>	<u>18,353,574</u>	<u>7,068,019</u>	<u>11,285,555</u>
Excess of revenues over expenditures	<u>(8,666,051)</u>	<u>(8,666,051)</u>	<u>(2,381,269)</u>	<u>6,284,782</u>
Other financing uses				
Transfers in	1,500,000	1,500,000	24,837	(1,475,163)
Transfers out	(1,470,341)	(1,470,341)	(1,470,341)	-
Sale of capital assets	28,750	828,750	939,174	110,424
Total other financing uses	<u>58,409</u>	<u>858,409</u>	<u>(506,330)</u>	<u>(1,364,739)</u>
Net change in fund balance	(8,607,642)	(7,807,642)	(2,887,599)	4,920,043
Fund balances, beginning of year	<u>8,832,327</u>	<u>8,832,327</u>	<u>8,832,327</u>	<u>-</u>
Fund balances, end of year	<u>\$ 224,685</u>	<u>\$ 1,024,685</u>	<u>\$ 5,944,728</u>	<u>\$ 4,920,043</u>

City of Lake Wales, Florida

Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual – American Rescue Plan Act Special Revenue Fund For the year ended September 30, 2025

	Budget Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenues				
Intergovernmental	-	4,050,000	4,050,810	810
Investment earnings	65,000	199,000	133,450	(65,550)
Total revenues	<u>65,000</u>	<u>4,249,000</u>	<u>4,184,260</u>	<u>(64,740)</u>
Expenditures				
Current:				
None	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>65,000</u>	<u>4,249,000</u>	<u>4,184,260</u>	<u>(64,740)</u>
Other financing sources (uses)				
Transfers out	(6,205,000)	(6,205,000)	(4,662,364)	1,542,636
Total other financing sources (uses)	<u>(6,205,000)</u>	<u>(6,205,000)</u>	<u>(4,662,364)</u>	<u>1,542,636</u>
Net change in fund balance	(6,140,000)	(1,956,000)	(478,104)	1,477,896
Fund balances, beginning of year	478,104	478,104	478,104	-
Fund balances, end of year	<u>\$ (5,661,896)</u>	<u>\$ (1,477,896)</u>	<u>\$ -</u>	<u>\$ 1,477,896</u>

City of Lake Wales, Florida

Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual – Transportation Special Revenue Fund For the year ended September 30, 2025

	Budget Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenues				
Taxes	\$ 918,200	\$ 918,200	\$ 947,537	\$ 29,337
Intergovernmental	168,000	210,000	218,689	8,689
Charges for services	183,546	183,546	187,751	4,205
Impact fees	540,000	965,000	1,009,165	44,165
Miscellaneous	100	100	65,148	65,048
Total revenues	<u>1,809,846</u>	<u>2,276,846</u>	<u>2,428,290</u>	<u>151,444</u>
Expenditures				
Current:				
Transportation	2,322,846	2,662,846	4,053,127	(1,390,281)
Total expenditures	<u>2,322,846</u>	<u>2,662,846</u>	<u>4,053,127</u>	<u>(1,390,281)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(513,000)</u>	<u>(386,000)</u>	<u>(1,624,837)</u>	<u>(1,238,837)</u>
Other financing sources (uses)				
Transfers in	750,000	1,264,000	1,263,180	(820)
Issuance of debt	150,000	-	-	-
Total other financing sources (uses)	<u>900,000</u>	<u>1,264,000</u>	<u>1,263,180</u>	<u>(820)</u>
Net change in fund balance	387,000	878,000	(361,657)	(1,239,657)
Fund balances, beginning of year	<u>2,257,041</u>	<u>2,257,041</u>	<u>2,257,041</u>	<u>-</u>
Fund balances, end of year	<u>\$ 2,644,041</u>	<u>\$ 3,135,041</u>	<u>\$ 1,895,384</u>	<u>\$ (1,239,657)</u>

City of Lake Wales, Florida

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

Last 10 Fiscal Years

City reporting period date	9/30/2025	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	\$ 555,357	\$ 465,906	\$ 400,478	\$ 351,492	\$ 344,435
Interest	1,259,675	1,191,796	1,135,979	1,091,804	1,015,346
Differences between expected and actual experience	451,300	16,010	132,529	5,961	437,748
Changes of Assumptions	506,231	90,763	83,588	-	-
Contributions - Buy back	-	55,713	-	-	-
Benefit payments, including refunds of employee contributions	(809,293)	(959,199)	(975,067)	(843,422)	(726,870)
Net change in total pension liability	1,963,270	860,989	777,507	605,835	1,070,659
Total pension liability - beginning	16,871,939	16,010,950	15,233,443	14,627,608	13,556,949
Total pension liability - ending	<u>\$ 18,835,209</u>	<u>\$ 16,871,939</u>	<u>\$ 16,010,950</u>	<u>\$ 15,233,443</u>	<u>\$ 14,627,608</u>
Plan Fiduciary Net Position					
Contributions - Employer	\$ 691,002	\$ 637,653	\$ 515,968	\$ 436,642	\$ 333,216
Contributions - Employee	379,977	406,294	301,787	252,073	224,480
Net investment income (loss)	2,209,356	3,336,714	1,530,067	(2,178,228)	2,274,288
Benefit payments, including refunds of employee contributions	(809,293)	(959,199)	(975,067)	(843,421)	(726,870)
Administrative expense	(52,986)	(62,074)	(48,715)	(35,091)	(45,410)
Net change in plan fiduciary net position	2,418,056	3,359,388	1,324,040	(2,368,025)	2,059,704
Plan fiduciary net position - beginning	16,261,728	12,902,340	11,578,300	13,946,325	11,886,621
Plan fiduciary net position - ending	<u>\$ 18,679,784</u>	<u>\$ 16,261,728</u>	<u>\$ 12,902,340</u>	<u>\$ 11,578,300</u>	<u>\$ 13,946,325</u>
Net pension liability - ending	<u>\$ 155,425</u>	<u>\$ 610,211</u>	<u>\$ 3,108,610</u>	<u>\$ 3,655,143</u>	<u>\$ 681,283</u>
Plan fiduciary net position as a percentage of the total pension liability	99.17%	96.38%	80.58%	76.01%	95.34%
Covered payroll	\$ 7,599,536	\$ 7,011,615	\$ 6,035,731	\$ 5,041,452	\$ 4,489,593
Net pension liability as a percentage of covered payroll	2.05%	8.70%	51.50%	72.50%	15.17%

Notes to Schedule:

For the year ended September 30, 2024, amounts reported as changes of assumptions resulted from the following:

- The investment return assumption was reduced from 7.40% to 7.35% per year.
- Salary increase assumptions adjusted higher than previously assumed.
- Retirement rates adjusted lower than previously assumed.
- Withdrawal rates changed based on years of service rather than age-based as previously assumed.
- Reduced disability rates by 50%.
- As mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in Milliman's July 1, 2024, FRS valuation report for non-special risk employees.

For the year ended September 30, 2024, amounts reported as changes of assumptions resulted from the following:

- The investment return assumption was reduced from 7.45% to 7.40% per year.

For the year ended September 30, 2023, amounts reported as changes of assumptions resulted from the following:

- The investment return assumption was reduced from 7.50% to 7.45% per year.

Continued...

City of Lake Wales, Florida

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

City reporting period date	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017
Measurement date	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016
Total Pension Liability					
Service cost	\$ 365,044	\$ 335,691	\$ 353,788	\$ 348,439	\$ 321,612
Interest	970,319	928,247	880,101	844,363	760,064
Differences between expected and actual experience	(94,295)	(48,457)	252,769	(182,488)	158,268
Changes of Assumptions	(192,764)	-	136,898	-	374,139
Contributions - Buy back	307,288	-	-	-	-
Benefit payments, including refunds of employee contributions	(742,369)	(625,369)	(544,582)	(564,473)	(541,909)
Net change in total pension liability	613,223	590,112	1,078,974	445,841	1,072,174
Total pension liability - beginning	12,943,726	12,353,614	11,274,640	10,828,799	9,756,625
Total pension liability - ending	\$ 13,556,949	\$ 12,943,726	\$ 12,353,614	\$ 11,274,640	\$ 10,828,799
Plan Fiduciary Net Position					
Contributions - Employer	\$ 334,913	\$ 272,717	\$ 184,179	\$ 169,482	\$ 238,987
Contributions - Employee	525,100	200,147	187,939	184,030	175,726
Contributions - Buy backs	-	-	-	-	-
Net investment income (loss)	383,844	448,435	666,953	950,065	918,298
Benefit payments, including refunds of employee contributions	(767,905)	(625,369)	(545,412)	(563,643)	(541,909)
Administrative expense	(52,875)	(44,780)	(44,284)	(36,851)	(41,934)
Net change in plan fiduciary net position	423,077	251,150	449,375	703,083	749,168
Plan fiduciary net position - beginning, as reported	11,463,544	11,212,394	10,763,019	10,059,936	9,310,768
Plan fiduciary net position - ending	\$ 11,886,621	\$ 11,463,544	\$ 11,212,394	\$ 10,763,019	\$ 10,059,936
Net pension liability - ending	\$ 1,670,328	\$ 1,480,182	\$ 1,141,220	\$ 511,621	\$ 768,863
Plan fiduciary net position as a percentage of the total pension liability	87.68%	88.56%	90.76%	95.46%	92.90%
Covered payroll	\$ 4,348,528	\$ 4,002,938	\$ 3,758,773	\$ 3,680,602	\$ 3,514,557
Net pension liability as a percentage of covered payroll	38.41%	36.98%	30.36%	13.90%	21.88%

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

Notes to Schedule:

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

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

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

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

City of Lake Wales, Florida

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

Last 10 Fiscal Years

City reporting period date	9/30/2026	9/30/2025	9/30/2024	9/30/2023	9/30/2022
Measurement date	9/30/2025	9/30/2024	9/30/2023	9/30/2022	9/30/2021
Total Pension Liability					
Service cost	\$ 243,992	\$ 223,961	\$ 250,081	\$ 258,841	\$ 289,358
Interest	1,239,861	1,187,273	1,154,366	1,084,959	1,029,607
Differences between expected and actual experience	(216,326)	7,922	(367,485)	220,560	74,660
Share plan allocation	20,993	16,983	11,555	-	-
Changes in Benefit Terms	-	-	-	-	-
Changes of assumptions	443,020	78,642	189,954	-	-
Contributions - buybacks	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(792,696)	(700,521)	(675,994)	(644,054)	(653,723)
Net change in total pension liability	938,844	814,260	562,477	920,306	739,902
Total pension liability - beginning	<u>16,359,695</u>	<u>15,545,435</u>	<u>14,982,958</u>	<u>14,062,652</u>	<u>13,322,750</u>
Total pension liability - ending	<u>\$ 17,298,539</u>	<u>\$ 16,359,695</u>	<u>\$ 15,545,435</u>	<u>\$ 14,982,958</u>	<u>\$ 14,062,652</u>
Plan Fiduciary Net Position					
Contributions - Employer	\$ 655,785	\$ 538,997	\$ 553,789	\$ 461,565	\$ 445,969
Contributions - State	174,781	166,762	155,904	115,580	102,992
Contributions - Employee	117,670	106,406	96,479	90,503	87,289
Net investment income (loss)	1,787,180	2,475,430	1,005,417	(1,455,358)	1,909,693
Benefit payments, including refunds of employee contributions	(792,697)	(700,038)	(675,995)	(644,054)	(653,723)
Administrative expense	(77,770)	(73,762)	(70,618)	(59,065)	(53,098)
Net change in plan fiduciary net position	1,864,949	2,513,795	1,064,976	(1,490,829)	1,839,122
Plan fiduciary net position - beginning	<u>13,288,706</u>	<u>10,774,911</u>	<u>9,709,935</u>	<u>11,200,764</u>	<u>9,361,642</u>
Plan fiduciary net position - ending	<u>\$ 15,153,655</u>	<u>\$ 13,288,706</u>	<u>\$ 10,774,911</u>	<u>\$ 9,709,935</u>	<u>\$ 11,200,764</u>
Net pension liability - ending	<u>\$ 2,144,884</u>	<u>\$ 3,070,989</u>	<u>\$ 4,770,524</u>	<u>\$ 5,273,023</u>	<u>\$ 2,861,888</u>
Plan fiduciary net position as a percentage of the total pension liability	87.60%	81.23%	69.31%	64.81%	79.65%
Covered payroll	\$ 2,353,409	\$ 2,128,123	\$ 1,929,585	\$ 1,810,066	\$ 1,745,780
Net pension liability as a percentage of covered payroll	91.14%	144.31%	247.23%	291.32%	163.93%

Notes to Schedule:

For the year ended September 30, 2025, amounts reported as changes of assumptions resulted from the following:

- The investment return assumption was reduced from 7.65% to 7.60% per year.
- As mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in Milliman's July 1, 2024, FRS valuation report for special risk employees.

For the year ended September 30, 2024, amounts reported as changes of assumptions resulted from the following:

- The investment return assumption was reduced from 7.70% to 7.65% per year.

For the year ended September 30, 2023, amounts reported as changes of assumptions resulted from the following:

- The investment return assumption was reduced from 7.75% to 7.70% per year.

- Salary Increases – The rates were generally adjusted upward prior to completion of 5 years of service and downward for service more than or equal to 5 years of service based on experience during the period.

- Withdrawal Rates – Changed the assumed rates to be based on service rather than Age, and adjustments to the assumed rates of withdrawal, resulting in generally more withdrawals than previously assumed for service less than 10 years of service.

Continued...

City of Lake Wales, Florida

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

City reporting period date	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017
Measurement date	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016
Total Pension Liability					
Service cost	\$ 277,388	\$ 255,833	\$ 266,073	\$ 237,240	\$ 213,696
Interest	989,877	958,633	923,589	896,271	849,239
Differences between expected and actual experience	116,155	(184,181)	81,645	(70,642)	(139,447)
Share plan allocation	-	-	-	-	724
Changes in Benefit Terms	-	(1,450)	-	-	-
Changes of assumptions	(245,964)	-	(26,560)	-	340,853
Contributions - buybacks	10,281				
Benefit payments, including refunds of employee contributions	(640,420)	(656,960)	(904,790)	(573,619)	(789,877)
Net change in total pension liability	507,317	371,875	339,957	489,250	475,188
Total pension liability - beginning	12,815,433	12,443,558	12,103,601	11,614,351	11,139,163
Total pension liability - ending	\$ 13,322,750	\$ 12,815,433	\$ 12,443,558	\$ 12,103,601	\$ 11,614,351
Plan Fiduciary Net Position					
Contributions - Employer	\$ 459,279	\$ 442,993	\$ 455,648	\$ 411,611	\$ 373,680
Contributions - State	132,028	120,801	114,965	125,811	134,242
Contributions - Employee	87,217	85,520	81,013	77,257	70,978
Net investment income (loss)	211,397	338,434	540,534	729,125	722,458
Benefit payments, including refunds of employee contributions	(640,420)	(656,960)	(904,790)	(573,619)	(789,877)
Administrative expense	(50,196)	(61,469)	(63,958)	(53,515)	(63,628)
Net change in plan fiduciary net position	199,305	269,319	223,412	716,670	447,853
Plan fiduciary net position - beginning, as reported	9,162,337	8,893,018	8,669,606	7,952,936	7,505,083
Plan fiduciary net position - ending	\$ 9,361,642	\$ 9,162,337	\$ 8,893,018	\$ 8,669,606	\$ 7,952,936
Net pension liability - ending	\$ 3,961,108	\$ 3,653,096	\$ 3,550,540	\$ 3,433,995	\$ 3,661,415
Plan fiduciary net position as a percentage of the total pension liability	70.27%	71.49%	71.47%	71.63%	68.48%
Covered payroll	\$ 1,744,335	\$ 1,710,404	\$ 1,620,269	\$ 1,545,143	\$ 1,419,567
Net pension liability as a percentage of covered payroll	227.08%	213.58%	219.13%	222.24%	257.92%

Notes to Schedule:

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

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

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

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

City of Lake Wales, Florida

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

Last 10 Fiscal Years

City reporting period date Measurement date	9/30/2026 9/30/2025	9/30/2025 9/30/2024	9/30/2024 9/30/2023	9/30/2023 9/30/2022	9/30/2022 9/30/2021
Total Pension Liability					
Service cost	\$ 453,801	\$ 449,874	\$ 458,130	\$ 428,732	\$ 448,363
Interest	1,632,568	1,536,333	1,486,054	1,441,938	1,390,652
Share plan allocation	65,777	57,649	43,539	31,770	23,304
Differences between expected and actual experience	351,363	573,311	(42,633)	(407,901)	(265,579)
Changes in Benefit Terms	-	-	-	-	-
Timing differences	-	-	-	-	-
Changes of assumptions	421,957	-	172,142	98,666	94,715
Contributions - buy back	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(1,296,067)	(1,345,167)	(978,391)	(835,751)	(906,966)
Net change in total pension liability	<u>1,629,399</u>	<u>1,272,000</u>	<u>1,138,841</u>	<u>757,454</u>	<u>784,489</u>
Total pension liability - beginning	<u>22,255,955</u>	<u>20,983,955</u>	<u>19,845,114</u>	<u>19,087,660</u>	<u>18,303,171</u>
Total pension liability - ending	<u>\$ 23,885,354</u>	<u>\$ 22,255,955</u>	<u>\$ 20,983,955</u>	<u>\$ 19,845,114</u>	<u>\$ 19,087,660</u>
Plan Fiduciary Net Position					
Contributions - Employer	\$ 614,402	\$ 537,427	\$ 498,085	\$ 412,209	\$ 394,219
Contributions - State	227,713	211,458	183,237	159,698	142,767
Contributions - Employee	167,805	154,708	143,818	127,194	121,621
Net investment income	2,832,659	4,101,240	1,755,816	(2,413,263)	3,317,196
Benefit payments, including refunds of employee contributions	(1,296,067)	(1,345,167)	(976,392)	(835,751)	(906,966)
Administrative expense	(91,883)	(94,888)	(96,883)	(84,259)	(79,568)
Net change in plan fiduciary net position	<u>2,454,629</u>	<u>3,564,778</u>	<u>1,507,681</u>	<u>(2,634,172)</u>	<u>2,989,269</u>
Plan fiduciary net position - beginning	<u>21,334,446</u>	<u>17,769,668</u>	<u>16,261,987</u>	<u>18,896,159</u>	<u>15,906,890</u>
Plan fiduciary net position - ending	<u>\$ 23,789,075</u>	<u>\$ 21,334,446</u>	<u>\$ 17,769,668</u>	<u>\$ 16,261,987</u>	<u>\$ 18,896,159</u>
Net pension liability - ending	<u>\$ 96,279</u>	<u>\$ 921,509</u>	<u>\$ 3,214,287</u>	<u>\$ 3,583,127</u>	<u>\$ 191,501</u>
Plan fiduciary net position as a percentage of the total pension liability	99.60%	95.86%	84.68%	81.94%	99.00%
Covered payroll	\$ 3,356,101	\$ 3,094,163	\$ 2,876,361	\$ 2,543,883	\$ 2,432,424
Net pension liability as a percentage of covered payroll	2.87%	29.78%	111.75%	140.85%	7.87%

Notes to Schedule:

For the year ended September 30, 2025, amounts reported as changes of assumptions resulted the following:

- As mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in Milliman's July 1, 2024, FRS valuation report for special risk employees.

For the year ended September 30, 2023, amounts reported as changes of assumptions resulted the following:

- The investment return assumption was reduced from 7.50 to 7.40%.
- Salary increases were adjusted upward prior to completion of one year of service and downwards for service periods of five years or more.
- Withdrawal rates were increased for service between 3 and 7 years and 10 and 14 years.
- Disability rates were doubled

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

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

Continued...

City of Lake Wales, Florida

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

City reporting period date Measurement date	9/30/2021 9/30/2020	9/30/2020 9/30/2019	9/30/2019 9/30/2018	9/30/2018 9/30/2017	9/30/2017 9/30/2016
Total Pension Liability					
Service cost	\$ 443,274	\$ 425,683	\$ 484,141	\$ 457,088	\$ 421,452
Interest	1,349,908	1,296,200	1,281,973	1,244,658	1,170,401
Share plan allocation	22,306	17,808	13,118	9,083	5,983
Differences between expected and actual experience	(63,157)	(122,778)	(595,515)	(228,096)	(109,886)
Changes of assumptions	(201,609)	93,011	62,423	-	387,470
Contributions - buy back	-	-	-	-	58,016
Benefit payments, including refunds of employee contributions	(900,265)	(930,594)	(860,412)	(1,196,188)	(825,635)
Net change in total pension liability	650,457	779,330	385,728	286,545	1,107,801
Total pension liability - beginning	\$ 17,652,714	\$ 16,873,384	\$ 16,487,656	\$ 16,201,111	15,093,310
Total pension liability - ending	\$ 18,303,171	\$ 17,652,714	\$ 16,873,384	\$ 16,487,656	\$ 16,201,111
Plan Fiduciary Net Position					
Contributions - Employer	\$ 407,254	\$ 443,994	\$ 489,776	\$ 471,415	\$ 429,834
Contributions - State	140,771	131,776	122,394	114,325	108,125
Contributions - Employee	122,066	125,983	119,874	118,654	172,173
Net investment income	320,510	565,635	931,772	1,274,464	1,256,859
Benefit payments, including refunds of employee contributions	(901,078)	(930,594)	(860,413)	(1,196,188)	(826,863)
Administrative expense	(67,444)	(60,860)	(75,189)	(64,545)	(67,326)
Net change in plan fiduciary net position	22,079	275,934	728,214	718,125	1,072,802
Plan fiduciary net position - beginning	15,884,811	15,608,877	14,880,663	14,162,538	13,089,736
Plan fiduciary net position - ending	\$ 15,906,890	\$ 15,884,811	\$ 15,608,877	\$ 14,880,663	\$ 14,162,538
Net pension liability - ending	\$ 2,396,281	\$ 1,767,903	\$ 1,264,507	\$ 1,606,993	\$ 2,038,573
Plan fiduciary net position as a percentage of the total pension liability	86.91%	89.99%	92.51%	90.25%	87.42%
Covered payroll	\$ 2,441,324	\$ 2,519,599	\$ 2,397,486	\$ 2,373,081	\$ 2,283,146
Net pension liability as a percentage of covered payroll	98.15%	70.17%	52.74%	67.72%	89.29%

Notes to Schedule:

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

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

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

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

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

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

Last 10 Fiscal Years

	<u>9/30/2016</u>	<u>9/30/2017</u>	<u>9/30/2018</u>	<u>9/30/2019</u>	<u>9/30/2020</u>	<u>9/30/2021</u>	<u>9/30/2022</u>	<u>9/30/2023</u>	<u>9/30/2024</u>	<u>9/30/2025</u>
Actuarily Determined Contribution	\$ 238,987	\$ 169,308	\$ 184,180	\$ 272,200	\$ 334,837	\$ 332,230	\$ 438,606	\$ 464,751	\$ 673,115	\$ 706,757
Contributions in Relation to the Actuarily Determined Contributions	238,987	169,482	184,179	272,717	334,913	333,216	436,642	515,968	637,653	691,002
Contribution Deficiency (Excess)	-	(174)	1	(517)	(76)	(986)	1,964	(51,217)	35,462	15,755
Covered Payroll	\$ 3,514,557	\$ 3,680,602	\$ 3,758,773	\$ 4,002,938	\$ 4,348,528	\$ 4,489,593	\$ 5,041,452	\$ 6,035,731	\$ 7,011,615	\$ 7,599,536
Contributions as a Percentage of Covered Payroll	6.80%	4.60%	4.90%	6.81%	7.70%	7.42%	8.66%	8.55%	9.09%	9.09%

Notes to Schedule of Contributions

Valuation Date 10/1/2023

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method: Frozen entry age
Actuarial Asset Method: 4-year average market value return, net of fees
Inflation: 2.50%
Payroll Growth: 1.55%
Pensionable Earnings Increase: 10% for the first year of service and 4.5% for all other years.
Interest Rate: 7.45% per year, (previously 7.50%) compounded annually, net of investment related expenses.
Retirement Age: Age 60 and 10 years of service
Mortality: Society of Actuaries' Retirement Plans Experience Committee (RPEC) PUB-2010 Public Retirement Plans Mortality Tables Report, as appropriate, with adjustments for mortality improvements based on Mortality Improvement Scale MP-2018.

Termination and Disability Rates:

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

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

Last 10 Fiscal Years

	<u>9/30/2016</u>	<u>9/30/2017</u>	<u>9/30/2018</u>	<u>9/30/2019</u>	<u>9/30/2020</u>	<u>9/30/2021</u>	<u>9/30/2022</u>	<u>9/30/2023</u>	<u>9/30/2024</u>	<u>9/30/2025</u>
Actuarily Determined Contribution	\$ 505,366	\$ 539,255	\$ 568,714	\$ 562,723	\$ 579,119	\$ 562,141	\$ 573,791	\$ 636,763	\$ 755,484	\$ 809,573
Contributions in Relation to the Actuarily Determined Contributions	507,922	537,422	570,613	563,794	591,307	548,961	515,968	698,138	688,776	809,573
Contribution Deficiency (Excess)	(2,556)	1,833	(1,899)	(1,071)	(12,188)	13,180	57,823	(61,375)	66,708	-
Covered Payroll	\$ 1,419,567	\$ 1,545,143	\$ 1,620,269	\$ 1,710,404	\$ 1,744,335	\$ 1,745,780	\$ 1,810,066	\$ 1,929,585	\$ 2,128,123	\$ 2,353,409
Contributions as a Percentage of Covered Payroll	35.78%	34.78%	35.22%	32.96%	33.90%	31.45%	28.51%	36.18%	32.37%	34.40%

Notes to Schedule of Contributions

Valuation Date 10/1/2023

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method: Entry age normal

Actuarial Asset Method: 4-year average market value return, net of fees

Inflation 2.50%

Payroll Growth 1.0% per year

Salary Increases: 15.00% for the first year, 10.00% for years 1 to 4 and 4.40% for all other years. (previously 10% for the first year of service, 7.50% for the next four years and 4.5% for all other years.)

Interest Rate: 7.70% per year (prior year 7.75%), compounded annually, net of investment related expenses.

Retirement Age: Earlier of age 55 and 10 years of credited service, or age 50 and 25 years of credited service.

Mortality: Society of Actuaries' Retirement Plans Experience Committee (RPEC) PUB-2010 Public Retirement Plans Mortality Tables Report, as appropriate, with adjustments for mortality improvements based on Mortality Improvement Scale MP-2018.

Disability Rates:

Age	<u>20</u>	<u>30</u>	<u>40</u>	<u>50</u>
% becoming disabled during the year	0.14%	0.18%	0.30%	1.00%

Termination Rates:

Age	<u>20</u>	<u>30</u>	<u>40</u>	<u>50</u>
% terminating during the year - prior	6.00%	5.00%	2.60%	0.80%

Years of Service	<u>0-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15+</u>
% terminating during the year - current	15.0%	5.0%	2.5%	1.5%

City of Lake Wales, Florida
Schedule of Contributions – Police Officers’ Pension Plan
Last 10 Fiscal Years

	9/30/2016	9/30/2017	9/30/2018	9/30/2019	9/30/2020	9/30/2021	9/30/2022	9/30/2023	9/30/2024	9/30/2025
Actuarially Determined Contribution	\$ 531,976	\$ 576,659	\$ 592,179	\$ 564,390	\$ 512,678	\$ 498,647	\$ 534,216	\$ 583,901	\$ 680,716	\$ 825,601
Contributions in Relation to the Actuarially Determined Contributions	537,959	585,740	599,052	557,964	525,719	513,682	540,137	637,783	691,235	776,339
Contribution Deficiency (Excess)	(5,983)	(9,081)	(6,873)	6,426	(13,041)	(15,035)	(5,921)	(53,882)	(10,519)	49,262
Covered Payroll	\$ 2,283,146	\$ 2,373,081	\$ 2,397,486	\$ 2,519,599	\$ 2,441,324	\$ 2,432,424	\$ 2,543,883	\$ 2,876,361	\$ 3,094,163	\$ 3,356,101
Contributions as a Percentage of Covered Payroll	23.56%	24.68%	24.99%	22.14%	21.53%	21.12%	21.23%	22.17%	22.34%	23.13%

Notes to Schedule of Contributions

Valuation Date	10/1/2023								
Actuarial determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.									
<u>Methods and assumptions used to determine contribution rates:</u>									
Actuarial Cost Method:	Entry age normal 4-year average market value return, net of fees								
Actuarial Asset Method:	fees								
Inflation	2.50%								
Payroll Growth	1.38% per year								
Salary Increases:	15.00% for the first year, 5.00% for years 1 to 4 and 4.25% for all other years. (previously 10% for the first year of service and 5.0% for all other years.)								
Interest Rate:	7.40% (prior year 7.50%) per year, compounded annually, net of investment related expenses.								
Retirement Age:	Earlier of age 55 and 10 years of credited service, or age 50 and 25 years of credited service.								
Early Retirement:	Age 50 with 10 years of credited service								
Mortality:	Society of Actuaries' Retirement Plans Experience Committee (RPEC) PUB-2010 Public Retirement Plans Mortality Tables Report, as appropriate, with adjustments for mortality improvements based on Mortality Improvement Scale MP-2018.								
Disability Rates:									
Age	20	25	30	35	40	45	50	55	60
% becoming disabled during the year - current rate	0.28%	0.30%	0.36%	0.46%	0.60%	1.02%	2.00%	3.10%	4.18%
% becoming disabled during the year - prior rate	0.14%	0.15%	0.18%	0.23%	0.30%	0.51%	1.00%	1.55%	2.09%
Termination and Disability Rates:									
Years of service	0-2	3	4	5	6	7	8-9	10-14	15+
% terminating during the year - current rate	10.0%	8.0%	8.0%	8.0%	8.0%	8.0%	1.0%	5.0%	2.5%
% terminating during the year - prior rate	10.0%	7.2%	7.2%	7.2%	7.2%	7.2%	1.0%	4.0%	2.8%

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

	<u>9/30/2025</u>	<u>9/30/2024</u>	<u>9/30/2023</u>	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>
General Employees' Pension Plan										
Annual Money-Weighted Rate of Return net of Investment Expense	13.25%	25.64%	13.38%	-15.73%	19.23%	3.10%	3.90%	5.86%	9.71%	9.83%
Firefighters' Pension Plan										
Annual Money-Weighted Rate of Return net of Investment Expense	13.52%	23.04%	10.43%	-13.09%	20.52%	2.29%	3.73%	6.41%	9.25%	9.75%
Police Officers' Pension Plan										
Annual Money-Weighted Rate of Return net of Investment Expense	13.31%	23.43%	10.81%	-13.00%	20.94%	2.00%	3.56%	6.28%	9.20%	9.59%

City of Lake Wales, Florida

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

Measurement date	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020
Reporting period ending	9/30/2025	9/30/2024	9/30/2023	9/30/2022	9/30/2021
Total OPEB Liability					
Service cost	\$ 29,724	\$ 33,617	\$ 50,439	\$ 45,022	\$ 32,270
Interest	22,119	28,086	17,240	15,276	21,004
Differences between expected and actual experience	-	(127,802)	-	(33,906)	-
Change in assumptions	41,797	(53,373)	(160,935)	(15,106)	91,979
Benefit payments	(11,430)	(11,022)	(10,253)	(31,909)	(29,683)
Net change in total OPEB liability	82,210	(130,494)	(103,509)	(20,623)	115,570
Total OPEB liability, beginning	430,110	560,604	664,113	684,736	569,166
Total OPEB liability, ending	<u>\$ 512,320</u>	<u>\$ 430,110</u>	<u>\$ 560,604</u>	<u>\$ 664,113</u>	<u>\$ 684,736</u>
Covered-employee payroll	\$ 12,399,773	\$ 11,748,885	\$ 9,071,945	\$ 8,591,671	\$ 7,242,473
Total OPEB liability as a percentage of covered-employee payroll	4.13%	3.66%	6.18%	7.73%	9.45%
Measurement date	9/30/2019	9/30/2018	9/30/2017		
Reporting period ending	9/30/2020	9/30/2019	9/30/2018		
Total OPEB Liability					
Service cost	\$ 24,912	\$ 26,168	\$ 27,720		
Interest	16,530	14,567	12,429		
Differences between expected and actual experience	27,016	-	-		
Change in assumptions	141,642	(22,330)	(24,495)		
Benefit payments	(22,762)	(20,979)	(19,291)		
Net change in total OPEB liability	187,338	(2,574)	(3,637)		
Total OPEB liability, beginning	381,828	384,402	388,039		
Total OPEB liability, ending	<u>\$ 569,166</u>	<u>\$ 381,828</u>	<u>\$ 384,402</u>		
Covered-employee payroll	\$ 6,890,375	\$ 7,523,224	\$ 7,149,077		
Total OPEB liability as a percentage of covered-employee payroll	8.26%	5.08%	5.38%		

Continued...

City of Lake Wales, Florida

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

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:

<u>Measurement Date</u>	<u>Discount Rate</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
September 30, 2016	3.06%	September 30, 2021	2.43%
September 30, 2017	3.64%	September 30, 2022	4.77%
September 30, 2018	4.18%	September 30, 2023	4.87%
September 30, 2019	3.64%	September 30, 2024	4.06%
September 30, 2020	2.14%		

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

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

SUPPLEMENTARY INFORMATION

City of Lake Wales, Florida
Combining Balance Sheet - Nonmajor Governmental Funds
September 30, 2025

	Special Revenue Funds					Total
	Forfeitures	Law Enforcement Block Grant	Street Lighting District	Debt Service	Capital Projects	
	106	116	103	201	330	
Assets						
Cash and cash equivalents	\$ 19,000	\$ -	\$ -	\$ 323,704	\$ -	\$ 342,704
Intergovernmental receivables	-	20,534	-	-	-	20,534
Restricted cash and cash equivalents:						
Impact fees	-	-	-	-	3,279,026	3,279,026
Total assets	\$ 19,000	\$ 20,534	\$ -	\$ 323,704	\$ 3,279,026	\$ 3,642,264
Liabilities						
Accounts payable	\$ 746	\$ 20,534	\$ -	\$ -	\$ -	\$ 21,280
Total liabilities	746	20,534	-	-	-	21,280
Deferred inflows of resources						
Unavailable revenue	-	20,534	-	-	-	20,534
Fund balances						
Restricted for:						
Law enforcement expenditures	18,254	-	-	-	-	18,254
Capital projects	-	-	-	-	3,279,026	3,279,026
Assigned for:						
Debt service	-	-	-	323,704	-	323,704
Unassigned	-	(20,534)	-	-	-	(20,534)
Total fund balances	18,254	(20,534)	-	323,704	3,279,026	3,600,450
Total liabilities, deferred inflows and fund balances	\$ 19,000	\$ 20,534	\$ -	\$ 323,704	\$ 3,279,026	\$ 3,642,264

City of Lake Wales, Florida

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds
Year Ended September 30, 2025

	Special Revenue Funds						Total
		Law Enforcement Block Grant		Street Lighting District		Capital Projects	
	Forfeitures 106	116	Transportation 102	103	Debt Service 201	330	
Revenues							
Taxes	\$ -	\$ -		\$ -	\$ 797,066	\$ -	\$ 797,066
Fines and forfeits	643	-		-	-	-	643
Investment earnings	1,055	-		-	-	109,655	110,710
Impact fees	-	-		-	-	1,316,249	1,316,249
Total revenues	<u>1,698</u>	<u>-</u>		<u>-</u>	<u>797,066</u>	<u>1,425,904</u>	<u>2,224,668</u>
Expenditures							
Current:							
Public safety	16,921	20,534		-	-	-	37,455
Physical environment	-	-		3,771	-	-	3,771
Debt Service:							
Principal	-	-		-	1,389,059	-	1,389,059
Interest and fiscal charges	-	-		-	986,339	-	986,339
Capital outlay	-	-		-	-	15,574	15,574
Total expenditures	<u>16,921</u>	<u>20,534</u>		<u>3,771</u>	<u>2,375,398</u>	<u>15,574</u>	<u>2,432,198</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(15,223)</u>	<u>(20,534)</u>		<u>(3,771)</u>	<u>(1,578,332)</u>	<u>1,410,330</u>	<u>(207,530)</u>
Other financing sources							
Transfers in	-	-		-	1,470,341	-	1,470,341
Transfers out	-	(16,798)		-	-	-	(16,798)
Total other financing sources	<u>-</u>	<u>(16,798)</u>		<u>-</u>	<u>1,470,341</u>	<u>-</u>	<u>1,453,543</u>
Net change in fund balances	(15,223)	(37,332)		(3,771)	(107,991)	1,410,330	1,246,013
Fund balances, beginning of year as previously reported	<u>33,477</u>	<u>16,798</u>	<u>2,257,041</u>	<u>3,771</u>	<u>431,695</u>	<u>1,868,696</u>	<u>4,611,478</u>
Change within financial reporting entity (nonmajor to major)	-	-	(2,257,041)	-	-	-	(2,257,041)
Fund balances, beginning of year as adjusted	<u>33,477</u>	<u>16,798</u>	<u>-</u>	<u>3,771</u>	<u>431,695</u>	<u>1,868,696</u>	<u>2,354,437</u>
Fund balances, end of year	<u>\$ 18,254</u>	<u>\$ (20,534)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 323,704</u>	<u>\$ 3,279,026</u>	<u>\$ 3,600,450</u>

City of Lake Wales, Florida

Combining Statement of Net Position - Nonmajor Enterprise Funds September 30, 2025

	LWVG Cemetery Fund	Stormwater Fund	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 1,225,093	\$ 4,929	\$ 1,230,022
Receivables, net	67,981	75,884	143,865
Total current assets	<u>1,293,074</u>	<u>80,813</u>	<u>1,373,887</u>
Noncurrent assets			
Capital assets:			
Nondepreciable	348,850	-	348,850
Depreciable, net	223,387	681,383	904,770
Total noncurrent assets	<u>572,237</u>	<u>681,383</u>	<u>1,253,620</u>
Total assets	<u>1,865,311</u>	<u>762,196</u>	<u>2,627,507</u>
Liabilities			
Current liabilities			
Accounts payable	12,695	28,200	40,895
Accrued interest	2,553	-	2,553
Due to other funds	5,381	220,071	225,452
Current portion of long-term debt	39,223	18,200	57,423
Total current liabilities	<u>59,852</u>	<u>266,471</u>	<u>326,323</u>
Noncurrent liabilities			
Notes and lease obligations payable - noncurrent	125,087	291,204	416,291
Total noncurrent liabilities	<u>125,087</u>	<u>291,204</u>	<u>416,291</u>
Total liabilities	<u>184,939</u>	<u>557,675</u>	<u>742,614</u>
Net position			
Net investment in capital assets	407,927	371,979	779,906
Unrestricted	1,272,445	(167,458)	1,104,987
Total net position	<u>\$ 1,680,372</u>	<u>\$ 204,521</u>	<u>\$ 1,884,893</u>

City of Lake Wales, Florida

Combining Statement of Revenue, Expenses and Changes in Fund Net Position
 - Nonmajor Enterprise Funds
 Year ended September 30, 2025

	LWMG Cemetery Fund	Stormwater Fund	Total
Operating revenues:			
Charges for services	\$ 95,622	\$ 564,129	\$ 659,751
Total operating revenues	<u>95,622</u>	<u>564,129</u>	<u>659,751</u>
Operating expenses:			
Contractual services	-	61,311	61,311
Repairs and maintenance	-	568,801	568,801
General and administrative	85,000	294,917	379,917
Depreciation	29,008	16,056	45,064
Total operating expenses	<u>114,008</u>	<u>941,085</u>	<u>1,055,093</u>
Operating income (loss)	<u>(18,386)</u>	<u>(376,956)</u>	<u>(395,342)</u>
Nonoperating revenues (expenses)			
Interest income	24,802	-	24,802
Interest expense and fiscal charges	(5,915)	(7,304)	(13,219)
Total nonoperating revenues (expenses)	<u>18,887</u>	<u>(7,304)</u>	<u>11,583</u>
Income (loss) before contributions and transfers	<u>501</u>	<u>(384,260)</u>	<u>(383,759)</u>
Transfers			
Transfers in	200,000	200,000	400,000
Total transfers	<u>200,000</u>	<u>200,000</u>	<u>400,000</u>
Change in net position	200,501	(184,260)	16,241
Net position, beginning of year	<u>1,479,871</u>	<u>388,781</u>	<u>1,868,652</u>
Net position, end of year	<u>\$ 1,680,372</u>	<u>\$ 204,521</u>	<u>\$ 1,884,893</u>

City of Lake Wales, Florida

Combining Statement of Cash Flows - Nonmajor Enterprise Funds
Year ended September 30, 2025

	LWVG		
	Cemetery	Stormwater	
	Fund	Fund	Total
Cash flows from operating activities			
Cash received from customers	\$ 107,359	\$ 552,129	\$ 659,488
Cash payments to suppliers for goods and services	(102,107)	(901,048)	(1,003,155)
Net cash provided by operating activities	<u>5,252</u>	<u>(348,919)</u>	<u>(343,667)</u>
Cash flows from noncapital financing activities			
Transfers from other funds	200,000	200,000	400,000
Loan from other funds	5,381	164,759	170,140
Net cash provided (used) by noncapital financing activities	<u>205,381</u>	<u>364,759</u>	<u>570,140</u>
Cash flows from capital and related financing activities			
Acquisition and construction of capital assets	(114,481)	-	(114,481)
Principal payments on long-term debt	(38,115)	(10,896)	(49,011)
Interest paid	(6,600)	(7,303)	(13,903)
Net cash used in capital and related financing activities	<u>(159,196)</u>	<u>(18,199)</u>	<u>(177,395)</u>
Cash flows from investing activities			
Interest income	24,802	-	24,802
Net cash provided by investing activities	<u>24,802</u>	<u>-</u>	<u>24,802</u>
Net increase in cash and cash equivalents	76,239	(2,359)	73,880
Cash and cash equivalents, beginning of year	<u>1,148,854</u>	<u>7,288</u>	<u>1,156,142</u>
Cash and cash equivalents, end of year	<u>\$ 1,225,093</u>	<u>\$ 4,929</u>	<u>\$ 1,230,022</u>

Continued...

City of Lake Wales, Florida

Combining Statement of Cash Flows - Nonmajor Enterprise Funds *(concluded)*
Year ended September 30, 2025

	LWVG Cemetery Fund	Stormwater Fund	Total
Reconciliation of cash and cash equivalents to statement of net position			
Cash and cash equivalents	\$ 1,225,093	\$ 4,929	\$ 1,230,022
Restricted cash and cash equivalents	-	-	-
Cash and cash equivalents, end of year	<u>\$ 1,225,093</u>	<u>\$ 4,929</u>	<u>\$ 1,230,022</u>
Reconciliation of operating loss to net cash used in operating activities			
Operating income (loss)	\$ (18,386)	\$ (376,956)	\$ (395,342)
Adjustments to reconcile operating income to cash provided by operating activities:			
Depreciation	29,008	16,056	45,064
(Increase) decrease in assets:			
Accounts receivable	11,737	(12,000)	(263)
Increase (decrease) in liabilities:			
Accounts payable	(17,107)	23,981	6,874
Net cash provided by operating activities	<u>\$ 5,252</u>	<u>\$ (348,919)</u>	<u>\$ (343,667)</u>
Schedule of non-cash capital and related financing activities:			
None	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Lake Wales, Florida

Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual - Debt Service Fund
For the Year Ended September 30, 2025

	Budget Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenues				
Taxes	\$ 765,066	\$ 797,066	\$ 797,066	\$ -
Total revenues	<u>765,066</u>	<u>797,066</u>	<u>797,066</u>	<u>-</u>
Expenditures				
Current:				
Principal	1,732,372	1,356,372	1,389,059	(32,687)
Interest and fiscal charges	<u>503,035</u>	<u>1,029,035</u>	<u>986,339</u>	<u>42,696</u>
Total expenditures	<u>2,235,407</u>	<u>2,385,407</u>	<u>2,375,398</u>	<u>10,009</u>
Deficiency of revenues under expenditures	<u>(1,470,341)</u>	<u>(1,588,341)</u>	<u>(1,578,332)</u>	<u>10,009</u>
Other financing sources				
Transfers in	<u>1,470,341</u>	<u>1,470,341</u>	<u>1,470,341</u>	<u>-</u>
Total other financing sources	<u>1,470,341</u>	<u>1,470,341</u>	<u>1,470,341</u>	<u>-</u>
Net change in fund balance	-	(118,000)	(107,991)	10,009
Fund balances, beginning of year	<u>431,695</u>	<u>431,695</u>	<u>431,695</u>	<u>-</u>
Fund balances, end of year	<u>\$ 431,695</u>	<u>\$ 313,695</u>	<u>\$ 323,704</u>	<u>\$ 10,009</u>

City of Lake Wales, Florida

Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual - Forfeitures Fund
For the Year Ended September 30, 2025

	Budget Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenues				
Fines and forfeits	\$ 20,000	\$ 20,000	\$ 643	\$ (19,357)
Investment earnings	3,600	3,600	1,055	(2,545)
Total revenues	<u>23,600</u>	<u>23,600</u>	<u>1,698</u>	<u>(21,902)</u>
Expenditures				
Current:				
Public safety	<u>45,000</u>	<u>45,000</u>	<u>16,921</u>	<u>28,079</u>
Total expenditures	<u>45,000</u>	<u>45,000</u>	<u>16,921</u>	<u>28,079</u>
Net change in fund balance	(21,400)	(21,400)	(15,223)	6,177
Fund balances, beginning of year	<u>33,477</u>	<u>33,477</u>	<u>33,477</u>	-
Fund balances, end of year	<u>\$ 12,077</u>	<u>\$ 12,077</u>	<u>\$ 18,254</u>	<u>\$ 6,177</u>

City of Lake Wales, Florida

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Law Enforcement Block Grant Fund For the Year Ended September 30, 2025

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-
Total revenues	-	-	-	-
Expenditures				
Current:				
Public safety	-	25,000	20,534	4,466
Total expenditures	-	25,000	20,534	4,466
Net change in fund balance	-	(25,000)	(20,534)	4,466
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	\$ -	\$ (25,000)	\$ (20,534)	\$ 4,466

City of Lake Wales, Florida

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Street Lighting District Fund
For the Year Ended September 30, 2025

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Special Assessment	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures				
Current:				
Physical environment	-	3,771	3,771	-
Total expenditures	-	3,771	3,771	-
Net change in fund balance	-	(3,771)	(3,771)	-
Fund balances, beginning of year	3,771	3,771	3,771	-
Fund balances, end of year	\$ 3,771	\$ -	\$ -	\$ -

City of Lake Wales, Florida

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

For the Year Ended September 30, 2025

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 200,000	\$ 200,000	\$ -	\$ (200,000)
Investment earnings	80,000	80,000	109,655	29,655
Impact fees	210,000	1,313,000	1,316,249	3,249
Total revenues	<u>490,000</u>	<u>1,593,000</u>	<u>1,425,904</u>	<u>(167,096)</u>
Expenditures				
Capital outlay	<u>465,000</u>	<u>465,000</u>	<u>15,574</u>	<u>449,426</u>
Total expenditures	<u>465,000</u>	<u>465,000</u>	<u>15,574</u>	<u>449,426</u>
Net change in fund balance	25,000	1,128,000	1,410,330	282,330
Fund balances, beginning of year	<u>1,868,696</u>	<u>1,868,696</u>	<u>1,868,696</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,893,696</u>	<u>\$ 2,996,696</u>	<u>\$ 3,279,026</u>	<u>\$ 282,330</u>

City of Lake Wales, Florida

Statement of Net Position - Lake Wales Airport Authority September 30, 2025

	Lake Wales Airport Authority
Assets	
Current Assets	
Cash and cash equivalents	\$ 250,873
Receivables, net	9,130
Lease receivables, current	3,616
Restricted cash and cash equivalents:	
Debt service reserve account	111,618
Inventories	56,040
Due from other governments	168,995
Total Current Assets	600,272
Noncurrent Assets	
Lease receivables, noncurrent	310,663
Capital assets:	
Nondepreciable	1,763,169
Depreciable, net	13,910,631
Total Noncurrent Assets	15,984,463
Total Assets	16,584,735
Liabilities	
Current Liabilities	
Accounts payable	11,339
Construction payable	131,149
Accrued liabilities	12,802
Accrued interest	9,183
Accrued compensated absences	1,769
Deposits	4,800
Due to primary government	1,119,514
Current portion of long-term debt	89,000
Total Current Liabilities	1,379,556
Noncurrent liabilities	
Accrued compensated absences	15,921
Notes and lease obligations payable - noncurrent	1,076,000
Total noncurrent liabilities	1,091,921
Total Liabilities	2,471,477
Deferred inflow of resources	310,540
Net Position	
Net investment in capital assets	14,377,651
Restricted for debt service	102,435
Unrestricted (deficit)	(677,368)
Total Net Position	\$ 13,802,718

City of Lake Wales, Florida

Statement of Revenues, Expenses, and Changes in Net Position - Lake Wales Airport Authority For the Year Ended September 30, 2025

	Lake Wales Airport Authority
Operating Revenues	
Charges for services	\$ 708,198
Operating Expenses	
Personnel services	330,553
Contractual services	23,045
Repairs and maintenance	76,842
Materials and supplies	493,512
General and administrative	141,137
Depreciation	1,306,553
Total operating expenses	<u>2,371,642</u>
Operating Loss	<u>(1,663,444)</u>
Nonoperating revenues (expenses)	
Interest expense and fiscal charges	(36,985)
Interest income	24,698
Total nonoperating expenses	<u>(12,287)</u>
Loss before contributions and transfers	<u>(1,675,731)</u>
Capital Contributions	
Grants	1,149,761
From City of Lake Wales	557,000
Total capital contributions	<u>1,706,761</u>
Change in Net Position	31,030
Total Net Position, Beginning of Year	<u>13,771,688</u>
Total Net Position, End of Year	<u>\$ 13,802,718</u>

City of Lake Wales, Florida

Statement of Cash Flows - Lake Wales Airport Authority
For the Year Ended September 30, 2025

	Lake Wales Airport Authority
Cash flows from operating activities	
Receipts from customers	\$ 706,693
Cash payments for employee services	(325,066)
Cash payments to suppliers	(800,567)
Net cash used in operating activities	(418,940)
Cash flows from capital and related financing activities	
Capital grants	980,766
Capital contributions from City of Lake Wales (net)	693,734
Acquisition and construction of capital assets	(1,178,759)
Payments of interest	(38,233)
Principal payment on long-term debt	(194,213)
Net cash provided by capital and related financing activities	263,295
Cash flows from investing activities	
Investment income	24,698
Net cash provided by investing activities	24,698
Net increase in cash and cash equivalents	(130,947)
Cash and cash equivalents, beginning of year	493,438
Cash and cash equivalents, end of year	\$ 362,491
Reconciliation of cash and cash equivalents to statement of net position	
Cash and cash equivalents	\$ 250,873
Restricted cash and cash equivalents	111,618
Total cash and cash equivalents, end of year	\$ 362,491
Reconciliation of operating loss to net cash used in operating activities	
Operating loss	\$ (1,663,444)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	1,306,553
(Increase) decrease in assets:	
Accounts receivable	2,442
Inventories	(12,208)
Lease receivable	(314,279)
Increase (decrease) in liabilities and deferred inflows:	
Accounts payable	(53,823)
Accrued liabilities	2,035
Compensated absences	3,452
Deposits	(208)
Deferred inflows related to leases	310,540
Net cash used in operating activities	\$ (418,940)
<u>Supplemental Disclosure of Noncash Transactions</u>	
Capital asset additions financed through construction payables	\$ 131,149



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City of Lake Wales, Florida
Statistical Section
(Unaudited)

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

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

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

	Fiscal Year									
	9/30/2016	9/30/2017	9/30/2018	9/30/2019	9/30/2020	9/30/2021	9/30/2022	9/30/2023	9/30/2024	9/30/2025
Governmental activities:										
Net investment in capital assets	\$ 15,848,115	\$ 15,671,679	\$ 16,222,093	\$ 17,043,260	\$ 16,815,903	\$ 17,626,990	\$ 19,153,353	\$ 19,452,205	\$ 19,013,025	\$ 25,281,340
Restricted	2,495,170	3,813,419	3,651,569	3,858,230	4,658,555	5,141,517	4,457,940	5,170,765	10,279,945	11,137,392
Unrestricted	(1,619,543)	(1,240,080)	(900,914)	(1,412,870)	(934,505)	(402,333)	377,423	1,215,957	638,561	113,313
Total governmental activities net position	16,723,742	18,245,018	18,972,748	19,488,620	20,539,953	22,366,174	23,988,716	25,838,927	29,931,531	36,532,045
Business-type activities										
Net investment in capital assets	25,806,028	27,848,331	28,212,408	29,012,942	31,675,498	31,790,132	33,420,945	35,751,848	36,638,415	35,935,876
Restricted	3,772,396	2,888,137	3,290,839	3,995,244	4,503,838	4,778,605	5,692,651	6,843,327	7,362,554	9,705,094
Unrestricted	1,072,128	2,302,087	3,270,530	4,333,649	3,746,575	4,801,114	3,575,878	2,457,170	5,013,737	7,351,738
Total business-type activities in net position	30,650,552	33,038,555	34,773,777	37,341,835	39,925,911	41,369,851	42,689,474	45,052,345	49,014,706	52,992,708
Primary government										
Net investment in capital assets	41,654,143	43,520,010	44,434,501	46,056,202	48,491,401	49,417,122	52,574,298	55,204,053	55,651,440	61,217,216
Restricted	6,267,566	6,701,556	6,942,408	7,853,474	9,162,393	9,920,122	10,150,591	12,014,092	17,642,499	20,842,486
Unrestricted	(547,415)	1,062,007	2,369,616	2,920,779	2,812,070	4,398,781	3,953,301	3,673,127	5,652,298	7,465,051
Total primary government net position	\$ 47,374,294	\$ 51,283,573	\$ 53,746,525	\$ 56,830,455	\$ 60,465,864	\$ 63,736,025	\$ 66,678,190	\$ 70,891,272	\$ 78,946,237	\$ 89,524,753

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

	Fiscal Year									
	9/30/2016 ⁽¹⁾	9/30/2017	9/30/2018 ⁽²⁾	9/30/2019	9/30/2020	9/30/2021	9/30/2022	9/30/2023	9/30/2024	9/30/2025
Expenses										
Governmental activities:										
General government	\$ 1,226,946	\$ 1,399,216	\$ 1,372,964	\$ 1,643,677	\$ 2,544,143	\$ 1,497,774	\$ 2,391,433	\$ 2,519,761	\$ 3,018,012	\$ 2,980,215
Public safety	7,816,386	8,501,991	8,470,373	9,085,841	9,378,097	9,524,365	10,183,503	12,140,342	13,722,583	13,211,041
Physical environment	1,071,354	1,145,447	747,777	1,251,218	1,333,773	1,300,281	1,544,932	1,468,411	1,819,574	1,999,423
Transportation	1,767,102	1,807,487	2,261,161	2,019,958	2,052,817	1,782,847	1,614,964	1,809,687	1,747,741	2,433,656
Economic environment	414,110	441,868	945,327	672,429	898,285	1,017,460	2,098,925	2,706,848	2,405,427	2,981,715
Human services	10,174	10,174	10,174	10,173	10,174	10,174	10,174	10,174	10,174	10,174
Culture and recreation	2,523,366	2,648,493	2,809,125	3,186,011	3,125,759	2,952,373	3,378,402	3,949,097	4,374,807	4,606,083
Interest on long term debt	345,798	288,519	304,789	368,926	375,441	315,929	223,980	739,680	972,232	972,227
Total governmental activities expenses	<u>15,175,236</u>	<u>16,243,195</u>	<u>16,921,690</u>	<u>18,238,233</u>	<u>19,718,489</u>	<u>18,401,203</u>	<u>21,446,313</u>	<u>25,344,000</u>	<u>28,070,550</u>	<u>29,194,534</u>
Business-type activities:										
Water and wastewater	5,579,359	5,761,569	6,154,074	6,257,083	6,811,684	7,581,515	8,560,087	9,945,824	10,318,909	10,380,094
LWMG Cemetery	88,200	87,818	113,696	124,703	129,695	114,979	118,147	132,046	121,318	119,923
Stormwater	-	-	-	248,550	293,685	406,251	349,995	447,184	415,396	948,389
Total business-type activities	<u>5,667,559</u>	<u>5,849,387</u>	<u>6,267,770</u>	<u>6,630,336</u>	<u>7,235,064</u>	<u>8,102,745</u>	<u>9,028,229</u>	<u>10,525,054</u>	<u>10,855,623</u>	<u>11,448,406</u>
Total primary government expenses	<u>20,842,795</u>	<u>22,092,582</u>	<u>23,189,460</u>	<u>24,868,569</u>	<u>26,953,553</u>	<u>26,503,948</u>	<u>30,474,542</u>	<u>35,869,054</u>	<u>38,926,173</u>	<u>40,642,940</u>
Program revenues										
Governmental activities:										
Charges for services:										
General government	108,638	87,896	28,779	60,405	732,639	107,384	10,481	91,830	63,403	159,712
Public safety	1,761,549	2,240,193	1,963,802	2,308,752	2,187,976	2,129,372	2,664,385	3,518,472	4,758,191	5,082,559
Physical environment	1,189,190	1,156,756	1,219,272	1,353,179	1,453,027	1,434,657	1,534,167	1,581,920	1,726,943	2,188,290
Transportation	133,323	138,546	141,740	145,617	150,193	157,206	167,080	542,170	809,526	1,196,915
Culture and recreation	98,304	196,119	108,267	278,621	399,047	58,973	134,870	824,743	793,206	1,220,954
Operating grants and contributions	1,147,668	1,351,175	1,378,257	1,283,712	1,469,900	1,436,108	1,535,986	1,607,815	838,487	818,550
Capital grants and contributions	15,139	15,724	78,477	18,112	16,224	36,197	566,632	1,079,832	4,264,215	4,833,671
Total governmental activities program revenues	<u>4,453,811</u>	<u>5,186,409</u>	<u>4,918,594</u>	<u>5,448,398</u>	<u>6,409,006</u>	<u>5,359,897</u>	<u>6,613,601</u>	<u>9,246,782</u>	<u>13,253,971</u>	<u>15,500,651</u>
Business -type activities:										
Charges for services:										
Water and wastewater	7,860,703	8,134,261	8,329,706	8,685,158	9,378,790	9,326,170	10,518,381	11,676,309	11,977,816	13,140,026
LWMG Cemetery	61,181	46,351	78,162	72,315	75,072	169,475	178,688	248,627	119,757	95,622
Stormwater	-	-	-	64,027	462,746	466,735	492,232	507,638	527,464	564,129
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	345,382	914,886	426,344	1,247,275	841,151	721,376	420,798	1,681,295	2,968,248	2,660,376
Total business-type activities program revenues	<u>8,267,266</u>	<u>9,095,498</u>	<u>8,834,212</u>	<u>10,068,775</u>	<u>10,757,759</u>	<u>10,683,756</u>	<u>11,610,099</u>	<u>14,113,869</u>	<u>15,593,285</u>	<u>16,460,153</u>
Total primary government program revenues	<u>12,721,077</u>	<u>14,281,907</u>	<u>13,752,806</u>	<u>15,517,173</u>	<u>17,166,765</u>	<u>16,043,653</u>	<u>18,223,700</u>	<u>23,360,651</u>	<u>28,847,256</u>	<u>31,960,804</u>
Net (expenditures) revenues										
Governmental activities	(10,721,425)	(11,056,786)	(12,003,096)	(12,789,835)	(13,309,483)	(13,041,306)	(14,832,712)	(16,097,218)	(14,816,579)	(13,693,883)

	Fiscal Year									
	9/30/2016 ⁽¹⁾	9/30/2017	9/30/2018 ⁽²⁾	9/30/2019	9/30/2020	9/30/2021	9/30/2022	9/30/2023	9/30/2024	9/30/2025
Business-type activities	2,599,707	3,246,111	2,566,442	3,438,439	3,522,695	2,581,011	2,581,870	3,588,815	4,737,662	5,011,747
Total primary government net(expenses) revenues	<u>(8,121,718)</u>	<u>(7,810,675)</u>	<u>(9,436,654)</u>	<u>(9,351,396)</u>	<u>(9,786,788)</u>	<u>(10,460,295)</u>	<u>(12,250,842)</u>	<u>(12,508,403)</u>	<u>(10,078,917)</u>	<u>(8,682,136)</u>
General revenues and other changes in net assets										
Governmental activities:										
Taxes:										
Property taxes	4,900,523	5,122,114	5,452,835	5,849,860	6,252,874	6,685,845	7,249,859	7,980,425	9,183,429	9,776,423
Franchise fees	1,216,849	1,202,764	1,270,749	1,372,549	1,366,983	1,417,974	1,594,076	1,711,295	1,645,725	1,704,893
Public service taxes	1,672,772	1,687,888	1,718,285	1,846,617	1,963,799	2,006,417	2,381,442	2,469,402	2,511,444	2,522,576
Communication service taxes	469,080	467,274	454,353	448,685	486,042	467,111	471,302	500,565	522,785	537,139
Gas taxes	786,555	810,953	844,684	860,806	821,880	858,170	892,116	902,027	919,337	947,537
Local business tax	70,015	72,316	68,133	67,280	61,772	64,445	66,893	58,776	56,734	72,524
State and county shared revenues	1,359,612	1,404,292	1,493,372	1,552,745	1,520,571	1,801,151	2,113,955	2,198,390	2,130,076	2,097,350
Investment earnings	8,998	14,816	19,214	21,757	19,192	16,553	7,222	391,867	1,226,950	622,736
Insurance recoveries	1,825	4,669	76,223	789	-	-	-	98,844	46,875	48,145
Gain/(loss) on disposal of capital assets	40,580	610,380	-	30,873	438,925	-	-	-	8,165	232,466
Miscellaneous revenue	67,232	100,366	180,882	138,446	223,450	172,817	164,389	108,838	211,898	107,608
Transfers	1,046,718	1,080,230	1,086,650	1,115,300	1,205,328	1,377,044	1,514,000	1,527,000	1,623,000	1,625,000
Total governmental activities	<u>11,640,759</u>	<u>12,578,062</u>	<u>12,665,380</u>	<u>13,305,707</u>	<u>14,360,816</u>	<u>14,867,527</u>	<u>16,455,254</u>	<u>17,947,429</u>	<u>20,086,418</u>	<u>20,294,397</u>
Business-type activities:										
Investment earnings	12,071	11,209	18,792	21,670	21,302	18,724	73,916	156,164	443,231	435,719
Gain/(loss) on disposal of capital assets	420	-	-	200	15,036	-	1,899	3,238	3,162	3,941
Miscellaneous revenue	197,328	210,913	221,782	223,049	230,371	221,249	146,938	141,654	142,701	151,595
Transfers	<u>(1,046,718)</u>	<u>(1,080,230)</u>	<u>(1,086,650)</u>	<u>(1,115,300)</u>	<u>(1,205,328)</u>	<u>(1,377,044)</u>	<u>(1,514,000)</u>	<u>(1,527,000)</u>	<u>(1,623,000)</u>	<u>(1,625,000)</u>
Total business-type activities	<u>(836,899)</u>	<u>(858,108)</u>	<u>(846,076)</u>	<u>(870,381)</u>	<u>(938,619)</u>	<u>(1,137,071)</u>	<u>(1,291,247)</u>	<u>(1,225,944)</u>	<u>(1,033,906)</u>	<u>(1,033,745)</u>
Total primary government	<u>10,803,860</u>	<u>11,719,954</u>	<u>11,819,304</u>	<u>12,435,326</u>	<u>13,422,197</u>	<u>13,730,456</u>	<u>15,164,007</u>	<u>16,721,485</u>	<u>19,052,512</u>	<u>19,260,652</u>
Change in net position										
Governmental activities	919,334	1,521,276	662,284	515,872	1,051,333	1,826,221	1,622,542	1,850,211	5,269,839	6,600,514
Business-type activities	1,762,808	2,388,003	1,720,366	2,568,058	2,584,076	1,443,940	1,290,623	2,362,871	3,703,756	3,978,002
Total primary government	<u>\$ 2,682,142</u>	<u>\$ 3,909,279</u>	<u>\$ 2,382,650</u>	<u>\$ 3,083,930</u>	<u>\$ 3,635,409</u>	<u>\$ 3,270,161</u>	<u>\$ 2,913,165</u>	<u>\$ 4,213,082</u>	<u>\$ 8,973,595</u>	<u>\$ 10,578,516</u>

(1) - 2016 reported a restatement resulting in an increase in governmental activities net position of \$199,892

(2) - 2018 reported a restatement resulting in an increase to governmental activities net position of \$65,446 and a increase to business-type activities net position of \$14,856.

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

General fund	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Nonspendable										
Inventory and Prepaid	\$ 97,256	\$ 260,083	\$ 289,680	\$ 178,074	\$ 528,092	\$ 355,174	\$ 439,931	\$ 663,819	\$ 439,903	\$ 434,980
Committed										
Cemetery expenditures	28,086	28,086	-	-	-	-	-	-	-	-
Tree replacement expenditures	67,493	67,493	-	-	-	-	-	-	-	-
Assigned										
Subsequent years' expenditure	-	-	1,296,074	850,123	475,747	1,123,097	1,163,408	1,782,603	397,549	-
Unassigned	2,892,676	3,209,162	2,712,511	3,253,113	3,581,521	3,962,637	4,341,284	3,534,514	5,813,461	6,378,240
Total general fund	<u>3,085,511</u>	<u>3,564,824</u>	<u>4,298,265</u>	<u>4,281,310</u>	<u>4,585,360</u>	<u>5,440,908</u>	<u>5,944,623</u>	<u>5,980,936</u>	<u>6,650,913</u>	<u>6,813,220</u>
All other governmental funds										
Nonspendable										
Inventory and Prepaid	33,730	13,897	24,486	28,733	25,152	76,517	4,807	13,919	-	-
Restricted for:										
Library expenditures	81,244	127,600	130,708	190,140	284,381	469,993	437,522	575,683	-	-
Law enforcement expenditures	67,473	57,323	43,381	36,536	40,009	39,328	103,728	61,609	50,275	18,254
Transportation expenditures	332,984	508,472	401,886	111,029	131,576	525,572	617,152	843,345	2,257,041	1,895,384
Community redevelopment expenditures	210,468	1,393,382	1,504,752	2,108,243	2,752,719	2,719,871	1,877,034	15,516,125	8,832,327	5,944,728
Street lighting expenditures	17,154	19,318	5,792	6,426	4,583	3,561	4,667	4,682	3,771	-
Debt service	1,322,116	1,154,353	964,916	686,736	423,051	469,967	638,425	532,872	431,695	323,704
Capital projects	463,731	552,971	600,134	719,120	1,022,236	913,225	779,412	1,107,428	1,868,696	3,279,026
Government services	-	-	-	-	-	-	-	102,418	478,104	-
Unassigned	-	-	-	-	-	-	-	-	-	(20,534)
Total all other governmental funds	<u>\$2,528,900</u>	<u>\$3,827,316</u>	<u>\$3,676,055</u>	<u>\$3,886,963</u>	<u>\$4,683,707</u>	<u>\$5,218,034</u>	<u>\$4,462,747</u>	<u>\$18,758,081</u>	<u>\$13,921,909</u>	<u>\$11,440,562</u>

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

Revenues	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Taxes	\$ 7,372,285	\$ 7,574,308	\$ 7,796,780	\$ 8,192,156	\$ 8,561,644	\$ 9,036,846	\$ 9,875,578	\$ 10,488,392	\$ 11,467,892	\$ 11,924,723
Special assessment	14,823	15,624	-	12,782	12,755	12,053	14,856	12,421	12,432	-
Licenses and permits	1,643,803	1,770,272	1,800,458	2,131,820	1,901,079	2,067,400	2,265,026	3,181,264	4,333,696	4,624,321
Intergovernmental	3,056,649	3,226,070	3,871,137	3,781,662	4,060,971	4,306,078	5,371,082	6,136,503	8,992,089	9,678,684
Charges for services	3,012,228	3,247,682	3,146,019	3,311,878	3,482,576	3,618,065	4,135,983	4,243,751	4,376,128	5,194,414
Fines and forfeitures	108,072	136,491	151,371	162,757	165,595	116,059	370,060	217,782	407,356	308,055
Interest and miscellaneous	255,736	444,049	421,282	669,479	940,947	384,531	396,010	2,169,033	3,051,325	3,238,261
Total revenues	15,463,596	16,414,496	17,187,047	18,262,534	19,125,567	19,541,032	22,428,595	26,449,146	32,640,918	34,968,458
Expenditures										
Current:										
General government	1,591,291	1,904,199	1,870,430	2,102,409	2,302,858	1,994,654	3,022,195	3,596,379	3,977,084	4,250,322
Public safety	7,778,626	8,390,048	8,186,060	9,898,768	8,996,214	8,795,422	10,264,538	12,704,264	13,404,294	14,547,648
Physical environment	1,046,112	1,110,708	1,205,879	1,252,316	1,277,758	1,192,453	1,444,045	1,340,820	1,695,589	2,741,725
Transportation	1,091,184	1,129,684	1,625,190	2,137,461	1,500,467	1,213,812	1,503,799	1,796,133	1,715,908	4,783,594
Economic environment	413,478	498,908	923,498	620,617	841,675	1,660,466	3,310,073	7,943,376	10,538,913	7,298,102
Human services	-	-	-	30,000	40,000	40,000	40,000	40,000	43,600	43,600
Culture and recreation	2,442,606	2,492,316	3,217,540	3,186,614	3,707,862	2,710,401	3,200,426	4,218,342	4,064,636	4,682,629
Debt service:										
Principal	1,484,637	1,511,401	910,259	1,140,052	1,369,355	1,428,515	1,444,000	1,529,723	1,439,334	1,389,059
Interest and fiscal charges	333,629	305,613	300,049	362,482	379,830	331,703	243,164	738,110	1,048,023	986,339
Capital outlay	80,038	119,499	276,156	263,776	53,125	189,525	310,529	793,132	206,989	15,574
Total expenditures	16,261,601	17,462,376	18,515,061	20,994,495	20,469,144	19,556,951	24,782,769	34,700,279	38,134,370	40,738,592
Excess (deficiency) of revenues over (under) expenditures	(798,005)	(1,047,880)	(1,328,014)	(2,731,961)	(1,343,577)	(15,919)	(2,354,174)	(8,251,133)	(5,493,452)	(5,770,134)
Other financing sources (uses)										
Proceeds from issuance of debt	693,513	755,648	747,118	1,775,272	1,218,365	-	507,655	20,841,057	218,234	801,033
Insurance recoveries	1,825	4,669	76,223	4,469	-	-	368	98,844	46,875	48,145
Sale of capital assets	117,134	985,062	203	30,873	20,678	28,750	80,579	115,879	28,750	976,916
Transfers in	2,001,028	1,854,306	2,034,473	1,986,576	2,235,822	2,225,134	2,370,622	3,033,918	6,659,743	8,199,340
Transfers out	(954,310)	(774,076)	(947,823)	(871,276)	(1,030,494)	(848,090)	(856,622)	(1,506,918)	(5,036,743)	(6,574,340)
Total other financing sources (uses)	1,859,190	2,825,609	1,910,194	2,925,914	2,444,371	1,405,794	2,102,602	22,582,780	1,916,859	3,451,094
Net change in fund balances	\$ 1,061,185	\$ 1,777,729	\$ 582,180	\$ 193,953	\$ 1,100,794	\$ 1,389,875	\$ (251,572)	\$ 14,331,647	\$ (3,576,593)	\$ (2,319,040)
Debt Service as a percentage of noncapital expenditures	12.15%	11.34%	7.38%	8.55%	9.38%	10.12%	7.63%	8.94%	9.04%	7.87%

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

Fiscal Year	Property Tax	Franchise Fees	Public Service Tax	Communication Service Tax	Fuel Taxes	Local Business Tax	Totals
2016	\$ 4,900,523	\$ 1,216,849	\$ 1,672,772	\$ 469,080	\$ 786,555	\$ 70,015	\$ 9,115,794
2017	5,122,114	1,202,764	1,687,888	467,274	810,953	72,316	9,363,309
2018	5,452,835	1,270,748	1,718,285	454,353	844,684	68,133	9,809,038
2019	5,849,860	1,372,549	1,846,617	448,685	860,806	67,280	10,445,797
2020	6,252,874	1,366,983	1,963,799	486,042	821,880	61,772	10,953,350
2021	6,685,845	1,417,974	2,006,417	467,111	858,170	64,445	11,499,962
2022	7,249,859	1,594,076	1,381,442	471,302	892,116	66,893	11,655,688
2023	7,980,425	1,711,295	2,469,402	500,565	902,027	58,776	13,622,490
2024	9,183,429	1,645,725	2,511,444	522,785	919,337	56,734	14,839,454
2025	9,776,423	1,704,893	2,522,576	537,139	947,537	72,524	15,561,092

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

Fiscal Year	Real Property	Personal Property	Centrally Assessed Property	Less: Tax Exempt Property	Total Assessed Valuation	Total Direct Rate	Estimated Actual Value	Assessed Value⁽¹⁾ as a Percentage of Actual Value
2016	\$ 838,628	\$ 101,096	\$ 552	\$ 300,401	\$ 639,875	7.3638	\$ 1,088,269	86.40%
2017	886,259	107,225	623	303,049	691,058	7.3273	1,150,506	86.41%
2018	914,102	108,906	708	291,847	731,869	7.0438	1,185,028	86.39%
2019	967,869	116,636	573	304,154	780,924	7.0438	1,255,878	86.40%
2020	1,046,491	153,210	517	339,008	861,210	6.9339	1,384,893	86.67%
2021	1,091,300	143,042	1,446	344,604	891,184	6.7974	1,428,370	86.52%
2022	1,273,087	176,605	1,105	386,393	1,064,404	6.3626	1,675,459	86.59%
2023	1,412,301	157,661	872	410,085	1,160,749	7.1214	1,820,064	86.31%
2024	1,548,043	172,712	917	481,948	1,239,724	7.0462	1,994,856	86.31%
2025	1,701,980	181,905	996	500,360	1,384,521	8.0462	2,185,230	86.26%

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

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

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

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

Fiscal Year	Direct Rate	Overlapping Rates			Total
	City of Lake Wales	County of Polk	Polk County School Board	South West Florida Water Management District	
2016	8.3638	6.8665	7.2080	0.3658	22.8041
2017	7.3638	6.7815	7.1490	0.3488	21.6431
2018	7.3273	6.7815	6.7970	0.3317	21.2375
2019	7.0438	6.7815	6.5140	0.3131	20.6524
2020	7.0438	7.1565	6.2510	0.2955	20.7468
2021	6.9339	7.1565	6.0860	0.2801	20.4565
2022	6.7974	6.8990	5.9350	0.2669	19.8983
2023	6.3626	6.6920	5.5190	0.2260	18.7996
2024	7.1214	6.6852	5.4080	0.2043	19.4189
2025	8.0463	6.6348	5.2900	0.2779	20.1541

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

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

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

**City of Lake Wales, Florida
Principal Property Taxpayers
Fiscal Year Ended September 30, 2025**

Taxpayer	Rank	2025		Rank	2016	
		Total Assessed Valuation	Percentage of Total Taxable Assessed Value		Total Assessed Valuation	Percentage of Total Taxable Assessed Value
DUKE ENERGY	1	\$ 37,935,397	2.74%	2	\$ 19,955,751	3.11%
PRESERVE AT LAKE WALES INC	2	21,923,256	1.58%	5	\$ 9,297,600	1.45%
PUBLIX SUPER MARKETS	3	19,691,642	1.42%	1	20,555,643	3.21%
CRF II LTD	4	18,306,359	1.32%	3	14,428,122	2.25%
WALMART	5	16,437,417	1.19%	6	8,555,193	1.33%
LWAD PHASE 1 LLC	6	16,411,927	1.19%			
GROWHEALTHY PROPERTIES LLC	7	9,803,352	0.71%			
SPIRIT REALTY LP	8	8,593,466	0.62%			
STOCKBRIDGE MADISON LLC	9	8,674,592	0.63%			
LOWES				8	6,087,038	0.95%
AG EHC II LEN MULTISTATE 4 LLC	10	8,506,000	0.61%			
LAKE WALES HOSPITAL CORPORATION				4	13,441,487	2.10%
T EAGLE RIDGE, LLC				7	7,925,551	1.24%
GILL DEVELOPMENT LLLP				9	5,413,471	0.84%
KEGEL LLC				10	5,034,824	0.79%
		<u>\$ 166,283,408</u>	<u>12.01%</u>		<u>\$ 110,694,680</u>	<u>17.26%</u>
Total Assessed Valuation		<u>\$ 1,384,521,149</u>			<u>\$ 641,350,463</u>	

Source: Polk County Property Appraiser
N/A - Not available

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

Fiscal Year	Total Tax Levy	Current Levy Collections	Percent of Levy Collected	Delinquent Tax Collection	Total Tax Collections	Percent Total Collections To Levy
2016	\$ 4,498,652	\$ 4,351,685	96.73%	\$ 17,700	\$ 4,369,385	97.13%
2017	4,676,205	4,520,948	96.68%	10,294	4,531,242	96.90%
2018	4,852,742	4,691,717	96.68%	7,264	4,698,981	96.83%
2019	5,137,333	4,971,389	96.77%	3,119	4,974,508	96.83%
2020	5,360,024	5,180,984	96.66%	40,008	5,220,992	97.41%
2021	5,832,566	5,637,459	96.65%	7,690	5,645,149	96.79%
2022	6,011,292	5,660,810	94.17%	148,914	5,809,724	96.65%
2023	6,757,553	6,577,724	97.34%	120,761	6,698,485	99.13%
2024	8,241,349	7,972,894	96.74%	176,904	8,149,798	98.89%
2025	8,705,885	8,170,319	93.85%	219,487	8,389,806	96.37%

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

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

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

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

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Population	Per Capita
	Notes Payable	Lease Obligations	Total	Notes Payable	Lease Obligations	Total			
2016	\$ 8,312,131	\$ 955,994	\$ 9,268,125	\$ 11,162,574	\$ 433,341	\$11,595,915	\$ 20,864,040	15,362	1,358
2017	7,080,854	1,432,757	8,513,611	15,241,545	336,409	15,577,954	24,091,565	15,365	1,568
2018	6,554,027	1,771,562	8,325,589	15,598,263	383,458	15,981,721	24,307,310	15,791	1,539
2019	6,007,966	2,952,843	8,960,809	16,238,880	323,977	16,562,857	25,523,666	16,062	1,589
2020	6,341,964	2,467,855	8,809,819	17,111,146	238,078	17,349,224	26,159,043	16,386	1,596
2021	5,702,641	1,678,663	7,381,304	23,449,577	196,736	23,646,313	31,027,617	17,001	1,825
2022	5,043,531	1,343,246	6,386,777	22,037,072	148,672	22,185,744	28,572,521	17,359	1,646
2023	23,341,466	2,356,645	25,698,111	24,658,410	215,056	24,873,466	50,571,577	17,384	2,909
2024	22,520,544	1,896,028	24,416,572	26,905,419	138,839	27,044,258	51,460,830	17,384	2,960
2025	21,673,619	2,154,927	23,828,546	27,268,178	258,043	27,526,221	51,354,767	17,736	2,896

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

City of Lake Wales, Florida
Direct and Overlapping Governmental Activities Debt
As of September 30, 2025

<u>Taxing Authority</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
City of Lake Wales	\$ 23,828,546	100.00%	\$ 23,828,546
Total Direct Debt	<u>23,828,546</u>		<u>23,828,546</u>
County of Polk (1)	160,392,660	1.86%	2,987,872
Polk County School Board (2)	325,523,209	1.86%	6,064,004
Total Overlapping Debt	<u>485,915,869</u>		<u>9,051,876</u>
Total Direct and Overlapping Debt	<u>\$ 509,744,415</u>		<u>\$ 32,880,422</u>

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

Source:

(1) Debt outstanding data provided from information with Polk County, Florida ACFR as of their most recent audited financial statements ending September 30, 2024.

(2) Debt outstanding data provided from information with The School Board of Polk County, Florida ACFR as of their most recent available audited financial statements ending June 30, 2024.

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

Utility Fund Debt Obligations

Fiscal Year	(1) Charges for Service Revenues	(2) Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2016	\$ 7,860,703	\$ 3,971,479	\$ 3,889,224	\$ 2,068,464	\$ 215,477	1.70
2017	8,134,261	4,155,338	3,978,923	2,362,967	160,623	1.58
2018	8,329,706	4,460,075	3,869,631	991,925	106,979	3.52
2019	8,685,158	4,287,822	4,397,336	977,513	222,612	3.66
2020	9,378,790	4,812,909	4,565,881	1,235,356	231,387	3.11
2021	9,326,170	5,402,074	3,924,096	1,180,772	385,452	2.51
2022	10,518,381	6,206,164	4,312,217	1,215,455	350,769	2.75
2023	11,676,309	7,737,246	3,939,063	1,590,685	231,841	2.16
2024	11,977,816	7,829,029	4,148,787	1,587,462	215,253	2.30
2025	13,140,026	7,559,977	5,580,049	1,236,415	206,682	3.87

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

(2) Direct operating expenses does not include depreciation.

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

Year	Per Capita Personal Income (1)						Median Household Income (1)					
	Florida	Polk	Hillsborough	Hardee	Osceola	Lake	Florida	Polk	Hillsborough	Hardee	Osceola	Lake
2016	\$ 45,684	\$ 34,199	\$ 43,617	\$ 26,913	\$ 31,280	\$ 39,385	\$ 50,857	\$ 46,289	\$ 54,509	\$ 37,612	\$ 50,716	\$ 50,125
2017	47,869	34,213	45,129	28,844	32,315	40,613	50,883	45,988	53,742	39,063	47,343	49,734
2018	50,070	35,463	47,000	28,258	33,346	42,190	53,267	48,500	56,137	37,594	50,063	51,884
2019	52,426	36,649	48,452	29,545	35,258	43,425	55,660	50,584	58,884	38,682	52,279	54,513
2020	56,597	40,840	53,345	32,323	39,759	45,463	57,435	54,591	65,272	46,264	63,018	58,501
2021	62,617	43,955	57,772	35,838	44,267	50,931	61,777	55,099	64,164	41,395	58,513	60,013
2022	65,429	43,504	60,141	34,966	44,733	52,476	67,917	60,901	70,612	44,665	64,312	66,239
2023	70,057	45,026	64,439	37,111	47,135	55,970	71,711	63,644	75,011	54,231	68,711	69,956
2024	73,006	46,274	67,712	37,993	49,092	58,161	74,568	65,978	79,540	60,489	72,637	73,161
2025	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

N/A = Data not currently available.

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

Year	Florida Price Level Index (1)					Unemployment Rate (2)					
	Polk	Hillsborough	Hardee	Osceola	Lake	Florida	Polk	Hillsborough	Hardee	Osceola	Lake
2016	96.50	101.14	95.12	98.38	97.23	4.7	5.9	4.6	7.2	5.0	4.8
2017	96.20	100.66	94.76	98.53	97.38	3.8	4.1	3.3	6.1	3.7	3.4
2018	96.05	100.38	95.37	98.53	97.52	3.3	3.5	2.9	4.8	3.0	2.9
2019	96.00	100.64	95.64	98.81	97.80	3.1	3.5	2.9	5.6	3.1	2.9
2020	96.08	100.73	96.31	98.46	97.80	7.6	7.9	5.7	5.1	9.7	7.4
2021	96.82	101.33	91.45	97.84	95.21	4.0	4.9	3.9	5.1	5.4	4.3
2022	97.06	101.60	91.28	97.83	95.40	2.8	3.2	2.6	3.8	3.0	2.8
2023	97.01	101.59	92.46	97.75	96.29	2.9	3.9	3.0	4.0	3.4	3.2
2024	96.35	101.79	93.91	97.59	96.60	3.4	3.8	3.0	4.0	3.5	3.3
2025	96.15	101.47	95.05	97.30	96.79	4.2	5.2	4.2	5.5	4.2	4.5

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

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

N/A = Data not currently available.

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

(April 1st) Year	Population		% of City Compared to County
	Polk	City of Lake Wales	
2016	646,989	15,362	2.37%
2017	661,645	15,365	2.32%
2018	673,028	15,791	2.35%
2019	690,606	16,062	2.33%
2020	715,090	16,386	2.29%
2021	748,365	17,001	2.27%
2022	770,019	17,359	2.25%
2023	797,616	17,384	2.18%
2024	826,090	17,558	2.13%
2025	846,896	17,736	2.09%

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

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

Function/Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
City Manager	2.00	2.50	2.50	2.50	2.50	2.50	5.50	4.00	4.00	4.00
City Clerk	1.50	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Special Progr/Eco Dev/CRA	-	-	2.00	2.50	5.00	6.00	4.00	3.00	2.00	3.00
Finance	3.50	3.50	3.50	3.50	4.00	4.00	4.00	4.50	4.50	4.50
Support Services	1.30	1.30	1.30	1.30	1.30	1.00	0.50	-	-	-
Human Resource	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Planning and Zoning	3.00	3.00	3.00	4.00	4.50	3.00	4.00	5.00	4.00	4.00
Information Services	3.30	3.30	3.30	3.30	3.30	3.00	3.00	4.00	4.00	4.00
Communications & Engagement	-	-	-	-	-	-	-	2.00	2.50	2.50
Public Services Administration	1.90	1.90	1.90	1.90	2.90	2.50	1.50	2.50	2.00	2.00
Parks & Recreation	-	-	-	-	-	-	-	-	-	-
Total general government	<u>18.50</u>	<u>18.50</u>	<u>20.50</u>	<u>22.00</u>	<u>26.50</u>	<u>25.00</u>	<u>25.50</u>	<u>28.00</u>	<u>26.00</u>	<u>27.00</u>
Airport Authority		2.00	2.00	2.00	3.00	3.00	3.00	4.00	4.00	4.00
Police Department	50.00	53.00	53.00	53.00	53.00	53.00	55.00	62.00	63.00	62.00
Fire & Rescue:	27.00	30.00	30.00	30.00	30.00	30.00	33.00	38.00	41.00	41.00
Building Permits and Inspection	2.50	3.00	3.00	3.50	5.00	5.00	4.00	6.00	6.00	6.00
Code Enforcement	2.00	2.00	3.00	3.00	3.00	2.00	2.00	3.00	3.00	3.00
Total public safety	<u>81.50</u>	<u>90.00</u>	<u>91.00</u>	<u>91.50</u>	<u>94.00</u>	<u>93.00</u>	<u>97.00</u>	<u>113.00</u>	<u>117.00</u>	<u>116.00</u>
Cemetery	-	-	2.00	2.00	3.00	3.00	3.50	3.50	3.00	3.00
Parks Division	-	-	8.00	8.00	8.00	8.00	10.00	16.00	20.30	19.30
Streets	-	-	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Field Operations	18.00	18.00	-	-	-	-	-	-	-	-
Fleet Maintenance	-	-	-	-	-	-	-	-	-	-
Facilities Maintenance	3.00	2.00	3.00	3.00	3.00	3.00	3.00	4.00	5.00	5.00
Total maintenance	<u>21.00</u>	<u>20.00</u>	<u>20.00</u>	<u>20.00</u>	<u>21.00</u>	<u>21.00</u>	<u>23.50</u>	<u>30.50</u>	<u>35.30</u>	<u>34.30</u>
Recreation	-	-	3.00	3.00	4.00	5.00	5.00	2.50	8.80	6.30
Lake Wales Family Recreation	-	-	-	-	-	-	-	-	11.90	11.90
Museum	1.10	1.60	2.10	2.10	2.60	2.20	-	-	-	-
Library	17.90	17.90	17.90	17.90	17.90	18.40	18.00	19.00	20.50	20.50
Total culture and recreation	<u>19.00</u>	<u>19.50</u>	<u>23.00</u>	<u>23.00</u>	<u>24.50</u>	<u>25.60</u>	<u>23.00</u>	<u>21.50</u>	<u>41.20</u>	<u>38.70</u>
Utilities Operations	23.00	23.00	23.00	23.00	23.00	23.00	27.00	28.00	29.00	29.00
Utilities Administration	6.00	6.00	6.00	6.00	6.00	7.00	7.00	9.00	9.00	9.00
Utility Billing/Customer Service	5.50	5.50	5.50	5.50	7.00	7.00	7.00	7.00	7.50	7.50
Total utilities	<u>34.50</u>	<u>34.50</u>	<u>34.50</u>	<u>34.50</u>	<u>36.00</u>	<u>37.00</u>	<u>41.00</u>	<u>44.00</u>	<u>45.50</u>	<u>45.50</u>
Total government employees	<u>174.50</u>	<u>182.50</u>	<u>189.00</u>	<u>191.00</u>	<u>202.00</u>	<u>201.60</u>	<u>210.00</u>	<u>237.00</u>	<u>265.00</u>	<u>261.50</u>

(1) Source: City Finance Department - BUDGET STAFFING SUMMARY

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

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

Function/Program	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Police										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of arrests	1,125	1,182	1,195	958	586	586	830	1,148	622	738
Number of calls for service	21,522	22,888	22,912	21,837	17,722	18,560	21,832	21,867	22,464	22,484
Number of crashes	621	584	548	620	586	751	1,048	769	840	467
Fire										
Response volume (includes fire, rescue and medical calls)	2,410	2,769	2,939	3,040	3,011	3,100	3,532	3,907	4,098	4,187
Response time average (minutes)	4.83	4.60	4.60	4.82	5.09	4.71	3.50	5.13	5.47	5.40
Inspections/plans reviewed	2,031	2,031	1,544	1,310	1,212	980	1,200	1,200	1,224	1,254
Public education (persons)	3,892	3,152	2,548	2,250	2,500	2,500	3,000	5,000	4,250	4,420
Permits and Inspections Division										
Plan review residential	196	319	680	98	891	561	661	1,206	1,031	965
Plan review commercial	49	129	88	279	209	139	239	212	243	313
Permits issued	792	1,166	1,359	1,206	1,147	1,227	1,312	1,454	1,423	1,787
Inspections:										
Construction	2,467	5,348	4,085	4,332	3,014	4,196	4,619	3,066	4,120	3,637
Inspections per month (avg.)	205	445	340	361	266	350	385	256	344	303
Certificates of Occupancy issued	68	71	42	111	50	51	41	70	290	473
Library										
Number of libraries	1	1	1	1	1	1	1	1	1	1
Public Works										
Miles of streets	87.41	87.41	87.41	87.41	87.41	87.41	87.41	89.58	89.58	89.58
Water										
Average monthly customers:										
Water	8,159	8,210	8,396	8,523	9,377	9,712	9,833	9,805	10,132	11,082
Sewer	5,610	5,649	5,882	5,998	5,917	6,048	6,539	6,177	6,393	7,095
Irrigation	1,534	1,586	1,514	1,570	1,704	1,822	1,630	1,711	1,808	1,831
Wastewater										
Number of lift stations	39	39	40	40	40	40	40	41	45	52

(1) Source: City Finance Department

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

Water Revenues	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Water Fees	\$3,687,443	\$3,777,279	\$3,837,000	\$4,017,001	\$4,484,248	\$ 4,421,191	\$5,117,452	\$5,668,120	\$5,460,115	\$6,050,550
Installation Fees	109,202	158,917	110,773	105,951	83,639	94,149	68,867	348,224	358,748	443,296
Backflow Inspection Fees	67,928	69,850	72,017	74,552	77,821	98,546	126,823	156,589	166,264	185,858
Construction Meter Fees	3,651	5,601	6,852	9,263	8,794	13,191	17,274	15,517	19,077	23,276
Reuse Fees	31,109	32,331	34,169	39,052	58,256	43,991	38,250	33,396	42,420	55,751
Miscellaneous	315	490	1,048	155	248	174	1,295	675	375	232
Impact Fees	137,060	255,751	169,747	264,978	191,844	141,582	214,947	563,089	838,351	1,189,454
Totals	\$4,036,708	\$4,300,219	\$4,231,606	\$4,510,952	\$4,904,850	\$ 4,812,824	\$5,584,908	\$6,785,610	\$6,885,350	\$7,948,417
 Penalties & Service Charges (Water & Sewer Combined)	 \$ 124,854	 \$ 124,854	 \$ 123,632	 \$ 124,593	 \$ 70,072	 \$ 150,621	 \$ 155,319	 \$ 194,034	 \$ 194,034	 \$ 265,245

Water Rates(1)

% of Rate Increase (Decrease) - Base Rate	14.40%	2.40%	2.50%	2.60%	2.40%	2.60%	2.40%	2.50%	2.50%	3.10%
Inside City Limits										
Base Rate	\$ 6.98	\$ 7.15	\$ 7.33	\$ 7.52	\$ 7.70	\$ 7.90	\$ 8.09	\$ 8.29	\$ 8.50	\$ 8.76
0-5,000	2.76	2.83	2.90	2.97	3.05	3.12	3.20	3.28	3.36	3.46
5,001-10,000	3.73	3.82	3.92	4.02	4.12	4.22	4.33	4.44	4.54	4.68
10,001-25,000	5.79	5.93	6.08	6.24	6.39	6.55	6.71	6.88	7.05	7.26
> 25,000	9.54	9.78	10.02	10.27	10.53	10.79	11.06	11.34	11.62	11.97
Outside City Limits										
Base Rate	\$ 8.73	\$ 8.95	\$ 9.17	\$ 9.40	\$ 9.64	\$ 9.88	\$ 10.12	\$ 10.38	\$ 10.64	\$ 10.95
0-5,000	3.45	3.54	3.63	3.72	3.81	3.81	4.00	4.11	4.20	4.33
5,001-10,000	4.67	4.79	4.91	5.03	5.15	5.15	5.42	5.56	5.69	5.85
10,001-25,000	7.24	7.42	7.61	7.80	7.99	7.99	8.40	8.62	8.82	9.07
> 25,000	11.93	12.23	12.54	12.85	13.17	13.17	13.84	14.19	14.54	14.96

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

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

Sewer Revenues	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Sewer Fees	\$ 3,832,287	\$ 3,939,531	\$ 4,142,876	\$ 4,298,524	\$ 4,592,075	\$ 4,486,930	\$ 5,003,351	\$ 5,284,810	\$ 5,760,434	\$ 5,928,719
Installation Fees	3,914	4,855	1,188	1,135	801	7,438	5,098	-	-	-
Miscellaneous	-	-	122	-	763	-	-	-	-	-
Impact Fees	208,322	409,135	237,697	417,051	292,354	173,930	205,951	722,026	1,987,344	1,432,947
Totals	<u>\$ 4,044,523</u>	<u>\$ 4,353,521</u>	<u>\$ 4,381,883</u>	<u>\$ 4,716,710</u>	<u>\$ 4,885,993</u>	<u>\$ 4,668,298</u>	<u>\$ 5,214,400</u>	<u>\$ 6,006,836</u>	<u>\$ 7,747,778</u>	<u>\$ 7,361,666</u>

Sewer Rates (1)

% of Rate Increase (Decrease) - Base Rate	14.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	3.00%
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Inside City Limits

Base Rate	\$ 24.79	\$ 25.41	\$ 26.04	\$ 26.70	\$ 27.36	\$ 28.04	\$ 28.75	\$ 29.46	\$ 30.20	\$ 31.11
0-5,000 Gallons	3.25	3.33	3.41	3.50	3.59	3.68	3.77	3.86	3.96	4.08
5,001 + Gallons	5.70	5.84	5.99	6.14	6.29	6.45	6.61	6.78	6.94	7.15

Outside City Limits

Base Rate	\$ 30.98	\$ 31.75	\$ 32.55	\$ 33.36	\$ 34.20	\$ 35.04	\$ 35.93	\$ 36.82	\$ 37.75	\$ 38.89
0-5,000 Gallons	4.06	4.16	4.27	4.37	4.48	4.60	4.71	4.84	4.95	5.10
5,001 + Gallons	7.13	7.31	7.49	7.68	7.87	8.07	8.27	8.48	8.69	8.94

Residential Cap = 15,000 gallons

(1)Source-City of Lake Wales

N/A - Not available

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

<u>Employer</u>	<u>2025</u>		<u>2016</u>	
	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>
Florida's Natural Growers (1)	600	1	722	1
Lake Wales Charter Schools	540	2	561	2
Adventhealth Lake Wales (2)	510	3	529	3
The Home Depot	400	4		
Walmart Supercenter	350	5	322	6
Lowe's Home Improvement	350	6		
City of Lake Wales	270	7	173	10
Publix	250	8	268	7
Warner University	200	9	188	9
Kegel	100	10		
Polk County School Board			355	4
Hunt Brothers			200	8
Oakley			350	5
	<u>3,570</u>		<u>3,668</u>	

Source: Lake Wales Area Chamber of Commerce, skip@lakewaleschamber.com

(1) - Formerly Citrus World, Inc. prior to 2014

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

OTHER INFORMATION

City of Lake Wales, Florida
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Original Budget and Actual - Community Redevelopment Fund
For the Year Ending September 30, 2025

	<u>Budget Amounts</u> <u>Original</u>	<u>Actual</u> <u>Amounts</u>	<u>Variance With Original</u> <u>Budget</u>
Revenues			
Taxes	\$ 2,091,371	\$ 2,059,213	\$ (32,158)
Intergovernmental	7,446,152	2,548,163	(4,897,989)
Investment earnings	150,000	69,135	(80,865)
Total revenues	<u>9,687,523</u>	<u>4,686,750</u>	<u>(5,000,773)</u>
Expenditures			
Current:			
Economic environment	18,353,574	7,068,019	11,285,555
Total expenditures	<u>18,353,574</u>	<u>7,068,019</u>	<u>11,285,555</u>
Excess of revenues over expenditures	<u>(8,666,051)</u>	<u>(2,381,269)</u>	<u>6,284,782</u>
Other financing uses			
Transfers in	1,500,000	24,837	(1,475,163)
Transfers out	(1,470,341)	(1,470,341)	-
Sale of capital assets	28,750	939,174	910,424
Total other financing uses	<u>58,409</u>	<u>(506,330)</u>	<u>(564,739)</u>
Net change in fund balance	(8,607,642)	(2,887,599)	5,720,043
Fund balances, beginning of year	8,832,327	8,832,327	-
Fund balances, end of year	<u>\$ 224,685</u>	<u>\$ 5,944,728</u>	<u>\$ 5,720,043</u>

City of Lake Wales, Florida
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Original Budget and Actual – Library Special District
 For the Year Ending September 30, 2025

	Original Budget Amounts	Actual Amounts	Variance with Original Budget
Revenues			
Taxes	\$ 577,632	\$ 577,632	\$ -
Intergovernmental	830,000	831,359	1,359
Investment earnings	10,000	21,359	11,359
Impact fees	70,000	147,964	77,964
Miscellaneous	67,300	25,517	(41,783)
Total revenues	<u>1,554,932</u>	<u>1,603,831</u>	<u>48,899</u>
Expenditures			
Current:			
Culture and recreation	2,078,517	1,564,327	(514,190)
Total expenditures	<u>2,078,517</u>	<u>1,564,327</u>	<u>(514,190)</u>
Net change in fund balance	<u>(523,585)</u>	<u>39,504</u>	<u>563,089</u>

City of Lake Wales, Florida
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Original Budget and Actual – Lake Wales Airport Authority
For the Year Ending September 30, 2025

	Original Budget Amounts	Actual Amounts	Variance with Original Budget
Operating Revenues			
Charges for services	\$ 357,000	\$ 708,198	\$ 351,198
Operating Expenses			
Personnel services	326,446	330,553	4,107
Contractual services	24,779	23,045	(1,734)
Repairs and maintenance	1,251,431	76,842	(1,174,589)
Materials and supplies	220,698	493,512	272,814
General and administrative	131,847	141,137	9,290
Depreciation	-	1,306,553	1,306,553
Total operating expenses	<u>1,955,201</u>	<u>2,371,642</u>	<u>416,441</u>
Operating Loss	<u>(1,598,201)</u>	<u>(1,663,444)</u>	<u>(65,243)</u>
Nonoperating revenues (expenses)			
Interest expense and fiscal charges	(139,450)	(36,985)	102,465
Interest income	5,000	24,698	19,698
Total nonoperating expenses	<u>(134,450)</u>	<u>(12,287)</u>	<u>122,163</u>
Loss before contributions and transfers	<u>(1,732,651)</u>	<u>(1,675,731)</u>	<u>56,920</u>
Capital Contributions			
Grants	1,136,093	1,149,761	13,668
Loan proceeds	40,000	-	(40,000)
From City of Lake Wales	557,000	557,000	-
Total capital contributions	<u>1,733,093</u>	<u>1,706,761</u>	<u>(26,332)</u>
Change in Net Position	<u>\$ 442</u>	<u>\$ 31,030</u>	<u>\$ 30,588</u>

GOVERNMENT AUDITING SECTION

City of Lake Wales, Florida
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2025

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Grant Number</u>	<u>Assistance Listing Number</u>	<u>Expenditures</u>
U.S. Department of Justice passed through			
Florida Department of Law Enforcement:			
Edward Byrne Memorial Justice Assistance Grant Program:			
Lake Wales Community Safety Program III	15PBJA-24-GG-04224-MUMU, JG050	16.738	\$ 17,920
Lake Wales Community Safety Program III	15PBJA-24-GG-04224-MUMU, JG028	16.738	<u>2,614</u>
Total U.S. Department of Justice			<u>20,534</u>
U.S. Department of Housing and Urban Development			
passed through the Florida Department of Economic Opportunity			
Community Development Block Grants/State's program and			
Non-Entitlement Grants in Hawaii:			
Sidewalk Improvements	22CV-S04	14.228	<u>464,896</u>
Total U.S. Department of Housing and Urban Development			<u>464,896</u>
U.S. Environmental Protection Agency passed through			
Florida Department of Environmental Protection:			
Drinking Water State Revolving Fund:			
Grant - Plan, Design & Construction	LS5303D0	66.468	37,975
Loan - Plan, Design & Construction	LS5303D0	66.468	<u>39,525</u>
Total Drinking Water State Revolving Fund:			<u>77,500</u>
Clean Water State Revolving Fund:			
Clean Water Planning Agreement - Sewer Line Evaluation	5303C0	66.458	<u>655,477</u>
Total Clean Water State Revolving Fund			<u>655,477</u>
Total U.S. Environmental Protection Agency			<u>732,977</u>
U.S. Department of Treasury			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	07-321-2201	21.027	<u>4,050,810</u>
U.S. Department of Transportation -			
Federal Aviation Administration			
Airport Improvement Program:			
Taxilane B & T-Hanger Taxilane Rehabilitation	3-12-0040-033-2024	20.106	713,315
Taxilane B & T-Hanger Taxilane Rehabilitation	3-12-0040-034-2025	20.106	88,118
Runway 6-24 MIRLS and Signage Rehab	3-12-0040-032-2024	20.106	<u>124,106</u>
Total U.S. Department of Transportation			<u>925,539</u>
Total Expenditures of Federal Awards			<u>\$ 6,194,756</u>

- (1) SRF - 5913P Loan Balance at September 30, 2025 - \$150,105
- (2) SRF - 59140 Loan Balance at September 30, 2025 - \$161,326
- (3) SRF - 530300 Loan Balance at September 30, 2025 - \$1,776,222
- (4) SRF - 530320 Loan Balance at September 30, 2025 - \$1,570,553

- (5) SRF - 530370 Loan Balance at September 30, 2025 - \$1,789,612
- (6) SRF - 531301 Loan Balance at September 30, 2025 - \$1,728,193
- (7) SRF - 5303D0 Loan Balance at September 30, 2025 - \$39,525
- (8) SRF - 5303C0 Loan Balance at September 30, 2025 - \$655,477

None of the awards above were passed through to subrecipients.

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

City of Lake Wales, Florida
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2025

Note 1 – General

The accompanying schedule of expenditures of federal awards presents the activities of all federal award programs of the City of Lake Wales, Florida (the City), as well as the Lake Wales Airport Authority (the discretely presented component unit) for the year ended September 30, 2025.

Federal awards received directly, as well as passed through to other government agencies, if any, are included in the schedule. For the year ended September 30, 2025, the City had no subrecipients and therefore did not pass any awards through to other government agencies.

Note 2 – Basis of Accounting

The accompanying schedule of expenditures of federal awards are presented using the same basis of accounting as the fund in which the grant is recorded, generally the accrual or modified accrual basis, as described in Note 1 to the City's financial statements. The City's federal awards did not include indirect cost reimbursement and, therefore, the City did not elect to use the 15 percent de minimis cost rate as covered by 2 CFR 200.414.

Note 3 – Contingencies

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

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

Note 4 – Non-Cash Contributions

The City did not receive any federal non-cash assistance, including personal protection equipment, for the fiscal year ended September 30, 2025.

City of Lake Wales, Florida
Schedule of Expenditures of State Financial Assistance
For the Year Ended September 30, 2025

<u>State Grantor/Program Title</u>	<u>Grant Number</u>	<u>CSFA Number</u>	<u>Expenditures</u>
State of Florida Department of Law Enforcement			
State Assistance for Fentanyl Eradication (S.A.F.E.)	TM-18-0283	71.122	\$ 2,940
Total State of Florida Department of Law Enforcement			<u>2,940</u>
State of Florida Department of Environmental Protection			
Wastewater Treatment Facility Construction			
Loan - Septic to Sewer Project	530360	37.077	1,304
Drinking Water Facility Construction			
Loan - New Water Pipe and Connections	5303B0	37.076	1,145,526
Total State of Florida Department of Environmental Protection			<u>1,146,830</u>
Florida Department of Transportation			
Aviation Grant Programs			
Runway 6-24 MIRLS and Signage Rehab	454617-1-94-01	55.004	13,790
Taxilane B & T-Hanger Taxilane Rehabilitation	452720-1-94-01	55.004	89,048
Taxilane B & T-Hanger Taxilane Rehabilitation	452717-1-94-01	55.004	60,462
Airfield Security & Fencing	452975-1-94-01	55.004	60,924
Total Florida Department of Transportation			<u>224,224</u>
Total Expenditures of State Financial Assistance			<u>\$ 1,373,994</u>

- (1) SRF - 530310 Loan Balance at September 30, 2025 - \$3,522,311
- (2) SRF - 530330 Loan Balance at September 30, 2025 - \$2,286,978
- (3) SRF - 530360 Loan Balance at September 30, 2025 - \$2,230,652
- (4) SRF - 530380 Loan Balance at September 30, 2025 - \$817,563
- (5) SRF - 5303B0 Loan Balance at September 30, 2025 - \$4,774,911
- (6) SRF - 530350 Loan Balance at September 30, 2025 - \$826,645
- (7) SRF - 5303A0 Loan Balance at September 30, 2025 - \$309,404
- (8) SRF - 530390 Loan Balance at September 30, 2025 - \$4,138,270

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

City of Lake Wales, Florida
Notes to the Schedule of Expenditures of State Financial Assistance
For the Year Ended September 30, 2025

Note 1 – General

The accompanying schedule of state financial assistance presents the activities of all state financial assistance projects of the City of Lake Wales, Florida (the City), as well as the Lake Wales Airport Authority (the discretely presented component unit) for the year ended September 30, 2025.

State financial assistance received directly, as well as those passed through to other government agencies, if any, are included in the schedule. For the year ended September 30, 2025, the City had no subrecipients and therefore did not pass any awards through to other government agencies.

Note 2 – Basis of Accounting

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

Note 3 – Contingencies

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

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



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INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.550

To the City Commission
City of Lake Wales, Florida

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited City of Lake Wales, Florida’s (the “City”), compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and Florida Department of Financial Services’ State Projects *Compliance Supplement* that could have a direct and material effect on each of the City’s major federal programs and state projects for the year ended September 30, 2025. The City’s major federal programs and state projects are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2025.

Basis for Opinion on Each Major Federal Program and State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the audit requirements of Chapter 10.550, *Rules of the Auditor General* (“Chapter 10.550”). Our responsibilities under those standards, the Uniform Guidance and Chapter 10.550 are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor’s Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of

Lake Wales, Florida's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.550 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program and state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.550, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.550. Accordingly, this report is not suitable for any other purpose.

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

CARR, RIGGS & INGRAM, LLC

Orlando, Florida

May 28, 2026

PART I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements:

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

Federal Awards and State Financial Assistance:

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

<u>Federal Program</u>	<u>Assistance Listing Number</u>
Coronavirus State and Local Fiscal Recovery Funds	21.027

5. Identification of major state projects:

<u>State Project</u>	<u>CSFA Number</u>
Drinking Water Facility Construction	37.076

6. A threshold of \$1,000,000 was used to distinguish between Type A and Type B programs for federal programs and \$412,198 for state projects.
7. The City is considered a low-risk auditee.

PART II – FINANCIAL STATEMENT FINDINGS

None noted.

PART III – FEDERAL AWARD FINDINGS

None noted.

PART IV– STATE PROJECT FINDINGS

None noted.



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INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the City Commission
City of Wales, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Lake Wales, Florida (the “City”), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise City’s basic financial statements, and have issued our report thereon dated May 28, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City’s internal control. Accordingly, we do not express an opinion on the effectiveness of City’s internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

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

CARR, RIGGS & INGRAM, LLC

Orlando, Florida

May 28, 2026



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MANAGEMENT LETTER

To the City Commission
City of Lake Wales, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Lake Wales, Florida (the "City"), as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated May 28, 2026.

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; the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent 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 Auditors' Report on Compliance for Each Major Federal Program and State Project; Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of Auditor General. Disclosures in those reports and schedule, which are dated March 24, 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. No findings noted during the prior year.

Financial Condition and Management

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

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

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

Property Assessed Clean Energy (PACE) Programs

As required by Section 10.554(1)(i)6.a., Rules of the Auditor General, the City did not operate a PACE program pursuant to Section 163.081 or Section 163.082, Florida Statutes, within the City's geographical boundaries during the fiscal year under audit.

Special Information

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

- a) The total number of district employees compensated in the last pay period of the district's fiscal year as zero.
- b) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as one.
- c) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$0.
- d) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$0.
- e) Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as shown below:
 - Multipurpose Room Renovation \$203,666
- f) A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes. The budget was amended, therefore we will report a separate original budget to actual in Supplementary Information.

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

- a) The total number of district employees compensated in the last pay period of the district's fiscal year as zero.
- b) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as three.

- c) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$0.
- d) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$0.

Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as shown below:

- T-hangar Taxilane and Taxilane B Rehab \$956,593
- e) A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes. The budget was amended, therefore we will report a separate original budget to actual in Supplementary Information.

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

- a) The total number of district employees compensated in the last pay period of the district’s fiscal year as zero.
- b) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district’s fiscal year as three.
- c) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$0.
- d) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$0.
- e) Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as shown below:
 - Streetscape and Sidewalk Construction \$1,515,575
- f) A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes. The budget was amended, therefore we will report a separate original budget to actual in Supplementary Information.

Additional Matters

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

Purpose of this Letter

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

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

CARR, RIGGS & INGRAM, LLC

Orlando, Florida
May 28, 2026



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

To the City Council
City of Lake Wales, Florida

We have examined City of Lake Wales, Florida’s, (the “City”), compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2025. Management is responsible for the City’s compliance with the requirements. Our responsibility is to express an opinion on the City’s compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2025.

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

CARR, RIGGS & INGRAM, L.L.C.

Orlando, Florida
May 28, 2026