



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

For Fiscal Year Ended  
September 30, 2024

City of Lake Wales, Florida  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
For the Fiscal Year Ended September 30, 2024

**Prepared By:**  
Department of Finance

# City of Lake Wales, Florida

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## INTRODUCTORY SECTION



**City of  
Lake Wales**

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P.O. Box 1320  
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March 24, 2025

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, 2024, 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, 2024. 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 17,384.

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 30<sup>th</sup>; 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.

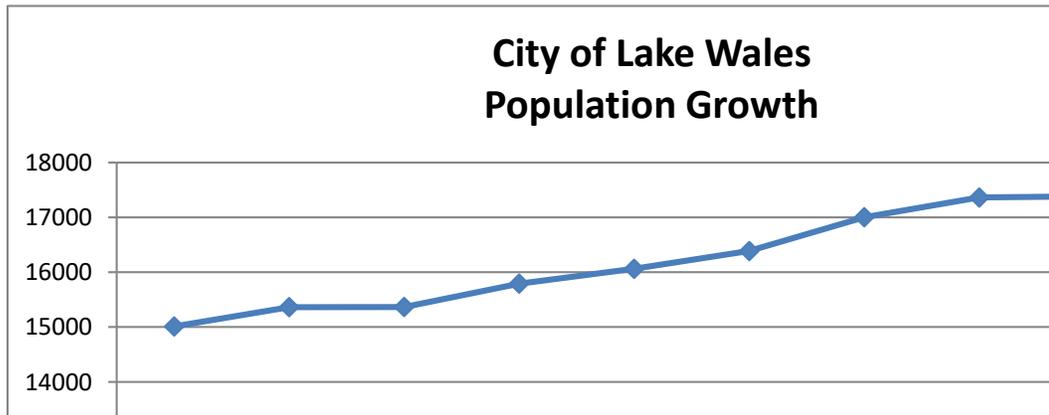
The opening of the CSX Inter-Modal facility just west of the City on State Route 60 is generating an increase in transportation and distribution activity in the area. The expansion of the main runway at the municipally owned Lake Wales airport and the City's assumption of responsibility for its operations 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 2015 to 2024, 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.



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	17,362	2.12%
2023	17,384	0.13%
2024	17,558	1.00%

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

The City’s economic outlook is largely impacted by the state and regional economy with a great deal of reliance placed on surrounding communities for work, shopping and entertainment. Area employment consists predominately of service-related activities, retail trade, manufacturing, government and construction. The Lakeland/Winter Haven Metro Area and the State of Florida unemployment rate as of September 2024 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 development a Long-Range Financial Outlook, setting out recommended fiscal strategies for the state and its departments in order to assist the legislature in making budget decisions. The Legislative Budget Commission is required to issue the Outlook by September 15<sup>th</sup> of each year. The 2024 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 economy expanded by a strong 4.4 percent in Fiscal Year 2022-23 and 4.5 percent in Fiscal Year 2023-24, but future expectations of the GDP are for a decelerate to 2.1 percent and 1.9 percent over the current and next fiscal year as the Federal Reserve transitions from a high inflation / high interest rate environment to more normal conditions. Beginning in Fiscal Year 2026-27, economic growth will stabilize at a more characteristic 2.0 to 2.1 percent 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 10.3 percent and for the 2021-22 fiscal year was 6.6 percent. Personal income growth then accelerated to 7.7 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 5.3 percent in Fiscal Year 2023-24, with the current year expected to slightly exceed that percentage at 5.6 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 4.9 percent.

The key measures of employment are typically **job growth** and the **unemployment rate**. At the onset of the pandemic, employment dropped by almost 1.3 million jobs from February 2020 to April 2020, a decline of 14.1 percent. In July 2024, Florida exceeded the pre-pandemic level (February 2020) by 902,700 jobs, a gain of 9.9 percent. The Conference expects growth to decelerate from 2.5 percent in Fiscal Year 2023-24 to 1.9 percent in Fiscal Year 2024-25 and 1.2 percent in Fiscal Year 2025-26 as the nation's economy softens due to the Federal Reserve's efforts to contain inflation. Job growth essentially stabilizes at this percentage level through Fiscal Year 2033-34.

Two areas of the state's economy indirectly benefited from the Federal Reserve's actions to protect the wider economy from the worst of the pandemic effects, albeit with a future payback: real estate and construction. Throughout the worst of the crisis, these economic sectors thrived as the federal funds rate neared zero and pushed interest rates to historic lows. Growing for the second year at a double-digit rate, total private housing starts reached a 16-year high of 251,800 units in Fiscal Year 2021-22, yet they were still far from the housing boom peak of over 272,000 units in Fiscal Year 2004-05. Late in that fiscal year, the Federal Reserve began a series of interest rate hikes to tame inflation (March 2022) that continued through July 2023. At that point, the Federal Reserve entered a holding pattern on rates. As reported by the Mortgage Bankers Association, the 30-Year fixed rate mortgage reached 7.3 percent in the fourth quarter of the 2023 calendar year and was 6.8 percent in the first quarter of the 2024 calendar year. Moving in step, housing starts contracted by 22.5 percent in Fiscal Year 2022-23, but bounced back 13.5 percent in Fiscal Year 2023-24. The Conference expects growth rates will slide into negative territory again with a decline of 8.6 percent in Fiscal Year 2024-25 and another of 0.7 percent in Fiscal Year 2025-26. After leveling off in Fiscal Year 2026-27, housing starts show anemic growth for several more years before they start losing ground again. At the end of the ten-year forecast period, total private housing starts are only 75.8 percent of the peak in Fiscal Year 2004-05. Affected by many of the same factors, the existing home market completed its third year of contraction in Fiscal Year 2023-24. Among other issues, homeowners found it increasingly difficult to give up lower-interest mortgages on their current homes with the purpose of purchasing new homes in the high-interest environment.

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 and longer for Canadian visitors, with overseas visitors still at subpeak levels. Total visitors, growing by 38.3 percent, surpassed the pre-pandemic peak by the end of Fiscal Year 2021-22, albeit with a different composition. After posting 3.6 percent growth in Fiscal Year 2023-24, the Conference expects another strong period of growth (4.6 percent) during Fiscal Year 2024- 25, after which the annual growth rate moderates from 3.3 percent in Fiscal Year 2025-26 to 2.7 percent at the end of the forecast period.

### ***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, 2024, 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**

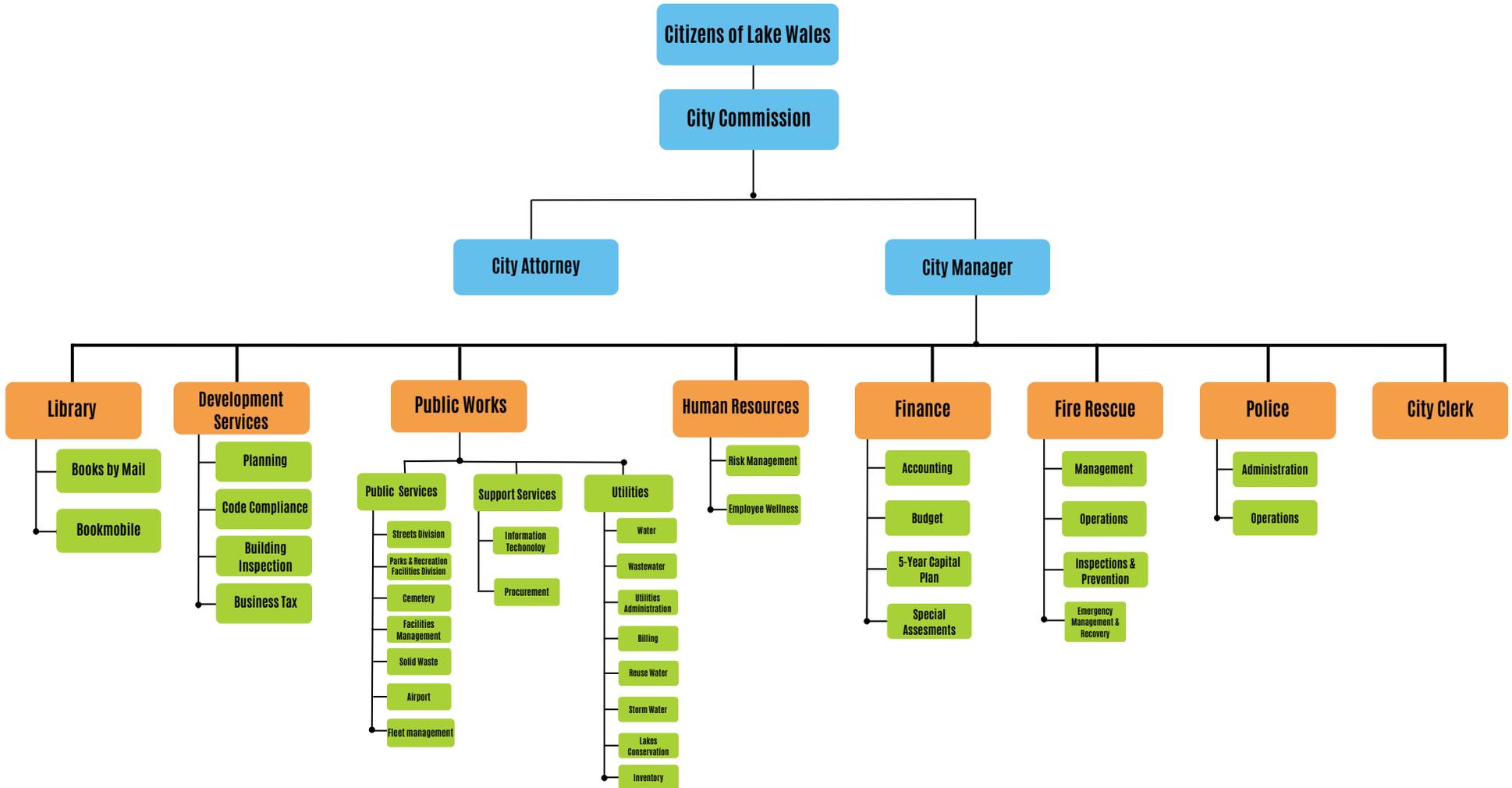
For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

September 30, 2023

*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



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

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CRLadv.com

## **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, 2024, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, 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, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***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.

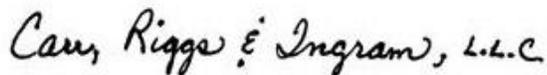
**Other Information**

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 March 24, 2025, 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

March 24, 2025

# City of Lake Wales, Florida

## Management's Discussion and Analysis September 30, 2024

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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, 2024. 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 \$78,946,237 (*net position*). As of September 30, 2024, the City reports an unrestricted net position of \$5,652,298, as compared to \$3,673,127 in the prior year.
- The City's total net position increased by \$8,973,595 during the current year compared to an increase of \$4,213,082 in the prior year. The governmental activities and business-type activities increased their net position by 20% (8% in prior year) and 8% (6% in prior year), respectively.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$20,572,822; a decrease of \$3,576,593 for the year. Approximately 28% of total fund balance is *available for spending* at the government's discretion (unassigned) compared to 14% in the prior year.
- A restatement of previously reported net position and fund balance was made due to a change in the reporting entity as the financial reporting of the library district (a dependent special district) was reexamined during 2024 and moved the reporting of this district from the blending method to a discretely presented component unit.

### 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

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

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

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

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

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

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

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

# City of Lake Wales, Florida

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

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

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

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

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

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

## City of Lake Wales, Florida

### Management's Discussion and Analysis September 30, 2024

#### 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 \$78,946,237 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	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 28,295,277	\$ 35,741,293	\$ 19,024,515	\$ 15,728,143	\$ 47,319,792	\$ 51,469,436
Capital assets, net of depreciation	40,932,267	32,857,451	63,808,774	61,374,804	104,741,041	94,232,255
<b>Total assets</b>	<u>69,227,544</u>	<u>68,598,744</u>	<u>82,833,289</u>	<u>77,102,947</u>	<u>152,060,833</u>	<u>145,701,691</u>
Deferred Outflows	<u>5,425,601</u>	<u>7,602,494</u>	<u>533,494</u>	<u>816,806</u>	<u>5,959,095</u>	<u>8,419,300</u>
Current and other liabilities	7,257,682	10,474,058	3,079,134	3,533,717	10,336,816	14,007,775
Long-term liabilities	36,326,346	38,890,620	28,612,877	26,547,714	64,939,223	65,438,334
<b>Total liabilities</b>	<u>43,584,028</u>	<u>49,364,678</u>	<u>31,692,011</u>	<u>30,081,431</u>	<u>75,276,039</u>	<u>79,446,109</u>
Deferred Inflows	<u>1,137,586</u>	<u>997,633</u>	<u>2,660,066</u>	<u>2,785,977</u>	<u>3,797,652</u>	<u>3,783,610</u>
Net Position:						
Net investment in capital assets	19,013,025	19,452,205	36,638,415	35,751,848	55,651,440	55,204,053
Restricted	10,279,945	5,170,765	7,362,554	6,843,327	17,642,499	12,014,092
Unrestricted	638,561	1,215,957	5,013,737	2,457,170	5,652,298	3,673,127
<b>Total net position</b>	<u>\$ 29,931,531</u>	<u>\$ 25,838,927</u>	<u>\$ 49,014,706</u>	<u>\$ 45,052,345</u>	<u>\$ 78,946,237</u>	<u>\$ 70,891,272</u>

By far the largest portion of the City's net position, \$55,651,440 (70%), 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, \$17,642,499 (22%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$5,652,298 (8%), 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

## Management's Discussion and Analysis September 30, 2024

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

	<b>City of Lake Wales</b>					
	<b>Changes in Net Position</b>					
	Governmental Activities		Business-type Activities		Total	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
<b>Revenues:</b>						
Program Revenues:						
Charges for services	\$ 8,151,269	\$ 6,559,135	\$ 12,625,037	\$ 12,432,574	\$ 20,776,306	\$ 18,991,709
Operating grants and contributions	838,487	1,607,815	-	-	838,487	1,607,815
Capital grants and contributions	4,264,215	1,079,832	2,968,248	1,681,295	7,232,463	2,761,127
General Revenues:						
Property taxes	9,183,429	7,980,425	-	-	9,183,429	7,980,425
Other taxes	4,010,300	3,930,770	-	-	4,010,300	3,930,770
Franchise fees	1,645,725	1,711,295	-	-	1,645,725	1,711,295
Other	3,623,964	2,797,939	589,094	301,056	4,213,058	3,098,995
<b>Total Revenues</b>	<b>31,717,389</b>	<b>25,667,211</b>	<b>16,182,379</b>	<b>14,414,925</b>	<b>47,899,768</b>	<b>40,082,136</b>
<b>Expenses:</b>						
Governmental Activities:						
General government	3,018,012	2,519,761	-	-	3,018,012	2,519,761
Public safety	13,722,583	12,140,342	-	-	13,722,583	12,140,342
Physical environment	1,819,574	1,468,411	-	-	1,819,574	1,468,411
Transportation	1,747,741	1,809,687	-	-	1,747,741	1,809,687
Economic environment	2,405,427	2,706,848	-	-	2,405,427	2,706,848
Human services	10,174	10,174	-	-	10,174	10,174
Culture and recreation	4,374,807	3,949,097	-	-	4,374,807	3,949,097
Interest on long-term debt	972,232	739,680	-	-	972,232	739,680
Business-type Activities:						
Water and sewer utility	-	-	10,318,909	9,945,824	10,318,909	9,945,824
Cemetery	-	-	121,318	132,046	121,318	132,046
Stormwater	-	-	415,396	447,184	415,396	447,184
<b>Total Expenses</b>	<b>28,070,550</b>	<b>25,344,000</b>	<b>10,855,623</b>	<b>10,525,054</b>	<b>38,926,173</b>	<b>35,869,054</b>
Increase (decrease) in net position before transfers	3,646,839	323,211	5,326,756	3,889,871	8,973,595	4,213,082
Transfers	1,623,000	1,527,000	(1,623,000)	(1,527,000)	-	-
Change in net position	5,269,839	1,850,211	3,703,756	2,362,871	8,973,595	4,213,082
Beginning net position	25,838,927	23,988,716	45,052,345	42,689,474	70,891,272	66,678,190
Restatement	(1,177,235)	-	258,605	-	(918,630)	-
Ending net position	<b>\$ 29,931,531</b>	<b>\$ 25,838,927</b>	<b>\$ 49,014,706</b>	<b>\$ 45,052,345</b>	<b>\$ 78,946,237</b>	<b>\$ 70,891,272</b>

## City of Lake Wales, Florida

### Management's Discussion and Analysis September 30, 2024

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**Governmental activities:** Governmental activities increased the City's net position by \$5,269,839, as compared to an increase of \$1,850,211 in the prior year. Key elements of changes in results of activities are as follows:

Total revenue increased by \$6,050,178 or 24% mainly due to the following:

- Charges for services increased by approximately \$1,592,134 (24%) from 2023. This change is mainly due to increased impact fee, building permit fee and planning/zoning fee revenue (\$1,320,000) and increased solid waste revenue (\$119,000) due to increased construction activity within the City.
- Capital grants and contributions increased by approximately \$3,184,383 (295%) from 2023 mainly due to the recognition of \$3,420,921 of American Rescue Plan Act State and Local Fiscal Recovery grant revenue in 2023 compared to \$400,438 in the previous year.
- Operating grants and contributions decreased by approximately \$769,328 (47%) mainly due to the change in reporting entity due to moving the Library District (dependent special district) from a blended approach to a discretely presented component unit. The Library District reported approximately \$835,000 of operating grants and contributions in the prior year that are no longer reported as a part of the primary government.
- General revenues increased by \$2,042,989 (12%) from 2023 mainly due to increased property taxes (\$1,203,004) and increased other revenue (\$826,025). Tax revenue increases are due to increased property values and economic activity within the City. Miscellaneous revenues increased mainly due to increased investment income of approximately \$840,300 due to higher interest rates and more of the City funds placed in interest bearing accounts.

Total expenses increased by approximately \$2,726,500 or 11% mainly due to the following:

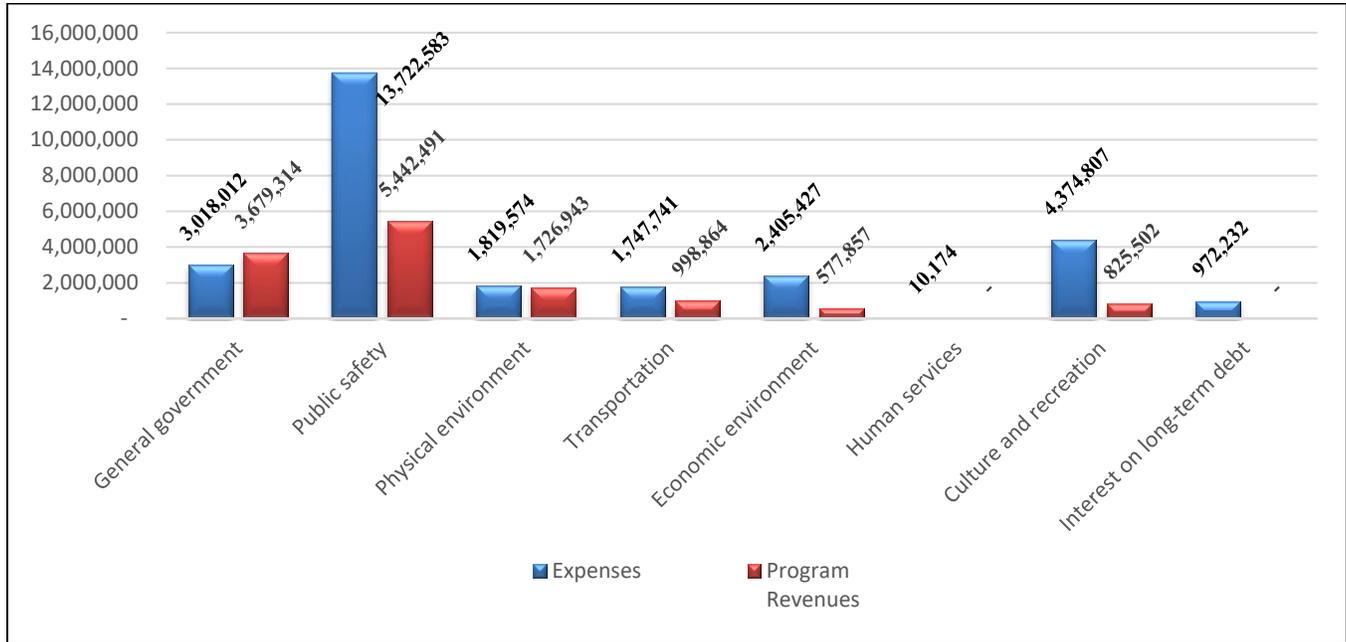
- General government expenses increased by \$498,251 (18%) from 2023 mainly due to general cost increases and increased personnel costs of approximately \$371,200 (15%) which includes wages, payroll taxes, health insurance and pension expenses.
- Public safety expenses increased by \$1,582,241 (13%) from 2023 mainly due to general cost increases and increased personnel costs of approximately \$1,237,919 (13%) which includes wages, payroll taxes, health insurance and pension expenses.
- Culture and recreation expenses increased by approximately \$425,710 (11%) from 2023 mainly due to increased personnel costs of \$1,124,339 (129%) which includes wages, payroll taxes and pension expenses. This increase was more than offset by the change in the reporting entity as previously discussed which removed the Library District expenses from the primary government. The library expenses reported with culture and recreation in the prior year was approximately \$1,263,000 and zero in 2024. The City also established the Lake Wales Family Recreation Center department, a new department in the culture and recreation function, which contributed to the increased personnel costs discussed above and contributed approximately \$533,000 of other expenses toward the total in the culture and recreation function.
- Remaining functional expenses increased by an aggregate \$220,348 or 2% due to myriad changes in a diverse set of expense accounts within the remaining functions, none of which were individually significant.

# City of Lake Wales, Florida

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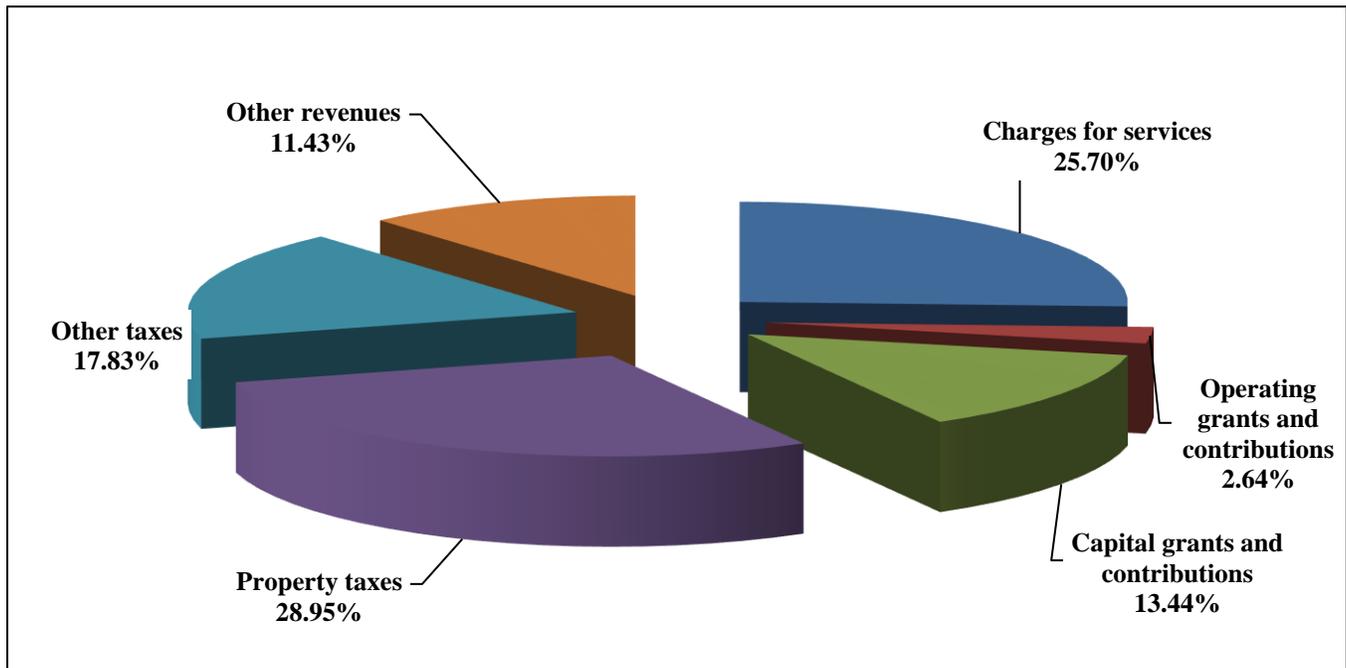
The following chart compares expenses with program revenues for the City's governmental activities:

## Expenses and Program Revenues – Governmental Activities



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

## Revenues by Source – Governmental Activities



**Business-type Activities**

Business-type activities increased the City's net position by \$3,703,756 which is \$1,340,885 (57%) more than the prior year increase in net position. Key elements of this change are as follows:

- Capital grants and contributions increased by approximately \$1,286,953 (77%) due to increased impact fee revenue (\$1,540,580) and decreased grant revenue (\$253,627). Impact fees increased due to increased construction within the City and grant revenue decreased as fewer reimbursable costs were incurred in 2024.
- Overall business-type expenses increased by approximately \$330,569 or 3% mainly driven by increased water and sewer expenses of \$373,085 (4%) due to the following:
  - Increased personnel-related expenses of approximately \$437,000 or 16%.
- During 2024, \$1,623,000 was transferred out to the governmental activities, as compared to \$1,527,000 transferred out in the prior year. This is an increase of \$96,000 (6%).

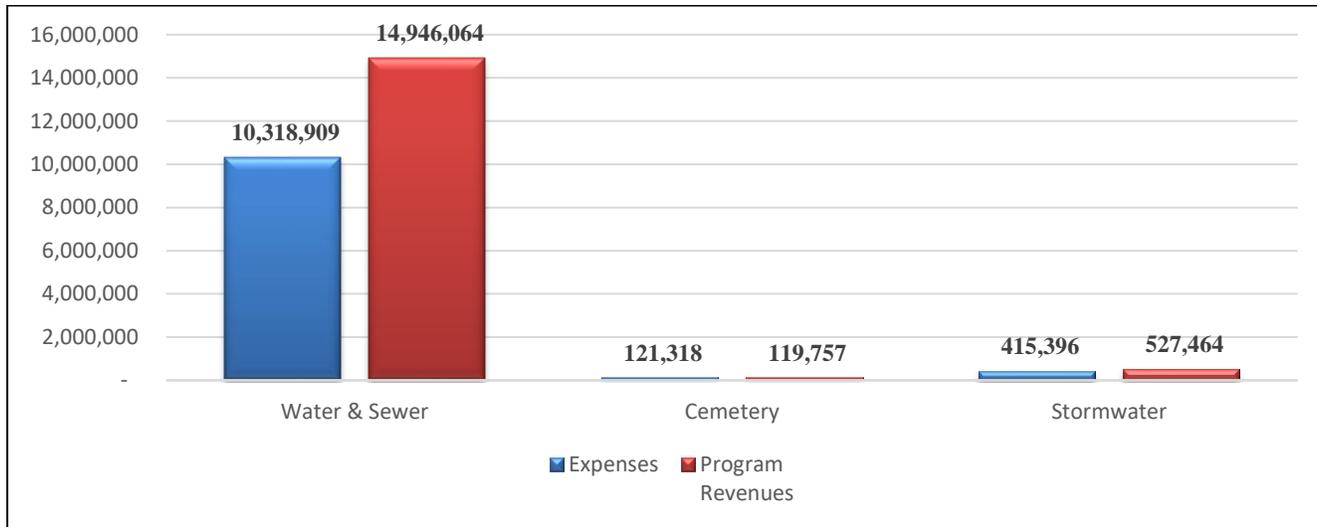
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# City of Lake Wales, Florida

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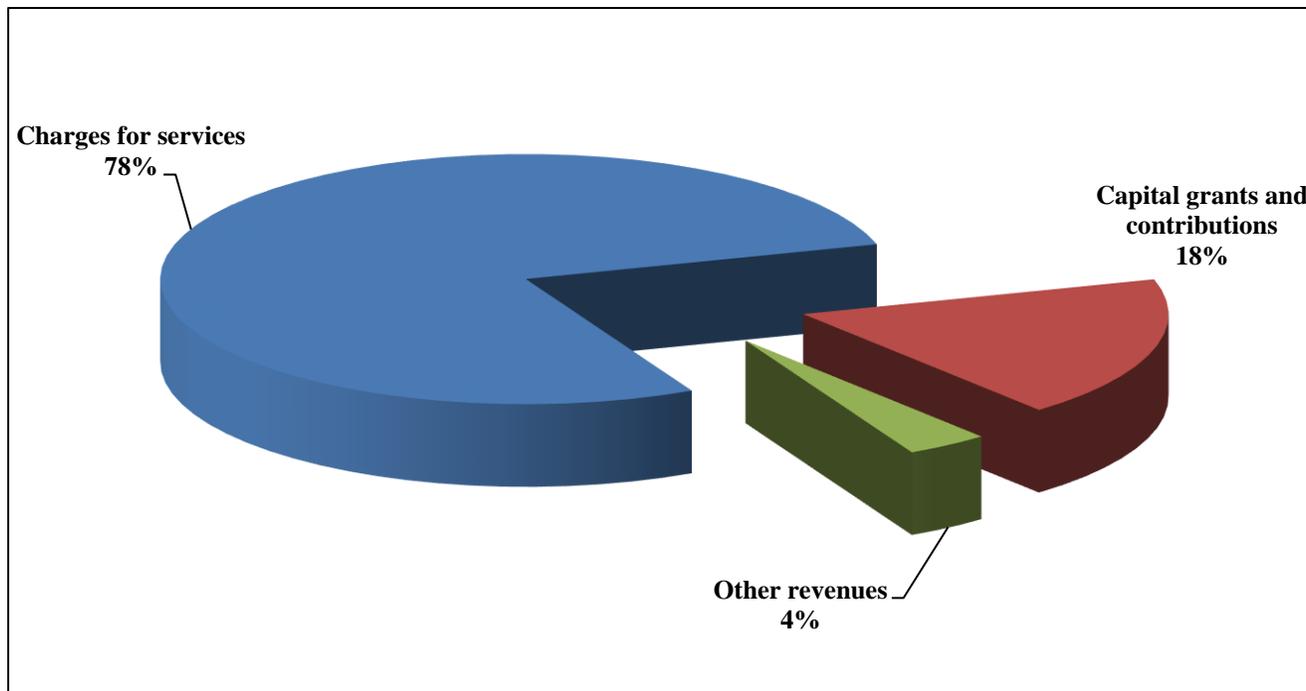
The following chart compares expenses with program revenues for the City's business-type activities:

## Expenses and Program Revenues – Business-type Activities



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

## Revenues by Source – Business-type Activities



## City of Lake Wales, Florida

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

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

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$20,572,822, a decrease of \$3,576,593 for the year. Approximately 28% of this amount (\$5,813,461) constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The remainder of the fund balance (\$14,759,361) is classified as non-spendable (\$439,903), restricted (\$13,921,909) and assigned (\$397,549).

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 \$5,813,461 while total fund balance reached \$6,650,913. 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, 2024, the general fund's unassigned and assigned fund balance represents 24% of total general fund expenditures, while total fund balance represents 28% 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 \$669,977 during the current fiscal year. Revenue (\$20,228,115) and the net transfer from other funds (\$3,989,410) exceeded expenditures (\$23,812,657) by \$404,868. The general fund also reported \$218,234 of debt proceeds, and \$46,875 of insurance settlements. Total revenue increased by \$2,871,886 (17%) mainly due to a \$950,555 (14) increase in taxes due and \$1,152,432 (36%) increase in licenses and permit revenue, both caused by increased economic activity within the City, including increased residential construction. Total expenditures increased \$2,731,200 or 13% led by the culture and recreation function which increased \$1,110,038 (38%) due mainly to increased personnel costs of \$1,077,017 (131%).

Fund balance of the City's community redevelopment fund decreased by \$6,683,798 during the current fiscal year. Revenue and other sources within the CRA (\$4,740,782) were less than debt service requirements (\$1,474,205) and operating costs (\$9,950,375). 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 the prior year while a significant portion of those bond proceeds were reported as expenditures during 2024 as project expenditures were incurred.

Fund balance of the American Rescue Plan Act special revenue fund increased by \$375,686 which is the total of the interest revenue for the year. Due to the provisions of the grant revenues reported in this fund, revenues and transfers are recognized to the extent allowable expenditures have been incurred so the change in fund balance will typically be interest revenue.

## City of Lake Wales, Florida

### Management's Discussion and Analysis September 30, 2024

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**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 \$3,806,564, an increase of \$1,349,394 or 55%. As of September 30, 2024, the utility system had \$6,201,431 restricted for capital projects and \$1,161,123 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 \$2,122,160 increase in general fund expenditure appropriations between the original and final amended budget. This increase was mainly due to the following significant amendments:

- The Police department's budgeted expenditures increased by \$872,000 mainly due to capital outlay expenditures for building improvements (\$780,000) that exceeded their original estimates for the year.
- The aggregate of all departmental budgets included as general government increased by \$438,552 mainly due to
- The parks division department's budgeted expenditures increased by \$275,000 mainly due to capital outlay expenditures (\$100,000), fuel costs (\$50,000) and wages (\$65,000) that exceeded their original estimates for the year.
- The recreational facilities department's budgeted expenditures increased by \$550,608 mainly due to the City taking over the operations of the YMCA through the establishment of the Lake Wales Family Recreation Center segment within the recreational facilities department. The original budget was reduced to remove outside contracted management of the facility and increased to reflect the actual expenditures of the new segment for a net increase of \$425,000 to the original budget.

During the year there was a net \$3,523,300 increase in general fund revenues between the original and final amended budget. All revenue categories were increased, and these increases were due to greater than anticipated economic activity within the City as well as greater than expected grant revenues.

## City of Lake Wales, Florida

### Management's Discussion and Analysis September 30, 2024

#### Capital Asset and Debt Administration

**Capital Assets.** The City's investment in capital assets for its governmental and business-type activities as of September 30, 2024 is \$104,741,041 (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 \$11,096,418, an increase of 12%. This consisted of a 27% increase for governmental activities and 4% increase for business-type activities. Information on the City's capital assets as of September 30 of the current and prior year is summarized in the following table:

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 5,047,299	\$ 4,847,299	\$ 850,497	\$ 850,497	\$ 5,897,796	\$ 5,697,796
Construction in progress	16,504,578	8,345,491	1,372,898	5,706,382	17,877,476	14,051,873
Buildings	15,702,269	14,853,818	6,378,975	6,370,870	22,081,244	21,224,688
Improvements other than buildings	9,907,797	9,534,796	82,183,550	73,304,287	92,091,347	82,839,083
Machinery & equipment	11,086,749	10,785,642	7,335,144	7,234,895	18,421,893	18,020,537
Right-to-use leased equipment	5,949,719	5,731,485	464,916	464,916	6,414,635	6,196,401
Infrastructure	22,047,226	21,551,408	-	-	22,047,226	21,551,408
<b>Total</b>	<b>86,245,637</b>	<b>75,649,939</b>	<b>98,585,980</b>	<b>93,931,847</b>	<b>184,831,617</b>	<b>169,581,786</b>
Less: accumulated depreciation	(45,313,370)	(43,380,120)	(34,777,206)	(32,557,043)	(80,090,576)	(75,937,163)
Capital assets, net	<u>\$ 40,932,267</u>	<u>\$ 32,269,819</u>	<u>\$ 63,808,774</u>	<u>\$ 61,374,804</u>	<u>\$ 104,741,041</u>	<u>\$ 93,644,623</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 - \$114,675 - (total capitalized costs - \$337,833)
- CWIP – Grove Manor design - \$0 (total capitalized costs - \$12,680)
- CWIP - Lake Wales connector trail - \$41,903 (total capitalized costs - \$1,636,367)
- CWIP – Recreation master plan - \$94,850 (total capitalized costs - \$300,980)
- CWIP – Park Avenue – design/construction - \$113,546 (total capitalized costs - \$4,732,624)
- CWIP – First Street – design/construction - \$31,359 (total capitalized costs - \$254,736)
- CWIP – Sidewalks – design/construction - \$343,484 (total capitalized costs - \$379,301)
- CWIP - Alternative water source project - \$0 (total capitalized costs - \$22,594)
- CWIP – Fire Truck Purchase - \$0 (total capitalized costs - \$729,000)
- CWIP – Stuart House Rehabilitation - \$0 (total capitalized costs - \$8,375)
- CWIP – Orange Street – design/construction - \$8,944 (total capitalized costs - \$16,405)
- CWIP – Lake Wales Envision Plan - \$46,600 (total capitalized costs - \$707,706)
- CWIP – Fire Station expansion - \$0 (total capitalized costs - \$2,250)
- CWIP – Park and Market – design/construction - \$7,037,250 (total capitalized costs - \$7,037,250)
- CWIP – Crystal Avenue connector trail - \$317,622 (total capitalized costs - \$317,622)
- CWIP – Crystal Avenue – design/construction - \$8,854 (total capitalized costs - \$8,854)
- Robotic pool cleaner - \$4,200

## City of Lake Wales, Florida

### Management's Discussion and Analysis September 30, 2024

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- (3) - Grasshopper mower - \$50,975
- Firewall hardware - \$45,956
- Network device hardware - \$82,053
- Air conditioning unit – Fire Station #1 - \$6,800
- Air conditioning unit – Kirkland Gym - \$26,600
- (2) Chevy Tahoe - \$115,223
- 7x14 trailer - \$4,924
- 5x10trailer - \$9,449
- 8.5x20 cargo trailer - \$13,155
- Irrigation system - \$26,369
- Parking lot land - \$200,000
- (2) John Deere Bush Hog - \$29,259
- Road resurfacing - \$495,818
- Rotary lift - \$19,939
- 122 E Tillman Building - \$778,903
- Tourist Club restroom improvements - \$69,547
- Fuel system upgrade - \$34,990
- Lake Wales Family Recreation Facility (LWFRC) flooring - \$109,718
- NW Sports Complex improvements - \$15,083
- Kiwanis Park improvements - \$18,405
- LWFRC TV - \$1,125
- LWFRC fitness equipment - \$14,483
- Police Department furniture - \$36,039
- Misc. equipment and software - \$63,969
- (2) Ford Explorer - \$103,012
- Library books and materials - \$71,892
- Toro reel mower - \$12,674
- Golf cart - \$29,500
- Lincoln Avenue Park playground equipment - \$13,826
- Surveillance cameras - \$18,616

#### Business-Type Activities

- CWIP – Water system modeling - \$0 (total capitalized costs - \$487,624)
- CWIP – Metal building - \$88,001 (total capitalized cost - \$186,168)
- CWIP – Market Street plant rehabilitation - \$14,000 (total capitalized cost - \$14,000)
- CWIP – Reuse transmission lines - \$0 (total capitalized cost - \$40,500)
- CWIP – Wastewater and reclaimed water master plan - \$159,300 (total capitalized cost - \$159,300)
- CWIP – Sewer line evaluation - \$193,036 (total capitalized cost - \$193,036)
- CWIP – Headworks rebuild - \$52,400 (total capitalized cost - \$52,400)
- NW water main extension - \$1,978,200 (\$54,297 current year costs and remainder from CWIP)
- Buckmore Road sewer expansion - \$2,763,074 (\$215,814 current year costs and remainder from CWIP)
- Galvanized pipe replacement - \$2,612,330
- Central Florida Water Initiative - \$64,534
- Generator - \$71,301
- Flowmaker mixer - \$29,980
- Liftstation improvements - \$614,517
- Pumps - \$44,948
- Water and wastewater system additions - \$261,229
- Chlorination system - \$28,250
- Cast iron water main replacement - \$43,100

## City of Lake Wales, Florida

### Management’s Discussion and Analysis September 30, 2024

- Utility shed – High School water treatment plant - \$8,105
- Vertical shaft motor - \$13,308
- Chlorine sunscreens - \$39,500
- Stormwater masterplan - \$415,241 (\$16,384 current year costs and remainder from CWIP)

**Debt.** At the end of the current fiscal year the City had total debt outstanding of \$51,460,830, including the addition of \$3,893,962 in notes payable during fiscal year 2024 to fund construction projects and equipment purchases, and \$218,234 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	
	2024	2023	2024	2023	2024	2023
Notes payable	\$ 22,520,544	\$ 23,341,466	\$ 26,905,419	\$ 24,658,410	\$ 49,425,963	\$ 47,999,876
Leases payable	1,896,028	2,356,645	138,839	215,056	2,034,867	2,571,701
<b>Total debt obligations</b>	<b>\$ 24,416,572</b>	<b>\$ 25,698,111</b>	<b>\$ 27,044,258</b>	<b>\$ 24,873,466</b>	<b>\$ 51,460,830</b>	<b>\$ 50,571,577</b>

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 2024 for Lakeland/Winter Haven Metro Area was 3.8%. 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. 2024</u>	<u>Previous Year Sept. 2023</u>
Lakeland/Winter Haven Metro Area	3.8%	3.9%
State of Florida	3.4%	2.9%
United States	3.8%	3.8%

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

The tax base for the City is composed of real property, personal property and centrally assessed property. The taxable value of such property increased 6.76% from 2024 to 2025.

The estimated City’s population increased from 17,384 in 2023 to 17,558 in 2024, a 1% increase.

All of these factors were considered in preparing the City of Lake Wales’s budget for the 2024’25 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](http://www.cityoflakewales.com).

# City of Lake Wales, Florida

## Statement of Net Position

September 30, 2024

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Airport Authority	Library
<b>Assets</b>					
Cash and cash equivalents	\$ 21,696,121	\$ 4,853,243	\$ 26,549,364	\$ 176,720	\$ 281,383
Receivable, net	697,615	4,472,259	5,169,874	11,572	-
Due from component unit	982,780	-	982,780	-	-
Intergovernmental receivables	886,312	-	886,312	-	-
Restricted assets:					
Cash and cash equivalents	2,938,973	9,107,200	12,046,173	316,718	423,131
Inventories	296,127	576,886	873,013	43,832	-
Note receivable	549,884	-	549,884	-	-
Prepaid items	247,465	14,927	262,392	-	34,865
Capital assets:					
Nondepreciable	21,551,877	2,223,395	23,775,272	1,763,174	17,263
Depreciable, net	19,380,390	61,585,379	80,965,769	13,907,271	585,341
<b>Total assets</b>	<b>69,227,544</b>	<b>82,833,289</b>	<b>152,060,833</b>	<b>16,219,287</b>	<b>1,341,983</b>
<b>Deferred outflows of resources</b>					
Deferred outflows related to OPEB	63,355	15,602	78,957	-	-
Deferred outflows related to pensions	5,362,246	517,892	5,880,138	-	-
<b>Total deferred outflows of resources</b>	<b>5,425,601</b>	<b>533,494</b>	<b>5,959,095</b>	<b>-</b>	<b>-</b>
<b>Liabilities</b>					
Accounts payable	856,852	639,360	1,496,212	65,162	18,724
Construction payable	1,144,634	126,101	1,270,735	-	-
Accrued liabilities	559,105	121,284	680,389	10,767	40,592
Accrued interest	160,172	84,786	244,958	10,431	-
Due to primary government	-	-	-	982,780	-
Deposits	29,055	1,663,098	1,692,153	5,008	-
Unearned revenues	4,507,864	444,505	4,952,369	-	-
Noncurrent liabilities:					
Due within one year	1,381,080	1,741,832	3,122,912	102,637	-
Due in more than one year	34,945,266	26,871,045	61,816,311	1,270,814	-
<b>Total liabilities</b>	<b>43,584,028</b>	<b>31,692,011</b>	<b>75,276,039</b>	<b>2,447,599</b>	<b>59,316</b>
<b>Deferred inflows of resources</b>					
Deferred inflows related to OPEB	243,733	54,519	298,252	-	-
Deferred inflows related to pensions	893,853	-	893,853	-	-
Deferred inflows related to leases	-	2,605,547	2,605,547	-	-
<b>Total deferred inflows of resources</b>	<b>1,137,586</b>	<b>2,660,066</b>	<b>3,797,652</b>	<b>-</b>	<b>-</b>
<b>Net position</b>					
Net investment in capital assets	19,013,025	36,638,415	55,651,440	14,311,232	602,604
Restricted for:					
Law enforcement	50,275	-	50,275	-	-
Library	-	-	-	-	680,063
Transportation	2,257,041	-	2,257,041	-	-
Community redevelopment	5,190,363	-	5,190,363	-	-
Street lighting	3,771	-	3,771	-	-
Debt service	431,695	1,161,123	1,592,818	96,625	-
Capital projects	1,868,696	6,201,431	8,070,127	-	-
Government services	478,104	-	478,104	-	-
Unrestricted (deficit)	638,561	5,013,737	5,652,298	(636,169)	-
<b>Total net position</b>	<b>\$ 29,931,531</b>	<b>\$ 49,014,706</b>	<b>\$ 78,946,237</b>	<b>\$ 13,771,688</b>	<b>\$ 1,282,667</b>

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, 2024

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
<b>Primary government:</b>									
<b>Governmental activities:</b>									
General government	\$ 3,018,012	\$ 63,403	\$ 1,371	\$ 3,614,540	\$ 661,302	\$ -	\$ 661,302	\$ -	\$ -
Public safety	13,722,583	4,758,191	644,778	39,522	(8,280,092)	-	(8,280,092)	-	-
Physical environment	1,819,574	1,726,943	-	-	(92,631)	-	(92,631)	-	-
Transportation	1,747,741	809,526	192,338	-	(745,877)	-	(745,877)	-	-
Economic environment	2,405,427	-	-	577,857	(1,827,570)	-	(1,827,570)	-	-
Human services	10,174	-	-	-	(10,174)	-	(10,174)	-	-
Culture and recreation	4,374,807	793,206	-	32,296	(3,549,305)	-	(3,549,305)	-	-
Interest on long-term debt	972,232	-	-	-	(972,232)	-	(972,232)	-	-
<b>Total governmental activities</b>	<b>28,070,550</b>	<b>8,151,269</b>	<b>838,487</b>	<b>4,264,215</b>	<b>(14,816,579)</b>	<b>-</b>	<b>(14,816,579)</b>	<b>-</b>	<b>-</b>
<b>Business-type activities:</b>									
Water and sewer utility	10,318,909	11,977,816	-	2,968,248	-	4,627,155	4,627,155	-	-
Cemetery	121,318	119,757	-	-	-	(1,561)	(1,561)	-	-
Stormwater	415,396	527,464	-	-	-	112,068	112,068	-	-
<b>Total business-type activities</b>	<b>10,855,623</b>	<b>12,625,037</b>	<b>-</b>	<b>2,968,248</b>	<b>-</b>	<b>4,737,662</b>	<b>4,737,662</b>	<b>-</b>	<b>-</b>
<b>Total primary government</b>	<b>38,926,173</b>	<b>20,776,306</b>	<b>838,487</b>	<b>7,232,463</b>	<b>(14,816,579)</b>	<b>4,737,662</b>	<b>(10,078,917)</b>	<b>-</b>	<b>-</b>
<b>Component units:</b>									
Airport Authority	\$ 1,993,445	\$ 441,497	\$ -	\$ 1,086,763				(465,185)	-
Library	1,404,026	103,643	806,448	-				-	(493,935)
<b>Total component units</b>	<b>\$ 3,397,471</b>	<b>\$ 545,140</b>	<b>\$ 806,448</b>	<b>\$ 1,086,763</b>				<b>\$ (465,185)</b>	<b>\$ (493,935)</b>
<b>General revenues</b>									
Taxes:									
Property taxes					9,183,429	-	9,183,429	-	557,208
Franchise fees					1,645,725	-	1,645,725	-	-
Public service taxes					2,511,444	-	2,511,444	-	-
Communication service taxes					522,785	-	522,785	-	-
Fuel taxes					919,337	-	919,337	-	-
Local business tax					56,734	-	56,734	-	-
State and county shared revenues					2,130,076	-	2,130,076	-	-
Investment earnings					1,226,950	443,231	1,670,181	16,922	20,567
Insurance recoveries					46,875	-	46,875	-	-
Gain on disposal of capital assets					8,165	3,162	11,327	-	-
Miscellaneous revenues					211,898	142,701	354,599	-	21,592
Transfers					1,623,000	(1,623,000)	-	-	-
<b>Total general revenues and transfers</b>					<b>20,086,418</b>	<b>(1,033,906)</b>	<b>19,052,512</b>	<b>16,922</b>	<b>599,367</b>
<b>Change in net position</b>					<b>5,269,839</b>	<b>3,703,756</b>	<b>8,973,595</b>	<b>(448,263)</b>	<b>105,432</b>
<b>Net position, beginning of year - as previously reported</b>					<b>25,838,927</b>	<b>45,052,345</b>	<b>70,891,272</b>	<b>14,213,294</b>	<b>-</b>
Restatement of beginning net position (Note 1)					(1,177,235)	258,605	(918,630)	6,657	1,177,235
<b>Net position, end of year</b>					<b>\$ 29,931,531</b>	<b>\$ 49,014,706</b>	<b>\$ 78,946,237</b>	<b>\$ 13,771,688</b>	<b>\$ 1,282,667</b>

**City of Lake Wales, Florida**  
**Balance Sheet - All Governmental Funds**  
September 30, 2024

	<b>General</b>	<b>Community Redevelopment</b>	<b>American Rescue Plan Act Special Revenue Fund</b>	<b>Other Governmental Funds</b>	<b>Total</b>
<b>Assets</b>					
Cash and cash equivalents	\$ 4,016,760	\$ 9,638,511	\$ 6,449,834	\$ 1,591,016	\$ 21,696,121
Receivable, net	666,994	13,823	-	16,798	697,615
Due from other funds	1,931,281	-	-	-	1,931,281
Due from component unit	982,780	-	-	-	982,780
Inventories	296,127	-	-	-	296,127
Intergovernmental receivables	375,613	347,802	-	162,897	886,312
Restricted cash and cash equivalents:					
Impact fees	-	-	-	2,938,973	2,938,973
Note receivable	-	549,884	-	-	549,884
Prepaid items	143,776	37,500	-	-	181,276
<b>Total assets</b>	<b>\$ 8,413,331</b>	<b>\$ 10,587,520</b>	<b>\$ 6,449,834</b>	<b>\$ 4,709,684</b>	<b>\$ 30,160,369</b>
<b>Liabilities and fund balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 764,396	\$ 42,112	\$ 2,538	\$ 47,806	\$ 856,852
Accrued liabilities	536,616	9,387	-	13,102	559,105
Construction payable	-	1,144,634	-	-	1,144,634
Due to other funds	-	-	1,918,383	12,898	1,931,281
Deposits	29,055	-	-	-	29,055
Unearned revenues	412,567	20,088	4,050,809	24,400	4,507,864
<b>Total liabilities</b>	<b>1,742,634</b>	<b>1,216,221</b>	<b>5,971,730</b>	<b>98,206</b>	<b>9,028,791</b>
<b>Deferred inflows of resources</b>					
Unavailable revenue	19,784	538,972	-	-	558,756
<b>Total deferred inflows of resources</b>	<b>19,784</b>	<b>538,972</b>	<b>-</b>	<b>-</b>	<b>558,756</b>
<b>Fund balances</b>					
Nonspendable:					
Inventories and prepaid items	439,903	-	-	-	439,903
Restricted for:					
Law enforcement expenditures	-	-	-	50,275	50,275
Transportation expenditures	-	-	-	2,257,041	2,257,041
Community redevelopment expenditures	-	8,832,327	-	-	8,832,327
Street lighting expenditures	-	-	-	3,771	3,771
Debt service	-	-	-	431,695	431,695
Capital projects	-	-	-	1,868,696	1,868,696
Government services	-	-	478,104	-	478,104
Assigned for:					
Subsequent years' expenditure	397,549	-	-	-	397,549
Unassigned	5,813,461	-	-	-	5,813,461
<b>Total fund balance</b>	<b>6,650,913</b>	<b>8,832,327</b>	<b>478,104</b>	<b>4,611,478</b>	<b>20,572,822</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 8,413,331</b>	<b>\$ 10,587,520</b>	<b>\$ 6,449,834</b>	<b>\$ 4,709,684</b>	<b>\$ 30,160,369</b>

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, 2024

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

<b>Total fund balances of governmental funds</b>	\$ 20,572,822
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.	40,932,267
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.	66,189
Revenues not received within the "availability" period are deferred at the fund level and recognized in the statement of activities.	558,756
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.	(160,172)
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.	(36,326,346)
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	5,425,601
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	(1,137,586)
<b>Net position of governmental activities</b>	<u><u>\$ 29,931,531</u></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, 2024

	<u>General</u>	<u>Community Redevelopment</u>	<u>American Rescue Plan Act Special Revenue Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>Revenues</b>					
Taxes	\$ 7,791,386	\$ 1,845,194	\$ -	\$ 1,831,312	\$ 11,467,892
Special assessment	-	-	-	12,432	12,432
Licenses and permits	4,333,696	-	-	-	4,333,696
Intergovernmental	2,927,028	2,417,140	3,420,921	227,000	8,992,089
Charges for services	4,194,422	-	-	181,706	4,376,128
Fines and forfeits	406,076	-	-	1,280	407,356
Investment earnings	339,524	449,698	375,686	83,620	1,248,528
Impact fees	-	-	-	1,517,276	1,517,276
Miscellaneous	235,983	-	-	49,538	285,521
<b>Total revenues</b>	<u>20,228,115</u>	<u>4,712,032</u>	<u>3,796,607</u>	<u>3,904,164</u>	<u>32,640,918</u>
<b>Expenditures</b>					
Current:					
General government	3,977,084	-	-	-	3,977,084
Public safety	13,356,909	-	-	47,385	13,404,294
Physical environment	1,682,246	-	-	13,343	1,695,589
Transportation	408,182	-	-	1,307,726	1,715,908
Economic environment	280,000	9,950,375	308,538	-	10,538,913
Human services	43,600	-	-	-	43,600
Culture and recreation	4,064,636	-	-	-	4,064,636
Debt Service:					
Principal	-	-	-	1,439,334	1,439,334
Interest and fiscal charges	-	-	-	1,048,023	1,048,023
Capital outlay	-	-	-	206,989	206,989
<b>Total expenditures</b>	<u>23,812,657</u>	<u>9,950,375</u>	<u>308,538</u>	<u>4,062,800</u>	<u>38,134,370</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,584,542)</u>	<u>(5,238,343)</u>	<u>3,488,069</u>	<u>(158,636)</u>	<u>(5,493,452)</u>
<b>Other financing sources (uses)</b>					
Transfers in	4,439,565	-	-	2,220,178	6,659,743
Transfers out	(450,155)	(1,474,205)	(3,112,383)	-	(5,036,743)
Insurance recoveries	46,875	-	-	-	46,875
Issuance of debt	218,234	-	-	-	218,234
Sale of capital assets	-	28,750	-	-	28,750
<b>Total other financing (uses) sources</b>	<u>4,254,519</u>	<u>(1,445,455)</u>	<u>(3,112,383)</u>	<u>2,220,178</u>	<u>1,916,859</u>
Net change in fund balances	<u>669,977</u>	<u>(6,683,798)</u>	<u>375,686</u>	<u>2,061,542</u>	<u>(3,576,593)</u>
<b>Fund balances, beginning of year as previously reported</b>	5,980,936	15,516,125	102,418	3,139,538	24,739,017
Restatement (Note I)	-	-	-	(589,602)	(589,602)
<b>Fund balances, end of year</b>	<u>\$ 6,650,913</u>	<u>\$ 8,832,327</u>	<u>\$ 478,104</u>	<u>\$ 4,611,478</u>	<u>\$ 20,572,822</u>

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, 2024

<b>Net change in fund balances of the governmental funds</b>		<b>\$ (3,576,593)</b>
<b>Amounts reported for governmental activities in the statement of activities are different because:</b>		
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	\$ 10,609,698	
Capital asset disposals	(8,633)	
Depreciation expense	<u>(1,938,617)</u>	8,662,448
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.		
		(78,799)
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	(218,234)	
Principal paid	<u>1,499,773</u>	1,281,539
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>(3,687)</u>	(3,687)
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	(93,334)	
Decrease in interest accrued on long term debt	<u>19,041</u>	(74,293)
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	(2,146,666)	
(Increase) in deferred inflows related to pensions	(40,555)	
Decrease in the net pension liability	<u>1,269,383</u>	(917,838)
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	(30,226)	
(Increase) in deferred inflows related to OPEB	(99,398)	
Decrease in the total OPEB liability	<u>106,686</u>	<u>(22,938)</u>
<b>Change in net position of governmental activities</b>		<b><u>\$ 5,269,839</u></b>

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, 2024

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Public Utilities Fund</b>	<b>Nonmajor Enterprise Funds</b>	<b>Total Enterprise Funds</b>
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 3,697,101	\$ 1,156,142	\$ 4,853,243
Receivables, net	1,719,584	143,602	1,863,186
Lease receivable, current	141,209	-	141,209
Restricted cash and cash equivalents:			
Debt reserve accounts	176,671	-	176,671
Escrow - C street project	8,610	-	8,610
Impact fees	5,741,467	-	5,741,467
Customer deposits	1,663,098	-	1,663,098
Debt reserve accounts	1,066,000	-	1,066,000
Impact fees	451,354	-	451,354
Inventories	576,886	-	576,886
Due from other funds	55,312	-	55,312
Prepaid items	14,927	-	14,927
Total current assets	<u>15,312,219</u>	<u>1,299,744</u>	<u>16,611,963</u>
Noncurrent assets			
Lease receivable, noncurrent	2,467,864	-	2,467,864
Capital assets:			
Nondepreciable	1,989,026	234,369	2,223,395
Depreciable, net	<u>60,635,544</u>	<u>949,835</u>	<u>61,585,379</u>
Total noncurrent assets	<u>65,092,434</u>	<u>1,184,204</u>	<u>66,276,638</u>
Total assets	<u>80,404,653</u>	<u>2,483,948</u>	<u>82,888,601</u>
<b>Deferred outflows of resources</b>			
Deferred outflows related to OPEB	15,602	-	15,602
Deferred outflows related to pensions	517,892	-	517,892
Total deferred outflows of resources	<u>533,494</u>	<u>-</u>	<u>533,494</u>
Total assets and deferred outflows of resources	<u>\$ 80,938,147</u>	<u>\$ 2,483,948</u>	<u>\$ 83,422,095</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, 2024

(Concluded)

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Public Utilities Fund</b>	<b>Nonmajor Enterprise Funds</b>	<b>Total Enterprise Funds</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable	\$ 605,339	\$ 34,021	\$ 639,360
Construction payable	126,101	-	126,101
Accrued liabilities	121,284	-	121,284
Accrued interest	81,548	3,238	84,786
Due to other funds	-	55,312	55,312
Customer deposits	1,663,098	-	1,663,098
Unearned revenues	444,505	-	444,505
Accrued compensated absences	20,654	-	20,654
Current portion of long-term debt	1,672,168	49,010	1,721,178
<b>Total current liabilities</b>	<b>4,734,697</b>	<b>141,581</b>	<b>4,876,278</b>
<b>Noncurrent liabilities</b>			
Notes and lease obligations payable - noncurrent	24,849,365	473,715	25,323,080
Accrued compensated absences	185,883	-	185,883
Total OPEB liability	78,530	-	78,530
Net pension liability	926,243	-	926,243
Joint venture loan guarantee	357,309	-	357,309
<b>Total noncurrent liabilities</b>	<b>26,397,330</b>	<b>473,715</b>	<b>26,871,045</b>
<b>Total liabilities</b>	<b>31,132,027</b>	<b>615,296</b>	<b>31,747,323</b>
<b>Deferred inflows of resources</b>			
Deferred inflows related to OPEB	54,519	-	54,519
Deferred inflows related to leases	2,605,547	-	2,605,547
<b>Total deferred inflows of resources</b>	<b>2,660,066</b>	<b>-</b>	<b>2,660,066</b>
<b>Net position</b>			
Net investment in capital assets	35,976,936	661,479	36,638,415
Restricted for capital projects	6,201,431	-	6,201,431
Restricted for debt service	1,161,123	-	1,161,123
Unrestricted	3,806,564	1,207,173	5,013,737
<b>Total net position</b>	<b>\$ 47,146,054</b>	<b>\$ 1,868,652</b>	<b>\$ 49,014,706</b>

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, 2024

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Public</b>	<b>Nonmajor</b>	<b>Total</b>
	<b>Utilities</b>	<b>Enterprise</b>	<b>Enterprise</b>
	<b>Fund</b>	<b>Funds</b>	<b>Funds</b>
<b>Operating revenues:</b>			
Charges for services	\$ 11,977,816	\$ 647,221	\$ 12,625,037
Other income	142,701	-	142,701
<b>Total operating revenues</b>	<b>12,120,517</b>	<b>647,221</b>	<b>12,767,738</b>
<b>Operating expenses:</b>			
Personnel services	3,231,517	-	3,231,517
Contractual services	471,078	53,654	524,732
Repairs and maintenance	1,707,673	68,632	1,776,305
Materials and supplies	548,555	-	548,555
General and administrative	1,870,206	362,054	2,232,260
Depreciation	2,175,099	45,064	2,220,163
<b>Total operating expenses</b>	<b>10,004,128</b>	<b>529,404</b>	<b>10,533,532</b>
<b>Operating income (loss)</b>	<b>2,116,389</b>	<b>117,817</b>	<b>2,234,206</b>
<b>Nonoperating revenues (expenses)</b>			
Interest income	418,468	24,763	443,231
Interest expense and fiscal charges	(266,491)	(7,310)	(273,801)
Other nonoperating expense	(48,290)	-	(48,290)
Gain (loss) on sale of capital assets	3,162	-	3,162
<b>Total nonoperating revenues (expenses)</b>	<b>106,849</b>	<b>17,453</b>	<b>124,302</b>
Income (loss) before contributions and transfers	2,223,238	135,270	2,358,508
<b>Capital contributions</b>			
Grants	142,553	-	142,553
Impact fees	2,825,695	-	2,825,695
<b>Total capital contributions</b>	<b>2,968,248</b>	<b>-</b>	<b>2,968,248</b>
<b>Transfers</b>			
Transfers in	-	200,000	200,000
Transfers out	(1,823,000)	-	(1,823,000)
<b>Total transfers</b>	<b>(1,823,000)</b>	<b>200,000</b>	<b>(1,623,000)</b>
Change in net position	3,368,486	335,270	3,703,756
<b>Net position, beginning of year as previously reported</b>	<b>43,518,963</b>	<b>1,533,382</b>	<b>45,052,345</b>
Restatement of beginning net position (Note I)	258,605	-	258,605
<b>Net position, beginning of year as restated</b>	<b>43,777,568</b>	<b>1,533,382</b>	<b>45,310,950</b>
<b>Net position, end of year</b>	<b>\$ 47,146,054</b>	<b>\$ 1,868,652</b>	<b>\$ 49,014,706</b>

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, 2024**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Public</b>	<b>Nonmajor</b>	<b>Total</b>
	<b>Utilities</b>	<b>Enterprise</b>	<b>Enterprise</b>
	<b>Fund</b>	<b>Funds</b>	<b>Funds</b>
<b>Cash flows from operating activities</b>			
Cash received from customers	\$ 12,230,577	\$ 636,935	\$ 12,867,512
Cash payments to suppliers for goods and services	(4,641,712)	(590,447)	(5,232,159)
Cash payments for employee services	(3,043,104)	-	(3,043,104)
Net cash provided by (used in) operating activities	4,545,761	46,488	4,592,249
<b>Cash flows from noncapital financing activities</b>			
Loans (to) from other funds	60,000	(60,000)	-
Transfer to (from) other funds	(1,823,000)	200,000	(1,623,000)
Net cash provided by (used in) noncapital financing activities	(1,763,000)	140,000	(1,623,000)
<b>Cash flows from capital and related financing activities</b>			
Acquisition and construction of capital assets	(5,122,767)	(154,755)	(5,277,522)
Impact fees	2,825,695	-	2,825,695
Capital grants	401,158	96,925	498,083
Debt issuance proceeds	3,769,007	124,955	3,893,962
Principal payments on long-term debt	(1,663,684)	(59,486)	(1,723,170)
Interest paid	(266,683)	(7,955)	(274,638)
Proceeds from sale of equipment	3,162	-	3,162
Net cash used in capital and related financing activities	(54,112)	(316)	(54,428)
<b>Cash flows from investing activities</b>			
Interest income	418,468	24,763	443,231
Net cash provided by investing activities	418,468	24,763	443,231
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>3,147,117</b>	<b>210,935</b>	<b>3,358,052</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>9,657,184</b>	<b>945,207</b>	<b>10,602,391</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 12,804,301</b>	<b>\$ 1,156,142</b>	<b>\$ 13,960,443</b>

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, 2024**  
*(Concluded)*

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Public</b>	<b>Nonmajor</b>	<b>Total</b>
	<b>Utilities</b>	<b>Enterprise</b>	<b>Enterprise</b>
	<b>Fund</b>	<b>Funds</b>	<b>Funds</b>
<b>Reconciliation of cash and cash equivalents to statement of net position:</b>			
Cash and cash equivalents	\$ 3,697,101	\$ 1,156,142	\$ 4,853,243
Restricted cash and cash equivalents	9,107,200	-	9,107,200
<b>Cash and cash equivalents, end of year</b>	<b>\$ 12,804,301</b>	<b>\$ 1,156,142</b>	<b>\$ 13,960,443</b>
<b>Reconciliation of operating income to net cash provided by operating activities</b>			
Operating income (loss)	\$ 2,116,389	\$ 117,817	\$ 2,234,206
Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities:			
Depreciation	2,175,099	45,064	2,220,163
(Increase) decrease in assets and deferred outflows:			
Accounts receivable	(28,305)	(10,286)	(38,591)
Inventories	(126,303)	-	(126,303)
Prepaid	(8,096)	-	(8,096)
Lease receivables	137,745	-	137,745
Deferred outflows related to pensions	276,567	-	276,567
Deferred outflows related to OPEB	6,745	-	6,745
Increase (decrease) in liabilities and deferred inflows:			
Accounts payable	90,199	(106,107)	(15,908)
Accrued liabilities	36,838	-	36,838
Customer deposits	150,227	-	150,227
Unearned revenue	(1,514)	-	(1,514)
Compensated absences	18,378	-	18,378
Total OPEB liability	(23,808)	-	(23,808)
Net pension liability	(148,489)	-	(148,489)
Deferred inflows related to OPEB	22,182	-	22,182
Deferred inflows related to leases	(148,093)	-	(148,093)
<b>Net cash provided by operating activities</b>	<b>\$ 4,545,761</b>	<b>\$ 46,488</b>	<b>\$ 4,592,249</b>

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, 2024**

	<b>Pension Trust Funds</b>	<b>Custodial Fund</b>
<b>Assets</b>		
Cash and cash equivalent	\$ -	\$ 321,923
Investments, at fair value:		
Money market funds	1,925,845	-
Government bonds	2,034,248	-
Government assets backed/CMO securities	6,334,740	-
Taxable municipal bonds	381,471	-
Foreign bonds	168,834	-
Corporate bonds and notes	2,168,998	-
Common and preferred stock	35,389,832	-
Real estate investment fund	2,417,548	-
Total investments	50,821,516	-
Receivable (net):		
Interest and dividends	122,191	-
Due from City	9,664	-
Total receivable	131,855	-
Total assets	50,953,371	321,923
<b>Liabilities</b>		
Accounts payable	68,491	-
Due to other governments	-	321,923
Total liabilities	68,491	321,923
<b>Net position</b>		
Net position restricted for pension benefits	\$ 50,884,880	\$ -

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, 2024

	<b>Pension Trust Funds</b>	<b>Custodial Fund</b>
<b>Additions</b>		
Contributions:		
Employer	\$ 1,714,077	\$ -
State of Florida	378,220	-
Employee	667,408	-
Fees collected on behalf of other governments	-	3,616,873
Total contributions	<u>2,759,705</u>	<u>3,616,873</u>
Interest and dividends	925,641	-
Net decrease in the fair value of investments	<u>9,219,161</u>	<u>-</u>
Investment gain	10,144,802	-
Investment expense	<u>(231,418)</u>	<u>-</u>
Investment gain, less investment expense	<u>9,913,384</u>	<u>-</u>
Total additions	<u>12,673,089</u>	<u>3,616,873</u>
<b>Deductions</b>		
Benefit payments, including refunds of employee contributions	3,004,404	-
Administration	230,724	-
Remittance of fees to other governments	-	3,616,873
Total deductions	<u>3,235,128</u>	<u>3,616,873</u>
Change in net position	9,437,961	-
<b>Total net position - beginning of year</b>	<u>41,446,919</u>	<u>-</u>
<b>Total net position - end of year</b>	<u>\$ 50,884,880</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, 2024

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## 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, 2023.

**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, 2024

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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, 2024.

- 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, 2024.

**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, 2024

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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.

The City reports the following major proprietary fund:

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

## City of Lake Wales, Florida

Notes to the Financial Statements  
September 30, 2024

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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 (LWVG) Cemetery Fund (proprietary fund type)*** – accounts for the operation and maintenance of the City’s LWVG 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 LWVG 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, 2024

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### 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, 2024

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#### 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, 2024

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## 6. Capital assets

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

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

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

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

## 7. Deferred outflows/inflows of resources

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

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

## City of Lake Wales, Florida

### Notes to the Financial Statements September 30, 2024

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#### 8. *Compensated absences*

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

#### 9. *Long-term obligations*

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

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

#### 10. *Leases*

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

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

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

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

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

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

## City of Lake Wales, Florida

### Notes to the Financial Statements September 30, 2024

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

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

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

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

#### *11. Fund Balances*

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

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

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

## City of Lake Wales, Florida

Notes to the Financial Statements  
September 30, 2024

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

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

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

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

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

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

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

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## City of Lake Wales, Florida

### Notes to the Financial Statements September 30, 2024

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#### *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, 2024, are unbilled amounts totaling \$790,925 (\$618,171 enterprise funds and \$172,754 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 2024 fiscal year was 7.1214 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, 2024

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## 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, 2024

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### III. Detailed notes on all funds

#### A. Deposits and investments

##### Deposits

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

On September 30, 2024, the carrying amount of cash on hand and on deposit with banks, including interest-bearing deposits was \$38,595,538 and the related bank balance was \$39,362,604.

##### Investments – City

On September 30, 2024, 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, 2024, 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, 2024

### 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, 2024, based on measurement criteria as specified:

#### General Employees' Pension Trust Fund:

	September 30, 2024	Level 1	Level 2	Amortized Cost
<b>Investments at fair value</b>				
Money market mutual funds	\$ 603,704	\$ -	\$ -	\$ 603,704
Government bonds	645,095	32,950	612,145	-
Government asset-backed/ CMO securities	2,716,451	-	2,716,451	-
Taxable municipal bonds	143,494	-	143,494	-
Foreign bonds	75,688	-	75,688	-
Corporate bonds and notes	902,938	59,991	842,947	-
Common and preferred stock	11,212,371	10,453,269	759,102	-
<b>Total investments measured at fair value</b>	<u>\$ 16,299,741</u>	<u>\$ 10,546,210</u>	<u>\$ 5,149,827</u>	<u>\$ 603,704</u>

#### Firefighters' Pension Trust Fund:

	September 30, 2024	Level 1	Level 2	Amortized Cost
<b>Investments at fair value</b>				
Money market mutual funds	\$ 620,284	\$ -	\$ -	\$ 620,284
Government bonds	555,608	36,470	519,138	-
Government asset-backed/ CMO securities	1,266,014	-	1,266,014	-
Taxable municipal bonds	90,240	-	90,240	-
Foreign bonds	34,283	-	34,283	-
Corporate bonds and notes	552,844	33,329	519,515	-
Common and preferred stock	9,237,730	8,706,891	530,839	-
<b>Total investments measured at fair value</b>	12,357,003	<u>\$ 8,776,690</u>	<u>\$ 2,960,029</u>	<u>\$ 620,284</u>
<b>Investments measured at net asset value (NAV)</b>				
Real estate investment fund	888,308			
<b>Total investments</b>	<u>\$ 13,245,311</u>			

**City of Lake Wales, Florida**

Notes to the Financial Statements  
September 30, 2024

**Police Officers' Pension Trust Fund:**

	<u>September 30,</u> <u>2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Amortized</u> <u>Cost</u>
<b>Investments at fair value</b>				
Money market mutual funds	\$ 701,857	\$ -	\$ -	\$ 701,857
Government bonds	833,545	85,895	747,650	-
Government asset-backed/ CMO securities	2,352,275	-	2,352,275	-
Taxable municipal bonds	147,737	-	147,737	-
Foreign bonds	58,863	-	58,863	-
Corporate bonds and notes	713,216	85,543	627,673	-
Common and preferred stock	14,939,731	13,853,845	1,085,886	-
<b>Total investments measured at fair value</b>	<u>19,747,224</u>	<u>\$ 14,025,283</u>	<u>\$ 5,020,084</u>	<u>\$ 701,857</u>
<b>Investments measured at net asset value (NAV)</b>				
Real estate investment fund	<u>1,529,240</u>			
<b>Total investments</b>	<u>\$ 21,276,464</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</u> <u>Employees</u>	<u>Fire</u> <u>Fighters</u>	<u>Police</u> <u>Officers</u>
Domestic Equity Securities	50%	50%	50%
Fixed Income Securities	35%	25%	25%
International Equity	15%	15%	15%
Private Real Estate	0%	10%	10%

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

## City of Lake Wales, Florida

Notes to the Financial Statements  
September 30, 2024

Information related to interest rate and credit risk for the pension trust funds' fixed income investments on September 30, 2024 is summarized below:

**General Employees' Pension Trust Fund:**

<b>Investment Type</b>	<b>Credit Rating (S&amp;P's)</b>	<b>Fair Value/ Amortized Cost</b>	<b>Weighted Average Maturity (years)</b>
Money Market Funds	N/R	\$ 603,704	<1
Corporate Bonds	*	902,938	13.60
Government Bonds	AA+	645,095	11.75
Government asset-backed/CMO Sec.	AA+	2,716,451	14.81
Foreign Bonds	**	75,688	6.20
Taxable Municipal Bonds	***	143,494	13.72
Equities	N/R	11,212,371	na
<b>Total Fair Value</b>		<b>\$ 16,299,741</b>	

**Firefighters' Pension Trust Fund:**

<b>Investment Type</b>	<b>Credit Rating (Moody)</b>	<b>Fair Value/ Amortized Cost</b>	<b>Weighted Average Maturity</b>
Money Market Funds	N/R	\$ 620,284	<1
Corporate Bonds	*	552,844	14.52
Government Bonds	AA+	555,608	9.82
Government asset-backed/CMO Sec.	AA+	1,266,014	14.18
Foreign Bonds	**	34,283	4.70
Taxable Municipal Bonds	***	90,240	17.43
Real estate investment fund	N/R	888,308	na
Equities	N/R	9,237,730	na
<b>Total Fair Value</b>		<b>\$ 13,245,311</b>	

**Police Officers' Pension Trust Fund:**

<b>Investment Type</b>	<b>Credit Rating (S&amp;P's)</b>	<b>Fair Value/ Amortized Cost</b>	<b>Weighted Average Maturity</b>
Money Market Funds	N/R	\$ 701,857	<1
Corporate Bonds	*	713,216	16.20
Government Bonds	AA+	833,545	10.96
Government asset-backed/CMO Sec.	AA+	2,352,275	14.91
Foreign Bonds	**	58,863	5.19
Municipal Bonds	***	147,737	18.19
Real estate investment fund	N/R	1,529,240	na
Equities	N/R	14,939,731	na
<b>Total Fair Value</b>		<b>\$ 21,276,464</b>	

\*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

\*\*\*Credit rating on the above bonds that were rated varied from AAA to A

N/R = Not rated

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

## City of Lake Wales, Florida

Notes to the Financial Statements  
September 30, 2024

### 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, 2024, the City's cash deposits were entirely covered by federal depository insurance or by the banking network provided by Chapter 280 of the Florida Statutes. Florida Statutes provide for collateral pooling by banks and savings and loans and limit local government deposits to "qualified public depositories."

### Custodial credit risk - investments

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

## B. Receivables

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

	General	Community Redevelopment	Other Governmental Funds	Total Governmental Funds	Enterprise - Business Type	Total
Receivable:						
Taxes	\$ 181,597	\$ -	\$ -	\$ 181,597	\$ -	\$ 181,597
Franchise fees	193,003	-	-	193,003	-	193,003
Accounts	233,435	13,823	16,798	264,056	2,010,893	2,274,949
Unbilled amounts	172,754	-	-	172,754	618,171	790,925
Gross receivables	780,789	13,823	16,798	811,410	2,629,064	3,440,474
Less: allowance for uncollectibles	(113,794)	-	-	(113,794)	(765,878)	(879,672)
Net total receivable	<u>\$ 666,995</u>	<u>\$ 13,823</u>	<u>\$ 16,798</u>	<u>\$ 697,616</u>	<u>\$ 1,863,186</u>	<u>\$ 2,560,802</u>
Intergovernmental						
Receivables	<u>\$ 375,612</u>	<u>\$ 347,802</u>	<u>\$ 162,897</u>	<u>\$ 886,311</u>	<u>\$ -</u>	<u>\$ 886,311</u>
Lease receivables	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,609,073</u>	<u>\$ 2,609,073</u>

Governmental funds delay revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unearned revenue* reported in the governmental funds totaled \$4,507,864 and are reported as unearned as these funds have not been used on allowable expenditures as of September 30, 2024.

## City of Lake Wales, Florida

### Notes to the Financial Statements September 30, 2024

#### C. Capital assets

Capital asset activity for the year ended September 30, 2024 was as follows:

	<u>Beginning Balance (*)</u>	<u>Additions</u>	<u>Reclassification</u>	<u>Disposals</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>					
Capital assets not being depreciated					
Land	\$ 4,847,299	\$ 200,000	\$ -	\$ -	\$ 5,047,299
Construction in progress	8,345,491	8,159,087	-	-	16,504,578
Total capital assets, not being depreciated	<u>13,192,790</u>	<u>8,359,087</u>	<u>-</u>	<u>-</u>	<u>21,551,877</u>
Capital assets being depreciated:					
Buildings	14,853,818	848,451	-	-	15,702,269
Improvements other than buildings	9,534,796	373,001	-	-	9,907,797
Machinery and equipment	10,785,642	315,107	-	(14,000)	11,086,749
Infrastructure	21,551,408	495,818	-	-	22,047,226
Right to use leased equipment	5,731,485	218,234	-	-	5,949,719
Total depreciable capital assets	<u>62,457,149</u>	<u>2,250,611</u>	<u>-</u>	<u>(14,000)</u>	<u>64,693,760</u>
Total all capital assets	<u>75,649,939</u>	<u>10,609,698</u>	<u>-</u>	<u>(14,000)</u>	<u>86,245,637</u>
Less accumulated depreciation for:					
Buildings	(6,097,423)	(348,214)	-	-	(6,445,637)
Improvements other than buildings	(6,427,072)	(288,132)	-	-	(6,715,204)
Machinery and equipment	(9,835,573)	(215,628)	-	5,367	(10,045,834)
Infrastructure	(18,255,466)	(433,293)	-	-	(18,688,759)
Right to use leased equipment	(2,764,586)	(653,350)	-	-	(3,417,936)
Total accumulated depreciation	<u>(43,380,120)</u>	<u>(1,938,617)</u>	<u>-</u>	<u>5,367</u>	<u>(45,313,370)</u>
Depreciable capital assets, net	<u>19,077,029</u>	<u>311,994</u>	<u>-</u>	<u>(8,633)</u>	<u>19,380,390</u>
Total governmental activities capital assets, net	<u>\$ 32,269,819</u>	<u>\$ 8,671,081</u>	<u>\$ -</u>	<u>\$ (8,633)</u>	<u>\$ 40,932,267</u>

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

Governmental activities:	
General government	\$ 120,147
Public safety	658,969
Physical environment	123,433
Transportation	520,811
Economic environment	11,394
Human services	10,174
Culture and recreation	493,689
Total governmental activities depreciation expense	<u>\$ 1,938,617</u>

(\*) – The previously reported balances on October 1, 2023 were restated to change the reporting of the City library district as a discretely presented component unit as opposed to a blended presentation as was used in prior years. See Note I for more details.

## City of Lake Wales, Florida

### Notes to the Financial Statements September 30, 2024

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reclassification</u>	<u>Disposals</u>	<u>Ending Balance</u>
<b>Business-type activities</b>					
Capital assets not being depreciated					
Land	\$ 850,497	\$ -	\$ -	\$ -	\$ 850,497
Construction in progress	5,706,382	823,032	(4,741,275)	(415,241)	1,372,898
Total capital assets, not being depreciated	<u>6,556,879</u>	<u>823,032</u>	<u>(4,741,275)</u>	<u>(415,241)</u>	<u>2,223,395</u>
Capital assets being depreciated:					
Buildings	6,370,870	8,105	-	-	6,378,975
Improvements other than buildings	73,304,287	4,137,988	4,741,275	-	82,183,550
Machinery and equipment	7,234,895	100,249	-	-	7,335,144
Right to use leased equipment	464,916	-	-	-	464,916
Total depreciable capital assets	<u>87,374,968</u>	<u>4,246,342</u>	<u>4,741,275</u>	<u>-</u>	<u>96,362,585</u>
Total all capital assets	<u>93,931,847</u>	<u>5,069,374</u>	<u>-</u>	<u>(415,241)</u>	<u>98,585,980</u>
Less accumulated depreciation for:					
Buildings	(1,038,729)	(151,082)	-	-	(1,189,811)
Improvements other than buildings	(25,195,368)	(1,850,020)	-	-	(27,045,388)
Machinery and equipment	(6,110,102)	(155,028)	-	-	(6,265,130)
Right to use leased equipment	(212,844)	(64,033)	-	-	(276,877)
Total accumulated depreciation	<u>(32,557,043)</u>	<u>(2,220,163)</u>	<u>-</u>	<u>-</u>	<u>(34,777,206)</u>
Depreciable capital assets, net	<u>54,817,925</u>	<u>2,026,179</u>	<u>4,741,275</u>	<u>-</u>	<u>61,585,379</u>
Total business-type activities capital assets, net	<u>\$ 61,374,804</u>	<u>\$ 2,849,211</u>	<u>\$ -</u>	<u>\$ (415,241)</u>	<u>\$ 63,808,774</u>

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

Business-type activities:

Water	\$ 967,183
Sewer	1,207,916
Cemetery	29,008
Stormwater	16,056
Total business-type activities depreciation expense	<u>\$ 2,220,163</u>

**Discretely presented component units:**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reclassification</u>	<u>Disposals</u>	<u>Ending Balance</u>
<b>Airport Authority</b>					
Capital assets not being depreciated					
Land	\$ 1,625,274	\$ -	\$ -	\$ -	\$ 1,625,274
Construction in progress	426,534	797,942	(1,086,576)	-	137,900
Total capital assets, not being depreciated	<u>2,051,808</u>	<u>797,942</u>	<u>(1,086,576)</u>	<u>-</u>	<u>1,763,174</u>
Capital assets being depreciated:					
Buildings	2,608,866	-	-	-	2,608,866
Improvements other than buildings	21,035,312	-	1,086,576	-	22,121,888
Machinery and equipment	883,881	85,001	-	-	968,882
Total depreciable capital assets	<u>24,528,059</u>	<u>85,001</u>	<u>1,086,576</u>	<u>-</u>	<u>25,699,636</u>
Total all capital assets	<u>26,579,867</u>	<u>882,943</u>	<u>-</u>	<u>-</u>	<u>27,462,810</u>
Less accumulated depreciation for:					
Buildings	(802,327)	(55,791)	-	-	(858,118)
Improvements other than buildings	(9,147,300)	(1,124,245)	-	-	(10,271,545)
Machinery and equipment	(616,467)	(46,235)	-	-	(662,702)
Total accumulated depreciation	<u>(10,566,094)</u>	<u>(1,226,271)</u>	<u>-</u>	<u>-</u>	<u>(11,792,365)</u>
Depreciable capital assets, net	<u>13,961,965</u>	<u>(1,141,270)</u>	<u>1,086,576</u>	<u>-</u>	<u>13,907,271</u>
Total governmental activities capital assets, net	<u>\$ 16,013,773</u>	<u>\$ (343,328)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,670,445</u>

## City of Lake Wales, Florida

### Notes to the Financial Statements September 30, 2024

	<u>Beginning Balance (*)</u>	<u>Additions</u>	<u>Reclassification</u>	<u>Disposals</u>	<u>Ending Balance</u>
<b>Library District</b>					
Capital assets not being depreciated					
Land	\$ 263	\$ -	\$ -	\$ -	\$ 263
Construction in progress	-	17,000	-	-	17,000
Total capital assets, not being depreciated	<u>263</u>	<u>17,000</u>	<u>-</u>	<u>-</u>	<u>17,263</u>
Capital assets being depreciated:					
Buildings	865,575	-	-	-	865,575
Improvements other than buildings	89,682	-	-	-	89,682
Machinery and equipment	1,775,961	71,892	-	-	1,847,853
Total depreciable capital assets	<u>2,731,218</u>	<u>71,892</u>	<u>-</u>	<u>-</u>	<u>2,803,110</u>
Total all capital assets	<u>2,731,481</u>	<u>88,892</u>	<u>-</u>	<u>-</u>	<u>2,820,373</u>
Less accumulated depreciation for:					
Buildings	(610,727)	(14,875)	-	-	(625,602)
Improvements other than buildings	(71,746)	(4,484)	-	-	(76,230)
Machinery and equipment	(1,461,375)	(54,562)	-	-	(1,515,937)
Total accumulated depreciation	<u>(2,143,848)</u>	<u>(73,921)</u>	<u>-</u>	<u>-</u>	<u>(2,217,769)</u>
Depreciable capital assets, net	<u>587,370</u>	<u>(2,029)</u>	<u>-</u>	<u>-</u>	<u>585,341</u>
Total governmental activities capital assets, net	<u>\$ 587,633</u>	<u>\$ 14,971</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 602,604</u>

(\*) – The previously reported balances on October 1, 2023 were restated to change the reporting of the City library district as a discretely presented component unit as opposed to a blended presentation as was used in prior years. See Note I for more details.

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, 2024. 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	\$ 225,000	\$ 65,700
Lead and Copper Pipe Inventory - Replacement	77,500	34,400
Headworks Modifications	651,000	598,600
Industrial Pretreatment	59,000	49,100
Well Drilling Project	132,000	56,068
Water and Wastewater System Modeling	60,450	7,800
Reuse Extension Evaluation	823,788	642,545
Water Use Permit Modification	187,600	144,790
Lake Wales Memorial Garden Improvements	192,950	192,950
Park Avenue/Market Plaza Streetscape	12,572,019	1,800,702
Northwest Sidewalk Improvements Project	536,437	360,107
Total primary government	<u>\$ 15,517,744</u>	<u>\$ 3,952,762</u>

#### Other Commitments:

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

**City of Lake Wales, Florida**

Notes to the Financial Statements  
September 30, 2024

**E. Leases**

*Lease receivable* – 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, 2024, the City’s receivable for future lease payments was \$2,609,073. 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, 2024, the balance of the deferred inflow of resources was \$2,605,547.

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

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

**F. Interfund receivable, payables and transfers**

Interfund receivable or payable balances on September 30, 2024 were as follows:

Receivable Fund	Payable Fund	Amount
General	Forfeitures	\$ 12,898
General	ARPA	1,918,383
Subtotal		\$ 1,931,281
Public Utilities	Stormwater	\$ 55,312
<u>Due to/from component unit:</u>		
General	Airport Authority	\$ 982,780

The interfund receivables/payable represent interfund short-term borrowing that has not been repaid as of September 30, 2024.

The composition of interfund transfers for the year ended September 30, 2024 is as follows:

	Transfer In:					Total
	General	Debt Service	Law enforcement block grant	Transportation	LWMG Cemetery	
Transfer Out:						
General	\$ -	\$ -	\$ 155	\$ 250,000	\$ 200,000	\$ 450,155
CRA	-	1,474,205	-	-	-	1,474,205
ARPA	2,616,565	-	-	495,818	-	3,112,383
Public Utilities	1,823,000	-	-	-	-	1,823,000
Total	\$ 4,439,565	\$ 1,474,205	\$ 155	\$ 745,818	\$ 200,000	\$ 6,859,743

Transfers during the year were used to 1) move revenue from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due, 2) move general fund resources as a subsidy to the transportation and LWMG fund, 3) move ARPA funds to reimburse the funds where the revenues were ultimately utilized and 4) fund the annual budgeted transfer from the public utilities fund to the general fund.

**City of Lake Wales, Florida**

Notes to the Financial Statements

September 30, 2024

**G. Long-term debt**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Notes and lease obligations payable:					
Notes payable	\$ 23,341,466	\$ -	\$ (820,922)	\$ 22,520,544	\$ 789,674
Lease payable	<u>2,356,645</u>	<u>218,234</u>	<u>(678,851)</u>	<u>1,896,028</u>	<u>452,304</u>
Total notes and lease payable	<u>25,698,111</u>	<u>218,234</u>	<u>(1,499,773)</u>	<u>24,416,572</u>	<u>1,241,978</u>
Other liabilities:					
Net pension liabilities	11,436,561	-	(1,269,383)	10,167,178	-
OPEB liability	458,266	-	(106,686)	351,580	-
Compensated absences	<u>1,297,682</u>	<u>93,334</u>	<u>-</u>	<u>1,391,016</u>	<u>139,102</u>
Total other liabilities	<u>13,192,509</u>	<u>93,334</u>	<u>(1,376,069)</u>	<u>11,909,774</u>	<u>139,102</u>
<b>Governmental long-term liabilities</b>	<u>\$ 38,890,620</u>	<u>\$ 311,568</u>	<u>\$ (2,875,842)</u>	<u>\$ 36,326,346</u>	<u>\$ 1,381,080</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Business-type activities:</b>					
Notes and lease obligations payable:					
Notes payable	\$ 24,658,410	\$ 3,893,962	\$ (1,646,953)	\$ 26,905,419	\$ 1,659,140
Lease payable	<u>215,056</u>	<u>-</u>	<u>(76,217)</u>	<u>138,839</u>	<u>62,038</u>
Total notes and lease payable	<u>24,873,466</u>	<u>3,893,962</u>	<u>(1,723,170)</u>	<u>27,044,258</u>	<u>1,721,178</u>
Other liabilities:					
Net pension liabilities	1,074,732	-	(148,489)	926,243	-
OPEB liability	102,338	-	(23,808)	78,530	-
Compensated absences	188,159	18,378	-	206,537	20,654
Joint venture loan guarantee	<u>309,019</u>	<u>48,290</u>	<u>-</u>	<u>357,309</u>	<u>-</u>
Total other liabilities	<u>1,674,248</u>	<u>66,668</u>	<u>(172,297)</u>	<u>1,568,619</u>	<u>20,654</u>
<b>Business-type long-term liabilities</b>	<u>\$ 26,547,714</u>	<u>\$ 3,960,630</u>	<u>\$ (1,895,467)</u>	<u>\$ 28,612,877</u>	<u>\$ 1,741,832</u>
<b>Discretely presented component unit:</b>					
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Airport Authority</b>					
Notes payable:					
Notes payable	\$ 1,463,760	\$ -	\$ (104,546)	\$ 1,359,214	\$ 101,213
Total notes payable	<u>1,463,760</u>	<u>-</u>	<u>(104,546)</u>	<u>1,359,214</u>	<u>101,213</u>
Other liabilities:					
Compensated absences	<u>8,266</u>	<u>5,971</u>	<u>-</u>	<u>14,237</u>	<u>1,424</u>
Total other liabilities	<u>8,266</u>	<u>5,971</u>	<u>-</u>	<u>14,237</u>	<u>1,424</u>
<b>Discretely presented component unit</b>					
<b>Total long-term liabilities</b>	<u>\$ 1,472,026</u>	<u>\$ 5,971</u>	<u>\$ (104,546)</u>	<u>\$ 1,373,451</u>	<u>\$ 102,637</u>

# City of Lake Wales, Florida

## Notes to the Financial Statements September 30, 2024

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

Listed below are the individual debt issues and the outstanding principal balance on September 30, 2024:

	Purpose (2)	Frequency of Payment (1)	Maturity	Originally Issued	Outstanding Amount	Interest Rate
<b>Governmental activities</b>						
Note payable:						
Redevelopment Revenue Note, Series 2007	4	S	2028	\$ 9,500,000	\$ 2,479,135	4.34%
Redevelopment Revenue Note, Series 2023	4	S	2051	17,595,000	17,595,000	3.91%
Ascending Lien Capital Improvement, Revenue Note, Series 2013	6	S	2028	1,200,000	484,775	3.54%
Capital Improvement Revenue Notes, Series 2019	7	S	2035	900,000	689,917	2.59%
Fitness Center Equipment Purchase Note	8	A	2027	310,083	186,592	7.84%
Lease obligations						
Vehicle Lease Payable - FY 2019'20	16	M	2025	318,365	43,065	4.35%
Vehicle Lease Payable - FY 2021'22	21	M	2026	391,291	160,002	4.67%
Vehicle Lease Payable - FY 2022'23	22	M	2028	1,026,609	821,018	5.53%
Vehicle Lease Payable - FY 2023'24	25	M	2029	218,234	188,808	5.53%
Fire Department Fire Truck Lease - 2022'23	10	A	2033	700,000	642,456	3.58%
Copier leases payable - FY 2021'22	20	M	2026	58,182	22,216	6.00%
Fire Department Equipment Lease - 2017'18	14	M	2025	119,889	18,463	2.45%
<b>Total governmental activities</b>					<u>\$ 23,331,447</u>	
<b>Business-type activities</b>						
Note payable:						
State Revolving Fund Loan - 5913P	2	S	2028	1,025,345	208,209	1.88%
State Revolving Fund Loan - 59140	5	S	2033	368,589	180,821	2.30%
State Revolving Fund Loan - 530300	5	S	2033	4,163,664	1,994,636	1.91%
State Revolving Fund Loan - 530310	9	S	2036	5,380,510	3,782,718	1.82%
State Revolving Fund Loan - 530320	12	S	2039	2,216,402	1,676,804	0.72%
State Revolving Fund Loan - 530330	12	S	2039	3,206,386	2,450,334	0.00%
State Revolving Fund Loan - 530360	13	S	2044	2,236,217	2,162,448	0.20%
State Revolving Fund Loan - 530370	23	S	2043	1,884,786	1,834,592	0.51%
State Revolving Fund Loan - 530380	9	S	2029	1,158,429	875,960	0.00%
State Revolving Fund Loan - 5303B0	24	S	2045	3,629,384	3,629,384	1.15%
State Revolving Fund Loan - 531301	17	S	2040	2,240,580	1,834,730	0.97%
State Revolving Fund Loan - 530350	18	S	2040	1,073,008	880,507	0.29%
State Revolving Fund Loan - 530390	11	S	2041	5,010,126	4,376,459	0.96%
State Revolving Fund Loan - 5303A0	1	S	2025	342,750	320,300	0.00%
Ascending Lien Capital Improvement, Revenue Note, Series 2013	6	S	2028	500,000	202,425	3.54%
Utility System Refunding Note, Series 2006B	3	S	2027	2,550,000	495,092	1.14%
Lease obligations						
Vehicle Lease Payable - FY 2019'20	16	M	2025	54,480	6,981	4.35%
Vehicle Lease Payable - FY 2020'21	19	M	2026	70,037	16,487	4.35%
Vehicle Lease Payable - FY 2022'23	22	M	2028	166,768	105,850	4.35%
Copier leases payable - FY 2021'22	20	M	2026	24,935	9,521	6.00%
<b>Total business-type activities</b>					<u>\$ 27,044,258</u>	
<b>Discretely presented component unit - Airport Authority</b>						
Notes payable:						
Subordinate Lien Capital Improvement Revenue Note (Airport Project), Series 2017	15	S	2037	\$ 1,825,000	\$ 1,345,000	2.92%
Lease obligations:						
Vehicle Lease Payable - FY 2019'20	16	M	2025	97,150	14,214	4.35%
<b>Total discretely presented component unit - Airport Authority</b>					<u>\$ 1,359,214</u>	

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

## City of Lake Wales, Florida

### Notes to the Financial Statements September 30, 2024

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#### (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. Lease financing for fire department equipment (Fire Department Equipment Lease – 2017’2018).
15. 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).
16. Lease financing for 5 passenger vehicles, 12 police vehicles, 2 backhoes, one utility tractor and one boom truck (Lease FY 2018’19).
17. Water line replacement and ground storage tank (SRF – 531301).
18. Rehabilitation of the City’s reuse system (SRF – 530350).
19. Lease financing for a F350 4x4 crane truck (Lease FY 2020’21).
20. Lease financing for several multi-function copiers.
21. Lease financing for 6 police vehicles (Leases FY 2021’22).
22. 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).
23. Replace 3,100 linear feet of 6-in water main (SRF 530370).
24. Installation of new stormwater piles and connection replacements (SRF 5303B0).
25. Lease financing for 4 police vehicles (Leases FY 2023’24).

## City of Lake Wales, Florida

### Notes to the Financial Statements September 30, 2024

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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 1/6<sup>th</sup> per month of all interest and 1/12<sup>th</sup> per month of the annual principal amount coming due. As of September 30, 2024, the sinking fund balance for Series 2006B was \$176,671.
- The Subordinate Lien Capital Improvement Revenue Note (Airport Project), Series 2017 requires annual debt service reserves equal to 1/6<sup>th</sup> per month of all interest and 1/12<sup>th</sup> per month of the annual principal amount coming due. As of September 30, 2024, the sinking fund balance for Series 2017 was \$107,056.
- 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 \$976,841.
- Two of the existing State Revolving Fund loans requires a “Loan Replacement Reserve Account”. The Replacement Reserve Account for loans totaled \$89,159 on September 30, 2024.

## City of Lake Wales, Florida

### Notes to the Financial Statements September 30, 2024

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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, 2024

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, 2024, are as follows:

Fiscal Year	Governmental Activities					
	Notes		Leases		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 789,674	\$ 932,459	\$ 452,304	\$ 83,337	\$ 1,241,978	\$ 1,015,796
2026	821,097	896,909	401,543	61,883	1,222,640	958,792
2027	852,807	859,907	329,417	41,217	1,182,224	901,124
2028	814,327	821,337	319,314	23,957	1,133,641	845,294
2029	598,596	801,868	82,714	13,866	681,310	815,734
2030-2034	2,851,000	3,626,843	310,736	28,300	3,161,736	3,655,143
2035-2039	3,277,918	2,901,169	-	-	3,277,918	2,901,169
2040-2044	4,095,000	2,021,600	-	-	4,095,000	2,021,600
2045-2049	5,030,000	1,080,200	-	-	5,030,000	1,080,200
2050-2054	2,305,000	139,200	-	-	2,305,000	139,200
Unamortized premium	1,085,125	-	-	-	1,085,125	-
<b>Total</b>	<b>\$ 22,520,544</b>	<b>\$ 14,081,492</b>	<b>\$ 1,896,028</b>	<b>\$ 252,560</b>	<b>\$24,416,572</b>	<b>\$14,334,052</b>

Fiscal Year	Business-type Activities					
	Notes		Leases		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 1,659,140	\$ 395,608	\$ 62,038	\$ 4,851	\$ 1,721,178	\$ 400,459
2026	1,929,935	233,134	38,877	2,520	1,968,812	235,654
2027	1,959,293	212,110	36,234	934	1,995,527	213,044
2028	1,774,924	191,704	1,690	7	1,776,614	191,711
2029	1,763,067	172,843	-	-	1,763,067	172,843
2030-2034	8,442,571	599,244	-	-	8,442,571	599,244
2035-2039	7,106,604	241,890	-	-	7,106,604	241,890
2040-2044	2,262,885	46,571	-	-	2,262,885	46,571
2045-2049	7,000	40	-	-	7,000	40
<b>Total</b>	<b>\$ 26,905,419</b>	<b>\$ 2,093,144</b>	<b>\$ 138,839</b>	<b>\$ 8,312</b>	<b>\$27,044,258</b>	<b>\$ 2,101,456</b>

Fiscal Year	Discretely Presented Component Unit - Airport Authority					
	Notes		Leases		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 101,214	\$ 38,267	\$ -	\$ -	\$ 101,214	\$ 38,267
2026	89,000	35,434	-	-	89,000	35,434
2027	92,000	32,792	-	-	92,000	32,792
2028	94,000	30,076	-	-	94,000	30,076
2029	97,000	27,287	-	-	97,000	27,287
2030-2034	530,000	91,542	-	-	530,000	91,542
2035-2039	356,000	15,797	-	-	356,000	15,797
<b>Total</b>	<b>\$ 1,359,214</b>	<b>\$ 271,195</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,359,214</b>	<b>\$ 271,195</b>

## City of Lake Wales, Florida

Notes to the Financial Statements  
September 30, 2024

**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 February 15, 2027 with a final maturity on August 15, 2033 based on the amounts outstanding at September 30, 2024. As of September 30, 2024, the Polk Regional Water Cooperative has borrowed \$10,412,689 through this SRF funding of which, \$357,309 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
2025	\$ -	\$ -
2026	-	-
2027	25,955	3,390
2028	52,652	6,039
2029	53,655	5,035
2030-2034	225,047	9,714
<b>Total</b>	<b>\$ 357,309</b>	<b>\$ 24,178</b>

### 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	\$ 33,977,403	\$ 1,474,206	\$ 3,571,030	242%
Communication Service Taxes	Series 2013	749,372	152,464	522,785	343%
Stormwater System Net Revenue	SRF 5303A0	320,300	29,422	128,124	435%
Water and Sewer Net Revenue	SRF and Series 2006B	28,467,554	1,802,715	4,291,488	238%
		<u>\$ 63,514,629</u>	<u>\$ 3,458,807</u>	<u>\$ 8,513,427</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, 2024, the outstanding balance on these bonds is \$13,845,000.

## City of Lake Wales, Florida

Notes to the Financial Statements  
September 30, 2024

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### IV. Other Information

#### A. Related party transactions

During 2024, 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 \$35,644 were charged to the Authority for the year ended September 30, 2024.

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 \$982,780 on September 30, 2024.

#### 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, 2024

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**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, 2024, the City recognized an estimated OPEB expense of \$48,247.

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, 2024

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#### Total OPEB Liability

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

Inflation rate	2.50%
Discount Rate	4.87%
Initial Trend Rate	7.00%
Ultimate Trend Rate	4.00%
Year to Ultimate Trend Rate	50

*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 4.87%. 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, 2024

Changes in the Total OPEB Liability:

	<b>Total OPEB Liability</b>
<b>Reporting period ending September 30, 2023</b>	\$ 560,604
<b>Changes for the year:</b>	
Service cost	33,617
Interest	28,086
Difference between expected and actual experience	(127,802)
Changes of assumptions	(53,373)
Benefit payments	(11,022)
<b>Net changes</b>	<b>(130,494)</b>
<b>Reporting period ending September 30, 2024</b>	<b>\$ 430,110</b>

Changes in assumptions reflect a change in discount rate from 4.77% for the reporting period ending September 30, 2023 to 4.87% for the reporting period ending September 30, 2024.

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:

	<b>1% Decrease (3.87%)</b>	<b>Discount Rate (4.87%)</b>	<b>1% Increase (5.87%)</b>
Total other postemployment benefits liability	\$ 478,249	\$ 430,110	\$ 387,982

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:

	<b>1% Decrease (3.00% to 6.00%)</b>	<b>Discount Rate (4.00% to 7.00%)</b>	<b>1% Increase (5.00% to 8.00%)</b>
Total other postemployment benefits liability	\$ 383,242	\$ 430,110	\$ 485,506

**City of Lake Wales, Florida**

Notes to the Financial Statements  
September 30, 2024

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

On September 30, 2024, 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	\$ 4,501	\$ 128,919
Change in assumptions	54,266	169,333
City contributions subsequent to the measurement date	20,190	-
<b>Total</b>	<u>\$ 78,957</u>	<u>\$ 298,252</u>

Deferred outflows of resources related to City contributions subsequent to the measurement date of September 30, 2023 will be recognized as a reduction of the total OPEB liability in the year ended September 30, 2025. 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>
2025	\$ (12,437)
2026	(40,546)
2027	(55,875)
2028	(55,873)
2029	(48,871)
Thereafter	(25,883)
	<u>\$ (239,485)</u>

# City of Lake Wales, Florida

Notes to the Financial Statements  
September 30, 2024

## 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, 2024, 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	25.64%	23.04%	23.43%

## City of Lake Wales, Florida

Notes to the Financial Statements  
September 30, 2024

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*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, 2024, are \$195,862 for the General Pension Plan, \$190,864 for the Police Officers' Pension Plan and \$932,082 for the Firefighters' Pension Plan.

**City of Lake Wales, Florida**

Notes to the Financial Statements  
September 30, 2024

**Participant Data:** Plan membership details are as follows:

	As of October 1, 2023		
	General Employees' Pension Fund	Fire Fighters' Pension Fund	Police Officers' Pension Fund
Inactive Plan members or beneficiaries currently receiving benefits	60	18	32
Inactive Plan members entitled to but not yet receiving benefits	32	13	12
Active Plan members	122	29	47
Total	214	60	91

**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	\$ 637,653	\$ 705,759	\$ 748,885
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 2024 fiscal year was determined as part of the October 1, 2022 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, 2023 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, 2024.

## City of Lake Wales, Florida

Notes to the Financial Statements  
September 30, 2024

### General Employees' Pension Plan:

	Increase (Decrease)		
	Total	Plan	Net
	Pension	Fiduciary Net	Pension
	Liability	Position	Liability
	(a)	(b)	(a)-(b)
<b>Reporting period ending 9/30/2023</b>	\$ 15,233,443	\$ 11,578,300	\$ 3,655,143
<b>Changes for the year:</b>			
Service cost	400,478	-	400,478
Interest	1,135,979	-	1,135,979
Differences between expected and actual experience	132,529	-	132,529
Changes of assumptions	83,588	-	83,588
Contributions - employer	-	515,968	(515,968)
Contributions - employee	-	301,787	(301,787)
Net investment income	-	1,530,067	(1,530,067)
Benefit payments, including refunds of employee contributions	(975,067)	(975,067)	-
Administrative expenses	-	(48,715)	48,715
<b>Net changes</b>	<u>777,507</u>	<u>1,324,040</u>	<u>(546,533)</u>
<b>Reporting period ending 9/30/2024</b>	<u>\$ 16,010,950</u>	<u>\$ 12,902,340</u>	<u>\$ 3,108,610</u>

### Firefighters' Pension Plan:

	Increase (Decrease)		
	Total	Plan	Net
	Pension	Fiduciary Net	Pension
	Liability	Position	Liability
	(a)	(b)	(a)-(b)
<b>Reporting period ending 9/30/2023</b>	\$ 14,982,958	\$ 9,709,935	\$ 5,273,023
<b>Changes for the year:</b>			
Service cost	250,081	-	250,081
Interest	1,154,366	-	1,154,366
Share plan allocation	11,555	-	11,555
Differences between expected and actual experience	(367,485)	-	(367,485)
Changes of assumptions	189,954	-	189,954
Changes in benefit terms	-	-	-
Contributions - employer	-	553,789	(553,789)
Contributions - State of Florida	-	155,904	(155,904)
Contributions - employee	-	96,479	(96,479)
Net investment income	-	1,005,417	(1,005,417)
Benefit payments, including refunds of employee contributions	(675,994)	(675,995)	1
Administrative expenses	-	(70,618)	70,618
<b>Net changes</b>	<u>562,477</u>	<u>1,064,976</u>	<u>(502,499)</u>
<b>Reporting period ending 9/30/2024</b>	<u>\$ 15,545,435</u>	<u>\$ 10,774,911</u>	<u>\$ 4,770,524</u>

**City of Lake Wales, Florida**

Notes to the Financial Statements  
September 30, 2024

**Police Officers' Pension Plan:**

	Increase (Decrease)		
	Total	Plan	Net
	Pension Liability (a)	Fiduciary Net Position (b)	Pension Liability (a)-(b)
<b>Reporting period ending 9/30/2023</b>	\$ 19,845,114	\$ 16,261,987	\$ 3,583,127
<b>Changes for the year:</b>			
Service cost	458,130	-	458,130
Interest	1,486,054	-	1,486,054
Share plan allocation	43,539	-	43,539
Differences between expected and actual experience	(42,633)	-	(42,633)
Changes of assumptions	172,142	-	172,142
Contributions - employer	-	498,085	(498,085)
Contributions - State of Florida	-	183,237	(183,237)
Contributions - employee	-	143,818	(143,818)
Net investment income	-	1,755,816	(1,755,816)
Benefit payments, including refunds of employee contributions	(978,391)	(976,392)	(1,999)
Administrative expenses	-	(96,883)	96,883
<b>Net changes</b>	<u>1,138,841</u>	<u>1,507,681</u>	<u>(368,840)</u>
<b>Reporting period ending 9/30/2024</b>	<u>\$ 20,983,955</u>	<u>\$ 17,769,668</u>	<u>\$ 3,214,287</u>

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	7.45%	7.70%	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	July 25, 2018	July 21, 2023	July 19, 2023

Mortality rates used to determine the total pension liability as of the September 30, 2023 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, 2024

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, 2024 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%	8.20%
International Equity	10%	3.30%
Fixed Income	32%	2.20%
Cash	3%	0.00%
	<u>100%</u>	

**Firefighters' and Police Officers' Pension Plans:**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	50%	8.20%
International Equity	15%	3.30%
Bonds	25%	2.20%
Private Real Estate	10%	5.50%
	<u>100%</u>	

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

For the year ended September 30, 2024, the City recognized total pension expense of \$3,144,065 comprised of pension expense of \$1,067,381, \$940,860, and \$1,135,824 for the General Employees' Pension Fund, Firefighters' Pension Fund and Police Officers' Pension Fund, respectively. On September 30, 2024, 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	\$ 91,332	\$ -
City contributions made subsequent to the measurement date of September 30, 2023	637,653	-
Change in assumptions	55,726	-
Net difference between projected and actual earnings on pension plan investments	953,410	-
<b>Total</b>	<u>\$ 1,738,121</u>	<u>\$ -</u>

**City of Lake Wales, Florida**

Notes to the Financial Statements  
September 30, 2024

**Firefighters' Pension Fund:**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 245,815	\$ 346,612
City contributions made subsequent to the measurement date of September 30, 2023	705,759	-
Change in assumptions	151,964	109,208
Net difference between projected and actual earnings on pension plan investments	821,101	-
<b>Total</b>	<u>\$ 1,924,639</u>	<u>\$ 455,820</u>

**Police Officers' Pension Fund:**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 397,711
City contributions made subsequent to the measurement date of September 30, 2023	748,884	-
Change in assumptions	234,797	40,322
Net difference between projected and actual earnings on pension plan investments	1,233,697	-
<b>Total</b>	<u>\$ 2,217,378</u>	<u>\$ 438,033</u>

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

<b>Year ended September 30,</b>	<b>General Employees' Pension Fund</b>	<b>Firefighters' Pension Fund</b>	<b>Police Officers' Pension Fund</b>	<b>Total</b>
2025	\$ 411,661	\$ 255,458	\$ 302,181	\$ 969,300
2026	309,461	147,022	177,110	633,593
2027	512,096	409,444	629,821	1,551,361
2028	(132,750)	(48,864)	(78,651)	(260,265)
2029	<u>\$ 1,100,468</u>	<u>\$ 763,060</u>	<u>\$ 1,030,461</u>	<u>\$ 2,893,989</u>

## City of Lake Wales, Florida

Notes to the Financial Statements  
September 30, 2024

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

- General Employees' Pension Plan – 7.45%
- Firefighters' Pension Plan – 7.70%
- 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, 2023:

	Current		Current	
	Discount Rate	1% Decrease	Discount	1% Increase
City's Net Pension General Employees Liability	7.45%	\$ 4,958,244	\$ 3,108,610	\$ 1,573,545
City's Net Pension Firefighters Liability	7.70%	\$ 6,446,600	\$ 4,770,524	\$ 3,360,909
City's Net Pension Police Officers Liability	7.40%	\$ 5,530,537	\$ 3,214,287	\$ 3,214,288
Total		<u>\$ 16,935,381</u>	<u>\$ 11,093,421</u>	<u>\$ 8,148,742</u>

Sensitivity of the Net Pension Liabilities as of the Plans' current fiscal year of September 30, 2024:

	Current		Current	
	Discount Rate	1% Decrease	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		<u>\$ 10,800,840</u>	<u>\$ 4,602,709</u>	<u>\$ (564,271)</u>

The net effect of significant changes between the City's measurement date of September 30, 2023 and the Plans' reporting date of September 30, 2024 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, 2024

**Statement of Fiduciary Net Position as of September 30, 2024**

	<u>Pension Trust Fund</u>			
	<u>General Employees' Pension</u>	<u>Firefighters' Pension</u>	<u>Police Officers' Pension</u>	<u>Total</u>
<b>Assets</b>				
Investments, at fair value:				
Money market funds	\$ 603,704	\$ 620,284	\$ 701,857	\$ 1,925,845
Government Bonds	645,095	555,608	833,545	2,034,248
Government Assets backed/CMO Securities	2,716,451	1,266,014	2,352,275	6,334,740
Taxable Municipal Bonds	143,494	90,240	147,737	381,471
Foreign Bonds	75,688	34,283	58,863	168,834
Corporate bonds and notes	902,938	552,844	713,216	2,168,998
Common and preferred stock	11,212,371	9,237,730	14,939,731	35,389,832
Real estate investment fund	-	888,308	1,529,240	2,417,548
Total investments	<u>16,299,741</u>	<u>13,245,311</u>	<u>21,276,464</u>	<u>50,821,516</u>
Receivable (net):				
Interest and dividends	30,478	33,731	57,982	122,191
Due from City	-	9,664	-	9,664
Total receivable	<u>30,478</u>	<u>43,395</u>	<u>57,982</u>	<u>131,855</u>
 Total assets	 <u>16,330,219</u>	 <u>13,288,706</u>	 <u>21,334,446</u>	 <u>50,953,371</u>
<b>Liabilities</b>				
Accounts payable	<u>68,491</u>	<u>-</u>	<u>-</u>	<u>68,491</u>
Total liabilities	<u>68,491</u>	<u>-</u>	<u>-</u>	<u>68,491</u>
<b>Net position</b>				
Held in trust for pension benefits and other purposes	<u>\$ 16,261,728</u>	<u>\$ 13,288,706</u>	<u>\$ 21,334,446</u>	<u>\$ 50,884,880</u>

**City of Lake Wales, Florida**

Notes to the Financial Statements  
September 30, 2024

**Schedule of Changes in Fiduciary Net Position for the year ended September 30, 2024:**

	<b>Pension Trust Fund</b>			<b>Total</b>
	<b>General Employees' Pension</b>	<b>Firefighters' Pension</b>	<b>Police Officers' Pension</b>	
<b>Additions</b>				
Contributions:				
Employer	\$ 637,653	\$ 538,997	\$ 537,427	\$ 1,714,077
State of Florida	-	166,762	211,458	378,220
Employee	406,294	106,406	154,708	667,408
Total contributions	<u>1,043,947</u>	<u>812,165</u>	<u>903,593</u>	<u>2,759,705</u>
Interest and dividends	329,340	230,157	366,144	925,641
Net increase (decrease) in the fair value of investments	<u>3,077,722</u>	<u>2,314,395</u>	<u>3,827,044</u>	<u>9,219,161</u>
Total investments income	3,407,062	2,544,552	4,193,188	10,144,802
Less investment expense	(70,348)	(69,122)	(91,948)	(231,418)
Net investment income	<u>3,336,714</u>	<u>2,475,430</u>	<u>4,101,240</u>	<u>9,913,384</u>
Total additions	<u>4,380,661</u>	<u>3,287,595</u>	<u>5,004,833</u>	<u>12,673,089</u>
<b>Deductions</b>				
Benefit payments	677,075	688,203	1,091,784	2,457,062
Refunds of contributions	282,124	11,835	253,383	547,342
Administration	62,074	73,762	94,888	230,724
Total deductions	<u>1,021,273</u>	<u>773,800</u>	<u>1,440,055</u>	<u>3,235,128</u>
Change in net position	3,359,388	2,513,795	3,564,778	9,437,961
<b>Total net position - beginning</b>	<u>12,902,340</u>	<u>10,774,911</u>	<u>17,769,668</u>	<u>41,446,919</u>
<b>Total net position - ending</b>	<u>\$ 16,261,728</u>	<u>\$ 13,288,706</u>	<u>\$ 21,334,446</u>	<u>\$ 50,884,880</u>

**Net Pension Liability:**

The components of the net pension liabilities to be reported by the City in fiscal year 2025, measured as of the Plans' most recent fiscal year-end, September 30, 2024, were as follows:

	General Employees' Pension Fund	Firefighters' Pension Fund	Police Officers' Pension Fund	Total
Total pension liability	\$ 16,871,939	\$ 16,359,695	\$ 22,255,955	\$ 55,487,589
Plan fiduciary net position	<u>16,261,728</u>	<u>13,288,706</u>	<u>21,334,446</u>	<u>50,884,880</u>
City's net pension liability	<u>\$ 610,211</u>	<u>\$ 3,070,989</u>	<u>\$ 921,509</u>	<u>\$ 4,602,709</u>

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

96.38%	81.23%	95.86%	91.70%
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## City of Lake Wales, Florida

Notes to the Financial Statements  
September 30, 2024

### 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 five participants in the 401(a) Plan during the year ended September 30, 2024 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, 2024 were approximately \$150,000 (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 \$125,000 is in place as well as stop-loss insurance for aggregate claims over \$1,806,525 for the year ended September 30, 2024. 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, 2024, the City reported a liability of \$223,743 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, 2024 were:

	2024
Claims liability balance, October 1	\$ -
Claims and changes in estimates	2,454,981
Claims payments	(2,231,238)
Claims liability balance, September 30	\$ <u>223,743</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, 2024, 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, 2024

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### 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, 2024, the total administrative budget of the PRWC was \$260,078, of which the City's proportionate share was \$9,412.

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 February 15, 2027.

As of September 30, 2024, \$10,412,689 of SRF funds have been drawn by the PRWC. The City's proportionate share of this liability totaled \$357,309 as of September 30, 2024 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.

## City of Lake Wales, Florida

Notes to the Financial Statements  
September 30, 2024

### I – Restatements

*Correction of Error:* During the current year the City detected certain grant revenues that should have been reported as revenue in the year ended September 30, 2023 and has restated the beginning net position of the business-type activities, public utilities enterprise fund and the airport authority discretely presented component unit as follows:

	Government Wide		Fund Level
	Business-type Activities	Airport Authority Discretely Presented Component Unit	Public Utilities Fund
Net position/fund balance, as previously reported	\$ 45,052,345	\$ 14,213,294	\$ 43,518,963
Adjustments:			
Correction of errors	258,605	6,657	258,605
Net position, as restated	\$ 45,310,950	\$ 14,219,951	\$ 43,777,568

*Change in Financial Reporting Entity:* During the current year the City reevaluated the reporting of the library authority, an independent special district of the State of Florida, that was previously reported as a blended component unit. The City determined that with an independent board of directors, this component unit is more appropriately reported as a discretely presented component unit and as a result, the beginning net position of the governmental activities and the library district discretely presented component unit, and the beginning fund balance of the previously reported library special revenue fund, to reflect this change in the financial reporting entity as follows:

	Government Wide		Fund Level
	Governmental Activities	Library District Discretely Presented Component Unit	Library Special Revenue Fund
Net position/fund balance, as previously reported	\$ 25,838,927	\$ -	\$ 589,602
Adjustments:			
Change in reporting entity (a)	(589,602)	589,602	(589,602)
Change in reporting entity (b)	(587,633)	587,633	-
Net position, as restated	\$ 24,661,692	\$ 1,177,235	\$ -

*Change in reporting entity (a)* reflects the closing of the fund-level effect of blending versus a discretely presented component unit. Because the discretely presented component units are reported on the economic measurement focus using full accrual accounting, *change in reporting entity (b)* reflects the moving of the net book value of the library district’s capital assets from the governmental activities to the library district discretely presented component unit.



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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, 2024

	Budget Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 7,347,225	\$ 7,638,225	\$ 7,791,386	\$ 153,161
Licenses and permits	2,325,000	4,329,000	4,333,696	4,696
Intergovernmental	2,608,000	2,926,500	2,927,028	528
Charges for services	4,097,721	4,192,821	4,194,422	1,601
Fines and forfeits	101,300	369,300	406,076	36,776
Investment earnings	9,000	349,000	339,524	(9,476)
Miscellaneous	134,240	340,940	235,983	(104,957)
<b>Total revenues</b>	16,622,486	20,145,786	20,228,115	82,329
<b>Expenditures</b>				
Current:				
General government:				
City commission	156,941	156,941	139,941	17,000
City manager	636,511	776,511	764,281	12,230
City clerk	113,994	123,494	121,017	2,477
Finance	550,604	635,604	625,933	9,671
Human resources	210,317	277,317	267,732	9,585
City attorney	64,600	64,600	53,723	10,877
Planning	541,098	541,098	536,464	4,634
Fleet maintenance	28,516	83,516	60,790	22,726
Facilities maintenance	1,421,306	1,421,306	440,532	980,774
Communications and engagement	354,222	388,222	385,080	3,142
Information services	385,534	467,586	454,037	13,549
Municipal building administration	117,518	117,518	94,097	23,421
Non-departmental	46,235	46,235	33,457	12,778
Support services	3,706	3,706	-	3,706
Public safety:				
Police	7,194,140	8,066,140	8,069,807	(3,667)
Fire	4,640,514	4,640,514	4,588,341	52,173
Building permits and inspections	606,999	606,999	486,710	120,289
Code Enforcement	244,780	244,780	212,050	32,730
Physical environment:				
Waste disposal	1,310,848	1,410,848	1,410,841	7
Cemetery	269,916	284,916	269,401	15,515
Economic environment	175,000	225,000	225,000	-
Transportation	408,183	408,183	410,186	(2,003)
Human services	40,000	99,000	98,600	400
Culture and recreation:				
Parks division	1,742,101	1,742,101	1,713,490	28,611
Recreation facilities	1,704,255	2,254,863	2,130,350	124,513
Special events	76,250	76,250	70,173	6,077
Depot museum	150,000	153,000	150,624	2,376
<b>Total expenditures</b>	\$ 23,194,088	\$ 25,316,248	\$ 23,812,657	\$ 1,503,591

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, 2024  
 (Conclusion)

	Budget Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Deficiency of revenues under expenditures	\$ (6,571,602)	\$ (5,170,462)	\$ (3,584,542)	\$ 1,585,920
<b>Other financing sources (uses)</b>				
Note proceeds	1,914,000	1,914,000	218,234	(1,695,766)
Transfers in	3,323,000	4,439,565	4,439,565	-
Transfers out	(450,000)	(450,160)	(450,155)	5
Insurance recoveries	-	-	46,875	46,875
Sale of capital assets	2,000	2,000	-	(2,000)
Total other financing sources (uses)	4,789,000	5,905,405	4,254,519	(1,650,886)
<b>Net change in fund balance</b>	(1,782,602)	734,943	669,977	(64,966)
<b>Fund balances, beginning of year</b>	5,980,936	5,980,936	5,980,936	-
<b>Fund balances, end of year</b>	\$ 4,198,334	\$ 6,715,879	\$ 6,650,913	\$ (64,966)

**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, 2024

	Budget Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 1,858,675	\$ 1,845,275	\$ 1,845,194	\$ (81)
Intergovernmental	3,551,270	2,148,670	2,417,140	268,470
Investment earnings	100	446,100	449,698	3,598
Miscellaneous revenue	-	-	-	-
<b>Total revenues</b>	<u>5,410,045</u>	<u>4,440,045</u>	<u>4,712,032</u>	<u>271,987</u>
<b>Expenditures</b>				
Current:				
Economic environment	13,025,549	13,025,549	9,950,375	3,075,174
<b>Total expenditures</b>	<u>13,025,549</u>	<u>13,025,549</u>	<u>9,950,375</u>	<u>3,075,174</u>
Deficiency of revenues under expenditures	<u>(7,615,504)</u>	<u>(8,585,504)</u>	<u>(5,238,343)</u>	<u>3,347,161</u>
<b>Other financing uses</b>				
Transfers in	200,000	200,000	-	(200,000)
Transfers out	(959,412)	(959,412)	(1,474,205)	(514,793)
Sale of capital assets	-	-	28,750	28,750
<b>Total other financing uses</b>	<u>(759,412)</u>	<u>(759,412)</u>	<u>(1,445,455)</u>	<u>(686,043)</u>
<b>Net change in fund balance</b>	(8,374,916)	(9,344,916)	(6,683,798)	2,661,118
<b>Fund balances, beginning of year</b>	<u>15,516,125</u>	<u>15,516,125</u>	<u>15,516,125</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 7,141,209</u>	<u>\$ 6,171,209</u>	<u>\$ 8,832,327</u>	<u>\$ 2,661,118</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, 2024

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance With Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Intergovernmental	-	3,115,000	3,420,921	305,921
Investment earnings	-	376,000	375,686	(314)
<b>Total revenues</b>	<u>-</u>	<u>3,491,000</u>	<u>3,796,607</u>	<u>305,607</u>
<b>Expenditures</b>				
Current:				
Economic environment	500,000	310,000	308,538	1,462
Physical environment	5,500,000	4,000	-	4,000
<b>Total expenditures</b>	<u>6,000,000</u>	<u>314,000</u>	<u>308,538</u>	<u>5,462</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,000,000)</u>	<u>3,177,000</u>	<u>3,488,069</u>	<u>311,069</u>
<b>Other financing sources (uses)</b>				
Transfers out	(1,500,000)	(3,112,383)	(3,112,383)	-
<b>Total other financing sources (uses)</b>	<u>(1,500,000)</u>	<u>(3,112,383)</u>	<u>(3,112,383)</u>	<u>-</u>
<b>Net change in fund balance</b>	(7,500,000)	64,617	375,686	311,069
<b>Fund balances, beginning of year</b>	<u>102,418</u>	<u>102,418</u>	<u>102,418</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ (7,397,582)</u>	<u>\$ 167,035</u>	<u>\$ 478,104</u>	<u>\$ 311,069</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
<b>Total Pension Liability</b>					
Service cost	\$ 465,906	\$ 400,478	\$ 351,492	\$ 344,435	\$ 365,044
Interest	1,191,796	1,135,979	1,091,804	1,015,346	970,319
Differences between expected and actual experience	16,010	132,529	5,961	437,748	(94,295)
Changes of Assumptions	90,763	83,588	-	-	(192,764)
Contributions - Buy back	55,713	-	-	-	307,288
Benefit payments, including refunds of employee contributions	(959,199)	(975,067)	(843,422)	(726,870)	(742,369)
Net change in total pension liability	860,989	777,507	605,835	1,070,659	613,223
<b>Total pension liability - beginning</b>	<b>16,010,950</b>	<b>15,233,443</b>	<b>14,627,608</b>	<b>13,556,949</b>	<b>12,943,726</b>
<b>Total pension liability - ending</b>	<b>\$ 16,871,939</b>	<b>\$ 16,010,950</b>	<b>\$ 15,233,443</b>	<b>\$ 14,627,608</b>	<b>\$ 13,556,949</b>
<b>Plan Fiduciary Net Position</b>					
Contributions - Employer	\$ 637,653	\$ 515,968	\$ 436,642	\$ 333,216	\$ 334,913
Contributions - Employee	406,294	301,787	252,073	224,480	525,100
Net investment income (loss)	3,336,714	1,530,067	(2,178,228)	2,274,288	383,844
Benefit payments, including refunds of employee contributions	(959,199)	(975,067)	(843,421)	(726,870)	(767,905)
Administrative expense	(62,074)	(48,715)	(35,091)	(45,410)	(52,875)
<b>Net change in plan fiduciary net position</b>	<b>3,359,388</b>	<b>1,324,040</b>	<b>(2,368,025)</b>	<b>2,059,704</b>	<b>423,077</b>
<b>Plan fiduciary net position - beginning</b>	<b>12,902,340</b>	<b>11,578,300</b>	<b>13,946,325</b>	<b>11,886,621</b>	<b>11,463,544</b>
<b>Plan fiduciary net position - ending</b>	<b>\$ 16,261,728</b>	<b>\$ 12,902,340</b>	<b>\$ 11,578,300</b>	<b>\$ 13,946,325</b>	<b>\$ 11,886,621</b>
<b>Net pension liability - ending</b>	<b>\$ 610,211</b>	<b>\$ 3,108,610</b>	<b>\$ 3,655,143</b>	<b>\$ 681,283</b>	<b>\$ 1,670,328</b>
Plan fiduciary net position as a percentage of the total pension liability	96.38%	80.58%	76.01%	95.34%	87.68%
Covered payroll	\$ 7,011,615	\$ 6,035,731	\$ 5,041,452	\$ 4,489,593	\$ 4,348,528
Net pension liability as a percentage of covered payroll	8.70%	51.50%	72.50%	15.17%	38.41%

**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 7.45% 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.

For the year ended September 30, 2016, the inflation rate was lowered from 3.0% to 2.5%, matching the

long-term inflation assumption utilized by the Plan's investment consultant.

Continued...

## City of Lake Wales, Florida

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

City reporting period date	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016
Measurement date	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015
<b>Total Pension Liability</b>					
Service cost	\$ 335,691	\$ 353,788	\$ 348,439	\$ 321,612	\$ 312,998
Interest	928,247	880,101	844,363	760,064	698,894
Differences between expected and actual experience	(48,457)	252,769	(182,488)	158,268	(17,979)
Changes of Assumptions	-	136,898	-	374,139	-
Contributions - Buy back	-	-	-	-	385,692
Benefit payments, including refunds of employee contributions	(625,369)	(544,582)	(564,473)	(541,909)	(655,950)
Net change in total pension liability	590,112	1,078,974	445,841	1,072,174	723,655
<b>Total pension liability - beginning</b>	<b>12,353,614</b>	<b>11,274,640</b>	<b>10,828,799</b>	<b>9,756,625</b>	<b>9,032,970</b>
<b>Total pension liability - ending</b>	<b>\$ 12,943,726</b>	<b>\$ 12,353,614</b>	<b>\$ 11,274,640</b>	<b>\$ 10,828,799</b>	<b>\$ 9,756,625</b>
<b>Plan Fiduciary Net Position</b>					
Contributions - Employer	\$ 272,717	\$ 184,179	\$ 169,482	\$ 238,987	\$ 267,808
Contributions - Employee	200,147	187,939	184,030	175,726	159,410
Contributions - Buy backs	-	-	-	-	385,692
Net investment income (loss)	448,435	666,953	950,065	918,298	(94,331)
Benefit payments, including refunds of employee contributions	(625,369)	(545,412)	(563,643)	(541,909)	(655,936)
Administrative expense	(44,780)	(44,284)	(36,851)	(41,934)	(22,009)
<b>Net change in plan fiduciary net position</b>	<b>251,150</b>	<b>449,375</b>	<b>703,083</b>	<b>749,168</b>	<b>40,634</b>
<b>Plan fiduciary net position - beginning, as reported</b>	<b>11,212,394</b>	<b>10,763,019</b>	<b>10,059,936</b>	<b>9,310,768</b>	<b>9,270,134</b>
<b>Plan fiduciary net position - ending</b>	<b>\$ 11,463,544</b>	<b>\$ 11,212,394</b>	<b>\$ 10,763,019</b>	<b>\$ 10,059,936</b>	<b>\$ 9,310,768</b>
<b>Net pension liability - ending</b>	<b>\$ 1,480,182</b>	<b>\$ 1,141,220</b>	<b>\$ 511,621</b>	<b>\$ 768,863</b>	<b>\$ 445,857</b>
Plan fiduciary net position as a percentage of the total pension liability	88.56%	90.76%	95.46%	92.90%	95.43%
Covered payroll	\$ 4,002,938	\$ 3,758,773	\$ 3,680,602	\$ 3,514,557	\$ 3,651,542
Net pension liability as a percentage of covered payroll	36.98%	30.36%	13.90%	21.88%	12.21%

(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	9/30/2025	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
<b>Total Pension Liability</b>					
Service cost	\$ 223,961	\$ 250,081	\$ 258,841	\$ 289,358	\$ 277,388
Interest	1,187,273	1,154,366	1,084,959	1,029,607	989,877
Differences between expected and actual experience	7,922	(367,485)	220,560	74,660	116,155
Share plan allocation	16,983	11,555	-	-	-
Changes in Benefit Terms	-	-	-	-	-
Changes of assumptions	78,642	189,954	-	-	(245,964)
Contributions - buybacks	-	-	-	-	10,281
Benefit payments, including refunds of employee contributions	(700,521)	(675,994)	(644,054)	(653,723)	(640,420)
Net change in total pension liability	814,260	562,477	920,306	739,902	507,317
<b>Total pension liability - beginning</b>	<u>15,545,435</u>	<u>14,982,958</u>	<u>14,062,652</u>	<u>13,322,750</u>	<u>12,815,433</u>
<b>Total pension liability - ending</b>	<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>
<b>Plan Fiduciary Net Position</b>					
Contributions - Employer	\$ 538,997	\$ 553,789	\$ 461,565	\$ 445,969	\$ 459,279
Contributions - State	166,762	155,904	115,580	102,992	132,028
Contributions - Employee	106,406	96,479	90,503	87,289	87,217
Net investment income (loss)	2,475,430	1,005,417	(1,455,358)	1,909,693	211,397
Benefit payments, including refunds of employee contributions	(700,038)	(675,995)	(644,054)	(653,723)	(640,420)
Administrative expense	(73,762)	(70,618)	(59,065)	(53,098)	(50,196)
<b>Net change in plan fiduciary net position</b>	2,513,795	1,064,976	(1,490,829)	1,839,122	199,305
<b>Plan fiduciary net position - beginning</b>	<u>10,774,911</u>	<u>9,709,935</u>	<u>11,200,764</u>	<u>9,361,642</u>	<u>9,162,337</u>
<b>Plan fiduciary net position - ending</b>	<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>
<b>Net pension liability - ending</b>	<u>\$ 3,070,989</u>	<u>\$ 4,770,524</u>	<u>\$ 5,273,023</u>	<u>\$ 2,861,888</u>	<u>\$ 3,961,108</u>
Plan fiduciary net position as a percentage of the total pension liability	81.23%	69.31%	64.81%	79.65%	70.27%
Covered payroll	\$ 2,128,123	\$ 1,929,585	\$ 1,810,066	\$ 1,745,780	\$ 1,744,335
Net pension liability as a percentage of covered payroll	144.31%	247.23%	291.32%	163.93%	227.08%

**Notes to Schedule:**

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

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

For the year ended September 30, 2022, 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	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016
Measurement date	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015
<b>Total Pension Liability</b>					
Service cost	\$ 255,833	\$ 266,073	\$ 237,240	\$ 213,696	\$ 214,792
Interest	958,633	923,589	896,271	849,239	825,592
Differences between expected and actual experience	(184,181)	81,645	(70,642)	(139,447)	(70,554)
Share plan allocation	-	-	-	724	-
Changes in Benefit Terms	(1,450)	-	-	-	-
Changes of assumptions	-	(26,560)	-	340,853	-
Benefit payments, including refunds of employee contributions	(656,960)	(904,790)	(573,619)	(789,877)	(537,358)
Net change in total pension liability	371,875	339,957	489,250	475,188	432,472
<b>Total pension liability - beginning</b>	<b>12,443,558</b>	<b>12,103,601</b>	<b>11,614,351</b>	<b>11,139,163</b>	<b>10,706,691</b>
<b>Total pension liability - ending</b>	<b>\$ 12,815,433</b>	<b>\$ 12,443,558</b>	<b>\$ 12,103,601</b>	<b>\$ 11,614,351</b>	<b>\$ 11,139,163</b>
<b>Plan Fiduciary Net Position</b>					
Contributions - Employer	\$ 442,993	\$ 455,648	\$ 411,611	\$ 373,680	\$ 390,377
Contributions - State	120,801	114,965	125,811	134,242	134,243
Contributions - Employee	85,520	81,013	77,257	70,978	66,407
Net investment income (loss)	338,434	540,534	729,125	722,458	(70,904)
Benefit payments, including refunds of employee contributions	(656,960)	(904,790)	(573,619)	(789,877)	(537,358)
Administrative expense	(61,469)	(63,958)	(53,515)	(63,628)	(51,457)
<b>Net change in plan fiduciary net position</b>	<b>269,319</b>	<b>223,412</b>	<b>716,670</b>	<b>447,853</b>	<b>(68,692)</b>
<b>Plan fiduciary net position - beginning, as reported</b>	<b>8,893,018</b>	<b>8,669,606</b>	<b>7,952,936</b>	<b>7,505,083</b>	<b>7,573,775</b>
<b>Plan fiduciary net position - ending</b>	<b>\$ 9,162,337</b>	<b>\$ 8,893,018</b>	<b>\$ 8,669,606</b>	<b>\$ 7,952,936</b>	<b>\$ 7,505,083</b>
<b>Net pension liability - ending</b>	<b>\$ 3,653,096</b>	<b>\$ 3,550,540</b>	<b>\$ 3,433,995</b>	<b>\$ 3,661,415</b>	<b>\$ 3,634,080</b>
Plan fiduciary net position as a percentage of the total pension liability	71.49%	71.47%	71.63%	68.48%	67.38%
Covered payroll	\$ 1,710,404	\$ 1,620,269	\$ 1,545,143	\$ 1,419,567	\$ 1,372,085
Net pension liability as a percentage of covered payroll	213.58%	219.13%	222.24%	257.92%	264.86%

#### 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	9/30/2025 9/30/2024	9/30/2024 9/30/2023	9/30/2023 9/30/2022	9/30/2022 9/30/2021	9/30/2021 9/30/2020
<b>Total Pension Liability</b>					
Service cost	\$ 449,874	\$ 458,130	\$ 428,732	\$ 448,363	\$ 443,274
Interest	1,536,333	1,486,054	1,441,938	1,390,652	1,349,908
Share plan allocation	57,649	43,539	31,770	23,304	22,306
Differences between expected and actual experience	573,311	(42,633)	(407,901)	(265,579)	(63,157)
Changes in Benefit Terms	-	-	-	-	-
Timing differences	-	-	-	-	-
Changes of assumptions	-	172,142	98,666	94,715	(201,609)
Contributions - buy back	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(1,345,167)	(978,391)	(835,751)	(906,966)	(900,265)
Net change in total pension liability	<u>1,272,000</u>	<u>1,138,841</u>	<u>757,454</u>	<u>784,489</u>	<u>650,457</u>
<b>Total pension liability - beginning</b>	<u>20,983,955</u>	<u>19,845,114</u>	<u>19,087,660</u>	<u>18,303,171</u>	<u>17,652,714</u>
<b>Total pension liability - ending</b>	<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>
<b>Plan Fiduciary Net Position</b>					
Contributions - Employer	\$ 537,427	\$ 498,085	\$ 412,209	\$ 394,219	\$ 407,254
Contributions - State	211,458	183,237	159,698	142,767	140,771
Contributions - Employee	154,708	143,818	127,194	121,621	122,066
Net investment income	4,101,240	1,755,816	(2,413,263)	3,317,196	320,510
Benefit payments, including refunds of employee contributions	(1,345,167)	(976,392)	(835,751)	(906,966)	(901,078)
Administrative expense	(94,888)	(96,883)	(84,259)	(79,568)	(67,444)
<b>Net change in plan fiduciary net position</b>	<u>3,564,778</u>	<u>1,507,681</u>	<u>(2,634,172)</u>	<u>2,989,269</u>	<u>22,079</u>
<b>Plan fiduciary net position - beginning</b>	<u>17,769,668</u>	<u>16,261,987</u>	<u>18,896,159</u>	<u>15,906,890</u>	<u>15,884,811</u>
<b>Plan fiduciary net position - ending</b>	<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>
<b>Net pension liability - ending</b>	<u>\$ 921,509</u>	<u>\$ 3,214,287</u>	<u>\$ 3,583,127</u>	<u>\$ 191,501</u>	<u>\$ 2,396,281</u>
Plan fiduciary net position as a percentage of the total pension liability	95.86%	84.68%	81.94%	99.00%	86.91%
Covered payroll	\$ 3,094,163	\$ 2,876,361	\$ 2,543,883	\$ 2,432,424	\$ 2,441,324
Net pension liability as a percentage of covered payroll	29.78%	111.75%	140.85%	7.87%	98.15%

**Notes to Schedule:**

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	<u>9/30/2020</u> <u>9/30/2019</u>	<u>9/30/2019</u> <u>9/30/2018</u>	<u>9/30/2018</u> <u>9/30/2017</u>	<u>9/30/2017</u> <u>9/30/2016</u>	<u>9/30/2016</u> <u>9/30/2015</u>
<b>Total Pension Liability</b>					
Service cost	\$ 425,683	\$ 484,141	\$ 457,088	\$ 421,452	\$ 439,663
Interest	1,296,200	1,281,973	1,244,658	1,170,401	1,125,422
Share plan allocation	17,808	13,118	9,083	5,983	-
Differences between expected and actual experience	(122,778)	(595,515)	(228,096)	(109,886)	(181,415)
Changes of assumptions	93,011	62,423	-	387,470	-
Contributions - buy back	-	-	-	58,016	-
Benefit payments, including refunds of employee contributions	(930,594)	(860,412)	(1,196,188)	(825,635)	(744,552)
Net change in total pension liability	<u>779,330</u>	<u>385,728</u>	<u>286,545</u>	<u>1,107,801</u>	<u>639,118</u>
<b>Total pension liability - beginning</b>	<u>\$ 16,873,384</u>	<u>\$ 16,487,656</u>	<u>\$ 16,201,111</u>	<u>\$ 15,093,310</u>	<u>14,454,192</u>
<b>Total pension liability - ending</b>	<u>\$ 17,652,714</u>	<u>\$ 16,873,384</u>	<u>\$ 16,487,656</u>	<u>\$ 16,201,111</u>	<u>\$ 15,093,310</u>
<b>Plan Fiduciary Net Position</b>					
Contributions - Employer	\$ 443,994	\$ 489,776	\$ 471,415	\$ 429,834	\$ 419,527
Contributions - State	131,776	122,394	114,325	108,125	100,182
Contributions - Employee	125,983	119,874	118,654	172,173	106,063
Net investment income	565,635	931,772	1,274,464	1,256,859	(120,063)
Benefit payments, including refunds of employee contributions	(930,594)	(860,413)	(1,196,188)	(826,863)	(746,774)
Administrative expense	(60,860)	(75,189)	(64,545)	(67,326)	(66,726)
<b>Net change in plan fiduciary net position</b>	<u>275,934</u>	<u>728,214</u>	<u>718,125</u>	<u>1,072,802</u>	<u>(307,791)</u>
<b>Plan fiduciary net position - beginning</b>	<u>15,608,877</u>	<u>14,880,663</u>	<u>14,162,538</u>	<u>13,089,736</u>	<u>13,397,527</u>
<b>Plan fiduciary net position - ending</b>	<u>\$ 15,884,811</u>	<u>\$ 15,608,877</u>	<u>\$ 14,880,663</u>	<u>\$ 14,162,538</u>	<u>\$ 13,089,736</u>
<b>Net pension liability - ending</b>	<u>\$ 1,767,903</u>	<u>\$ 1,264,507</u>	<u>\$ 1,606,993</u>	<u>\$ 2,038,573</u>	<u>\$ 2,003,574</u>
Plan fiduciary net position as a percentage of the total pension liability	89.99%	92.51%	90.25%	87.42%	86.73%
Covered payroll	\$ 2,519,599	\$ 2,397,486	\$ 2,373,081	\$ 2,283,146	\$ 2,124,365
Net pension liability as a percentage of covered payroll	70.17%	52.74%	67.72%	89.29%	94.31%

**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>9/30/2015</u>	<u>9/30/2016</u>	<u>9/30/2017</u>	<u>9/30/2018</u>	<u>9/30/2019</u>	<u>9/30/2020</u>	<u>9/30/2021</u>	<u>9/30/2022</u>	<u>9/30/2023</u>	<u>9/30/2024</u>
Actuarially Determined Contribution (A)	\$ 267,808	\$ 238,987	\$ 169,308	\$ 184,180	\$ 272,200	\$ 334,837	\$ 332,230	\$ 438,606	\$ 464,751	\$ 673,115
Interest on NPO	-	-	-	-	-	-	-	-	-	-
Adjustment to (A)	-	-	-	-	-	-	-	-	-	-
Annual Pension Cost	267,808	238,987	169,308	184,180	272,200	334,837	332,230	438,606	464,751	673,115
Contributions in Relation to the Actuarially Determined Contributions	238,987	238,987	169,482	184,179	272,717	334,913	333,216	436,642	515,968	637,653
Contribution Deficiency (Excess)	28,821	-	(174)	1	(517)	(76)	(986)	1,964	(51,217)	35,462
Covered Payroll	\$ 3,651,542	\$ 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
Contributions as a Percentage of Covered Payroll	6.54%	6.80%	4.60%	4.90%	6.81%	7.70%	7.42%	8.66%	8.55%	9.09%

**Notes to Schedule of Contributions**

Valuation Date 10/1/2022

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: 7.50% per year, compounded annually, net of investment related expenses.  
Retirement Age: Age 60 and 10 years of service  
Mortality: Society of Actuaries' Retirement Plans Experience Committee (RPEC) PUB-2010 Public Retirement Plans Mortality Tables Report, as appropriate, with adjustments for mortality improvements based on Mortality Improvement Scale MP-2018.

Termination and Disability Rates:

Age	<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

	9/30/2015	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
Actuarily Determined Contribution (A)	\$ 524,620	\$ 505,366	\$ 539,255	\$ 568,714	\$ 562,723	\$ 579,119	\$ 562,141	\$ 573,791	\$ 636,763	\$ 755,484
Interest on NPO	-	-	-	-	-	-	-	-	-	-
Adjustment to (A)	-	-	-	-	-	-	-	-	-	-
Annual Pension Cost	524,620	505,366	539,255	568,714	562,723	579,119	562,141	573,791	636,763	755,484
Contributions in Relation to the Actuarily Determined Contributions	524,620	507,922	537,422	570,613	563,794	591,307	548,961	515,968	698,138	688,776
Contribution Deficiency (Excess)	-	(2,556)	1,833	(1,899)	(1,071)	(12,188)	13,180	57,823	(61,375)	66,708
Covered Payroll	\$ 1,372,085	\$ 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
Contributions as a Percentage of Covered Payroll	38.24%	35.78%	34.78%	35.22%	32.96%	33.90%	31.45%	28.51%	36.18%	32.37%

**Notes to Schedule of Contributions**

Valuation Date 10/1/2022

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: 10% for the first year of service, 7.50% for the next four years and 4.5% for all other years.  
Interest Rate: 7.75% per year, compounded annually, net of investment related expenses.  
Retirement Age: Earlier of age 55 and 10 years of credited service, or age 50 and 25 years of credited service.  
Mortality: Society of Actuaries' Retirement Plans Experience Committee (RPEC) PUB-2010 Public Retirement Plans Mortality Tables Report, as appropriate, with adjustments for mortality improvements based on Mortality Improvement Scale MP-2018.

Termination and Disability Rates:

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

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

	9/30/2015	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
Actuarially Determined Contribution (A)	\$ 519,709	\$ 531,976	\$ 576,659	\$ 592,179	\$ 564,390	\$ 512,678	\$ 498,647	\$ 534,216	\$ 583,901	\$ 680,716
Interest on NPO	-	-	-	-	-	-	-	-	-	-
Adjustment to (A)	-	-	-	-	-	-	-	-	-	-
Annual Pension Cost	519,709	531,976	576,659	592,179	564,390	512,678	498,647	534,216	583,901	680,716
Contributions in Relation to the Actuarially Determined Contributions	519,709	537,959	585,740	599,052	557,964	525,719	513,682	540,137	637,783	691,235
Contribution Deficiency (Excess)	-	(5,983)	(9,081)	(6,873)	6,426	(13,041)	(15,035)	(5,921)	(53,882)	(10,519)
Covered Payroll	\$ 2,124,365	\$ 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
Contributions as a Percentage of Covered Payroll	24.46%	23.56%	24.68%	24.99%	22.14%	21.53%	21.12%	21.23%	22.17%	22.34%

**Notes to Schedule of Contributions**

Valuation Date 10/1/2022

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 1.38% per year  
Salary Increases: 10% for the first year of service and 5.0% for all other years.  
Interest Rate: 7.50% (prior year 7.55%) per year, compounded annually, net of investment related expenses.  
Retirement Age: Earlier of age 55 and 10 years of credited service, or age 50 and 25 years of credited service.  
Early Retirement: Age 50 with 10 years of credited service  
Mortality: Society of Actuaries' Retirement Plans Experience Committee (RPEC) PUB-2010 Public Retirement Plans Mortality Tables Report, as appropriate, with adjustments for mortality improvements based on Mortality Improvement Scale MP-2018.

Disability Rates:

Age	20	25	30	35	40	45	50	55	60
% becoming disabled during the year	0.14%	0.15%	0.18%	0.23%	0.30%	0.51%	1.00%	1.55%	2.09%

Termination and Disability Rates:

Years of service	0-2	3	4	5	6	7	8-9	10-19	20+
% terminating during the year	10%	9%	8%	7%	6%	5%	1%	4%	1%

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

	<u>9/30/2024</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>	<u>9/30/2015</u>
<b>General Employees' Pension Plan</b>										
Annual Money-Weighted Rate of Return net of Investment Expense	25.64%	13.38%	-15.73%	19.23%	3.10%	3.90%	5.86%	9.71%	9.83%	-1.14%
<b>Firefighters' Pension Plan</b>										
Annual Money-Weighted Rate of Return net of Investment Expense	23.04%	10.43%	-13.09%	20.52%	2.29%	3.73%	6.41%	9.25%	9.75%	-1.01%
<b>Police Officers' Pension Plan</b>										
Annual Money-Weighted Rate of Return net of Investment Expense	23.43%	10.81%	-13.00%	20.94%	2.00%	3.56%	6.28%	9.20%	9.59%	-0.97%

## City of Lake Wales, Florida

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

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

Notes to Schedule:

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

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

*Changes of Assumptions:*

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

<u>Measurement Date</u>	<u>Discount Rate</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
September 30, 2016	3.06%	September 30, 2020	2.14%
September 30, 2017	3.64%	September 30, 2021	2.43%
September 30, 2018	4.18%	September 30, 2022	4.77%
September 30, 2019	3.64%	September 30, 2023	4.67%

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, 2024

	<b>Special Revenue Funds</b>						<b>Total</b>
	<b>Forfeitures</b>	<b>Law Enforcement Block Grant</b>	<b>Transportation</b>	<b>Street Lighting District</b>	<b>Debt Service</b>	<b>Capital Projects</b>	
	<b>106</b>	<b>116</b>	<b>102</b>	<b>103</b>	<b>201</b>	<b>330</b>	
<b>Assets</b>							
Cash and cash equivalents	\$ 46,375	\$ -	\$ 1,109,175	\$ 3,771	\$ 431,695	\$ -	\$ 1,591,016
Intergovernmental receivables	-	-	162,897	-	-	-	162,897
Receivable, net	-	16,798	-	-	-	-	16,798
Restricted cash and cash equivalents:							
Impact fees	-	-	1,029,314	-	-	1,909,659	2,938,973
<b>Total assets</b>	<b>\$ 46,375</b>	<b>\$ 16,798</b>	<b>\$ 2,301,386</b>	<b>\$ 3,771</b>	<b>\$ 431,695</b>	<b>\$ 1,909,659</b>	<b>\$ 4,709,684</b>
<b>Liabilities and fund balances</b>							
<b>Liabilities</b>							
Accounts payable	\$ -	\$ -	\$ 6,843	\$ -	\$ -	\$ 40,963	\$ 47,806
Accrued liabilities	-	-	13,102	-	-	-	13,102
Construction costs payable	-	-	-	-	-	-	-
Due to other funds	12,898	-	-	-	-	-	12,898
Unearned revenues	-	-	24,400	-	-	-	24,400
<b>Total liabilities</b>	<b>12,898</b>	<b>-</b>	<b>44,345</b>	<b>-</b>	<b>-</b>	<b>40,963</b>	<b>98,206</b>
<b>Fund balances</b>							
Restricted for:							
Law enforcement expenditures	33,477	16,798	-	-	-	-	50,275
Street lighting expenditures	-	-	-	3,771	-	-	3,771
Transportation expenditures	-	-	2,257,041	-	-	-	2,257,041
Debt service	-	-	-	-	431,695	-	431,695
Capital projects	-	-	-	-	-	1,868,696	1,868,696
<b>Total fund balances</b>	<b>33,477</b>	<b>16,798</b>	<b>2,257,041</b>	<b>3,771</b>	<b>431,695</b>	<b>1,868,696</b>	<b>4,611,478</b>
<b>Total liabilities and fund balances</b>	<b>\$ 46,375</b>	<b>\$ 16,798</b>	<b>\$ 2,301,386</b>	<b>\$ 3,771</b>	<b>\$ 431,695</b>	<b>\$ 1,909,659</b>	<b>\$ 4,709,684</b>

## City of Lake Wales, Florida

### Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds Year Ended September 30, 2024

	Special Revenue Funds							Total
	Forfeitures	Library	Law Enforcement Block Grant	Transportation	Street Lighting District	Debt Service	Capital Projects	
	106	110	116	102	103	201	330	
<b>Revenues</b>								
Taxes	\$ -	\$ -	\$ -	\$ 919,337	\$ -	\$ 911,975	\$ -	\$ 1,831,312
Special assessment	-	-	-	-	12,432	-	-	12,432
Intergovernmental	-	-	13,000	214,000	-	-	-	227,000
Charges for services	-	-	-	181,706	-	-	-	181,706
Fines and forfeits	1,280	-	-	-	-	-	-	1,280
Investment earnings	4,818	-	-	-	-	-	78,802	83,620
Impact fees	-	-	-	627,821	-	-	889,455	1,517,276
Miscellaneous	-	-	16,798	32,740	-	-	-	49,538
Total revenues	6,098	-	29,798	1,975,604	12,432	911,975	968,257	3,904,164
<b>Expenditures</b>								
Current:								
Public safety	34,230	-	13,155	-	-	-	-	47,385
Transportation	-	-	-	1,307,726	-	-	-	1,307,726
Physical environment	-	-	-	-	13,343	-	-	13,343
Debt Service:								
Principal	-	-	-	-	-	1,439,334	-	1,439,334
Interest and fiscal charges	-	-	-	-	-	1,048,023	-	1,048,023
Capital outlay	-	-	-	-	-	-	206,989	206,989
Total expenditures	34,230	-	13,155	1,307,726	13,343	2,487,357	206,989	4,062,800
Excess (deficiency) of revenues over (under) expenditures	(28,132)	-	16,643	667,878	(911)	(1,575,382)	761,268	(158,636)
<b>Other financing sources</b>								
Transfers in	-	-	155	745,818	-	1,474,205	-	2,220,178
Total other financing sources	-	-	155	745,818	-	1,474,205	-	2,220,178
Net change in fund balances	(28,132)	-	16,798	1,413,696	(911)	(101,177)	761,268	2,061,542
<b>Fund balances, beginning of year as previously reported</b>	61,609	589,602	-	843,345	4,682	532,872	1,107,428	3,139,538
Restatement (Note I)	-	(589,602)	-	-	-	-	-	(589,602)
<b>Fund balances, end of year</b>	\$ 33,477	\$ -	\$ 16,798	\$ 2,257,041	\$ 3,771	\$ 431,695	\$ 1,868,696	\$ 4,611,478

**City of Lake Wales, Florida**

Combining Statement of Net Position - Nonmajor Enterprise Funds  
September 30, 2024

	<b>LWMG Cemetery Fund</b>	<b>Stormwater Fund</b>	<b>Total</b>
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 1,148,854	\$ 7,288	\$ 1,156,142
Receivables, net	79,718	63,884	143,602
Total current assets	<u>1,228,572</u>	<u>71,172</u>	<u>1,299,744</u>
Noncurrent assets			
Capital assets:			
Nondepreciable	234,369	-	234,369
Depreciable, net	252,395	697,440	949,835
Total noncurrent assets	<u>486,764</u>	<u>697,440</u>	<u>1,184,204</u>
Total assets	<u>1,715,336</u>	<u>768,612</u>	<u>2,483,948</u>
<b>Liabilities</b>			
Current liabilities			
Accounts payable	29,802	4,219	34,021
Accrued interest	3,238	-	3,238
Due to general fund	-	55,312	55,312
Current portion of long-term debt	38,114	10,896	49,010
Total current liabilities	<u>71,154</u>	<u>70,427</u>	<u>141,581</u>
Noncurrent liabilities			
Notes and lease obligations payable - noncurrent	164,311	309,404	473,715
Total noncurrent liabilities	<u>164,311</u>	<u>309,404</u>	<u>473,715</u>
Total liabilities	<u>235,465</u>	<u>379,831</u>	<u>615,296</u>
<b>Net position</b>			
Net investment in capital assets	284,339	377,140	661,479
Unrestricted	1,195,532	11,641	1,207,173
<b>Total net position</b>	<u>\$ 1,479,871</u>	<u>\$ 388,781</u>	<u>\$ 1,868,652</u>

**City of Lake Wales, Florida**

Combining Statement of Revenue, Expenses and Changes in Fund Net Position  
 - Nonmajor Enterprise Funds  
 Year ended September 30, 2024

	<b>LWMG Cemetary Fund</b>	<b>Stormwater Fund</b>	<b>Total</b>
<b>Operating revenues:</b>			
Charges for services	\$ 119,757	\$ 527,464	\$ 647,221
<b>Total operating revenues</b>	<u>119,757</u>	<u>527,464</u>	<u>647,221</u>
<b>Operating expenses:</b>			
Contractual services	-	53,654	53,654
Repairs and maintenance	-	68,632	68,632
General and administrative	85,000	277,054	362,054
Depreciation	29,008	16,056	45,064
<b>Total operating expenses</b>	<u>114,008</u>	<u>415,396</u>	<u>529,404</u>
<b>Operating income (loss)</b>	<u>5,749</u>	<u>112,068</u>	<u>117,817</u>
<b>Nonoperating revenues (expenses)</b>			
Interest income	24,763	-	24,763
Interest expense and fiscal charges	(7,310)	-	(7,310)
<b>Total nonoperating revenues (expenses)</b>	<u>17,453</u>	<u>-</u>	<u>17,453</u>
<b>Income (loss) before contributions and transfers</b>	<u>23,202</u>	<u>112,068</u>	<u>135,270</u>
<b>Transfers</b>			
Transfers in	200,000	-	200,000
<b>Total transfers</b>	<u>200,000</u>	<u>-</u>	<u>200,000</u>
<b>Change in net position</b>	223,202	112,068	335,270
<b>Net position, beginning of year</b>	<u>1,256,669</u>	<u>276,713</u>	<u>1,533,382</u>
<b>Net position, end of year</b>	<u>\$ 1,479,871</u>	<u>\$ 388,781</u>	<u>\$ 1,868,652</u>

**City of Lake Wales, Florida**

Combining Statement of Cash Flows - Nonmajor Enterprise Funds  
Year ended September 30, 2024

	<b>LWMG Cemetery Fund</b>	<b>Stormwater Fund</b>	<b>Total</b>
<b>Cash flows from operating activities</b>			
Cash received from customers	\$ 111,524	\$ 525,411	\$ 636,935
Cash payments to suppliers for goods and services	(55,198)	(535,249)	(590,447)
Net cash provided by operating activities	<u>56,326</u>	<u>(9,838)</u>	<u>46,488</u>
<b>Cash flows from noncapital financing activities</b>			
Transfers from other funds	200,000	-	200,000
Loan from other funds	-	(60,000)	(60,000)
Net cash provided (used) by noncapital financing activities	<u>200,000</u>	<u>(60,000)</u>	<u>140,000</u>
<b>Cash flows from capital and related financing activities</b>			
Acquisition and construction of capital assets	(29,800)	(124,955)	(154,755)
Capital grant	-	96,925	96,925
Debt issuance proceeds	-	124,955	124,955
Principal payments on long-term debt	(37,036)	(22,450)	(59,486)
Interest paid	(7,955)	-	(7,955)
Net cash used in capital and related financing activities	<u>(74,791)</u>	<u>74,475</u>	<u>(316)</u>
<b>Cash flows from investing activities</b>			
Interest income	24,763	-	24,763
Net cash provided by investing activities	<u>24,763</u>	<u>-</u>	<u>24,763</u>
<b>Net increase in cash and cash equivalents</b>	206,298	4,637	210,935
<b>Cash and cash equivalents, beginning of year</b>	<u>942,556</u>	<u>2,651</u>	<u>945,207</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 1,148,854</u>	<u>\$ 7,288</u>	<u>\$ 1,156,142</u>

Continued...

**City of Lake Wales, Florida**

Combining Statement of Cash Flows - Nonmajor Enterprise Funds (*concluded*)  
Year ended September 30, 2024

	<b>LWMG</b>		
	<b>Cemetery</b>	<b>Stormwater</b>	
	<b>Fund</b>	<b>Fund</b>	<b>Total</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Reconciliation of cash and cash equivalents to statement of net position</b>			
Cash and cash equivalents	\$ 1,148,854	\$ 7,288	\$ 1,156,142
Restricted cash and cash equivalents	-	-	-
<b>Cash and cash equivalents, end of year</b>	<u>\$ 1,148,854</u>	<u>\$ 7,288</u>	<u>\$ 1,156,142</u>
<b>Reconciliation of operating loss to net cash used in operating activities</b>			
Operating income (loss)	\$ 5,749	\$ 112,068	\$ 117,817
Adjustments to reconcile operating income to cash provided by operating activities:			
Depreciation	29,008	16,056	45,064
(Increase) decrease in assets:			
Accounts receivable	(8,233)	(2,053)	(10,286)
Increase (decrease) in liabilities:			
Accounts payable	29,802	(135,909)	(106,107)
<b>Net cash provided by operating activities</b>	<u>\$ 56,326</u>	<u>\$ (9,838)</u>	<u>\$ 46,488</u>

**City of Lake Wales, Florida**

Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual - Transportation Fund  
For the year ended September 30, 2024

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance With Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Taxes	\$ 921,200	\$ 921,200	\$ 919,337	\$ (1,863)
Intergovernmental	202,000	202,000	214,000	12,000
Charges for services	180,973	180,973	181,706	733
Investment earnings	100	33,100	-	(33,100)
Impact fees	-	628,000	627,821	(179)
Miscellaneous	100	100	32,740	32,640
<b>Total revenues</b>	<u>1,304,373</u>	<u>1,965,373</u>	<u>1,975,604</u>	<u>10,231</u>
<b>Expenditures</b>				
Current:				
Transportation	<u>1,577,010</u>	<u>1,577,010</u>	<u>1,307,726</u>	<u>269,284</u>
<b>Total expenditures</b>	<u>1,577,010</u>	<u>1,577,010</u>	<u>1,307,726</u>	<u>269,284</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(272,637)</u>	<u>388,363</u>	<u>667,878</u>	<u>279,515</u>
<b>Other financing sources (uses)</b>				
Transfers in	<u>250,000</u>	<u>745,818</u>	<u>745,818</u>	<u>-</u>
<b>Total other financing sources (uses)</b>	<u>250,000</u>	<u>745,818</u>	<u>745,818</u>	<u>-</u>
<b>Net change in fund balance</b>	(22,637)	1,134,181	1,413,696	279,515
<b>Fund balances, beginning of year</b>	<u>843,345</u>	<u>843,345</u>	<u>843,345</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 820,708</u>	<u>\$ 1,977,526</u>	<u>\$ 2,257,041</u>	<u>\$ 279,515</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, 2024

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance With Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Taxes	\$ 1,287,000	\$ 911,980	\$ 911,975	\$ (5)
Total revenues	<u>1,287,000</u>	<u>911,980</u>	<u>911,975</u>	<u>(5)</u>
<b>Expenditures</b>				
Current:				
Principal	1,582,421	1,390,421	1,439,334	(48,913)
Interest and fiscal charges	<u>503,035</u>	<u>1,029,035</u>	<u>1,048,023</u>	<u>(18,988)</u>
Total expenditures	<u>2,085,456</u>	<u>2,419,456</u>	<u>2,487,357</u>	<u>(67,901)</u>
Deficiency of revenues under expenditures	<u>(798,456)</u>	<u>(1,507,476)</u>	<u>(1,575,382)</u>	<u>(67,906)</u>
<b>Other financing sources</b>				
Transfers in	<u>959,412</u>	<u>1,474,205</u>	<u>1,474,205</u>	<u>-</u>
Total other financing sources	<u>959,412</u>	<u>1,474,205</u>	<u>1,474,205</u>	<u>-</u>
<b>Net change in fund balance</b>	160,956	(33,271)	(101,177)	(67,906)
<b>Fund balances, beginning of year</b>	<u>532,872</u>	<u>532,872</u>	<u>532,872</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 693,828</u>	<u>\$ 499,601</u>	<u>\$ 431,695</u>	<u>\$ (67,906)</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, 2024

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance With Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Fines and forfeits	\$ (10,000)	\$ (1,300)	\$ 1,280	\$ 2,580
Investment earnings	-	(5,000)	4,818	9,818
Total revenues	<u>(10,000)</u>	<u>(6,300)</u>	<u>6,098</u>	<u>12,398</u>
<b>Expenditures</b>				
Current:				
Public safety	25,000	45,000	34,230	10,770
Total expenditures	<u>25,000</u>	<u>45,000</u>	<u>34,230</u>	<u>10,770</u>
<b>Net change in fund balance</b>	(35,000)	(51,300)	(28,132)	23,168
<b>Fund balances, beginning of year</b>	<u>61,609</u>	<u>61,609</u>	<u>61,609</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 26,609</u>	<u>\$ 10,309</u>	<u>\$ 33,477</u>	<u>\$ 23,168</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, 2024

	Budget Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 47,000	\$ 13,000	\$ 13,000	\$ -
Miscellaneous	-	-	16,798	16,798
Total revenues	47,000	13,000	29,798	16,798
<b>Expenditures</b>				
Current:				
Public safety	47,000	13,160	13,155	5
Total expenditures	47,000	13,160	13,155	5
Excess (deficiency) of revenues over (under) expenditures	-	(160)	16,643	16,803
<b>Other financing sources (uses)</b>				
Transfers in	-	-	155	155
Total other financing sources (uses)	-	-	155	155
<b>Net change in fund balance</b>	-	(160)	16,798	16,958
<b>Fund balances, beginning of year</b>	-	-	-	-
<b>Fund balances, end of year</b>	\$ -	\$ (160)	\$ 16,798	\$ 16,958

## 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, 2024

	Budget Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
<b>Revenues</b>				
Special Assessment	\$ 13,485	\$ 13,485	\$ 12,432	\$ (1,053)
Total revenues	13,485	13,485	12,432	(1,053)
<b>Expenditures</b>				
Current:				
Physical environment	13,886	13,886	13,343	543
Total expenditures	13,886	13,886	13,343	543
<b>Net change in fund balance</b>	(401)	(401)	(911)	(510)
<b>Fund balances, beginning of year</b>	4,682	4,682	4,682	-
<b>Fund balances, end of year</b>	\$ 4,281	\$ 4,281	\$ 3,771	\$ (510)

**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, 2024

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance With Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Intergovernmental	\$ 50,000	\$ 50,000	\$ -	\$ (50,000)
Investment earnings	-	78,825	78,802	(23)
Impact fees	210,000	889,800	889,455	(345)
<b>Total revenues</b>	<u>260,000</u>	<u>1,018,625</u>	<u>968,257</u>	<u>(50,368)</u>
<b>Expenditures</b>				
Capital outlay	100,000	222,000	206,989	15,011
<b>Total expenditures</b>	<u>100,000</u>	<u>222,000</u>	<u>206,989</u>	<u>15,011</u>
Excess (deficiency) of revenues over (under) expenditures	<u>160,000</u>	<u>796,625</u>	<u>761,268</u>	<u>(35,357)</u>
<b>Other financing sources (uses)</b>				
Transfers out	200,000	200,000	-	(200,000)
<b>Total other financing sources (uses)</b>	<u>200,000</u>	<u>200,000</u>	<u>-</u>	<u>(200,000)</u>
<b>Net change in fund balance</b>	360,000	996,625	761,268	(235,357)
<b>Fund balances, beginning of year</b>	<u>1,107,428</u>	<u>1,107,428</u>	<u>1,107,428</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 1,467,428</u>	<u>\$ 2,104,053</u>	<u>\$ 1,868,696</u>	<u>\$ (235,357)</u>

## City of Lake Wales, Florida

### Statement of Net Position - Lake Wales Airport Authority September 30, 2024

	<b>Lake Wales Airport Authority</b>
<b>Assets</b>	
<b>Current Assets</b>	
Cash and cash equivalents	\$ 176,720
Receivables, net	11,572
Restricted cash and cash equivalents:	
Unspent bond proceeds	209,662
Debt service reserve account	107,056
Inventories	43,832
<b>Total Current Assets</b>	<b>548,842</b>
<b>Noncurrent Assets</b>	
Capital assets:	
Nondepreciable	1,763,174
Depreciable, net	13,907,271
<b>Total Noncurrent Assets</b>	<b>15,670,445</b>
<b>Total Assets</b>	<b>16,219,287</b>
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts payable	65,162
Accrued liabilities	10,767
Accrued interest	10,431
Accrued compensated absences	1,424
Deposits	5,008
Due to primary government	982,780
Current portion of long-term debt	101,213
<b>Total Current Liabilities</b>	<b>1,176,785</b>
<b>Noncurrent liabilities</b>	
Accrued compensated absences	12,814
Notes and lease obligations payable - noncurrent	1,258,000
Total noncurrent liabilities	1,270,814
<b>Total Liabilities</b>	<b>2,447,599</b>
<b>Net Position</b>	
Net investment in capital assets	14,311,232
Restricted for debt service	96,625
Unrestricted (deficit)	(636,169)
<b>Total Net Position</b>	<b>\$ 13,771,688</b>

## City of Lake Wales, Florida

### Statement of Revenues, Expenses, and Changes in Net Position - Lake Wales Airport Authority For the Year Ended September 30, 2024

	<b>Lake Wales Airport Authority</b>
<b>Operating Revenues</b>	
Charges for services	\$ 441,497
<b>Operating Expenses</b>	
Personnel services	247,682
Contractual services	29,882
Repairs and maintenance	47,235
Materials and supplies	279,322
General and administrative	121,440
Depreciation	1,226,271
Total operating expenses	1,951,832
<b>Operating Loss</b>	(1,510,335)
<b>Nonoperating revenues (expenses)</b>	
Interest expense and fiscal charges	(41,613)
Interest income	16,922
Total nonoperating expenses	(24,691)
Loss before contributions and transfers	(1,535,026)
<b>Capital Contributions</b>	
Grants	821,763
From City of Lake Wales	265,000
Total capital contributions	1,086,763
<b>Change in Net Position</b>	(448,263)
<b>Total Net Position, Beginning of Year - previously reported</b>	14,213,294
Restatement (Note I)	6,657
<b>Total Net Position, Beginning of Year - restated</b>	14,219,951
<b>Total Net Position, End of Year</b>	\$ 13,771,688

## City of Lake Wales, Florida

### Statement of Cash Flows - Lake Wales Airport Authority For the Year Ended September 30, 2024

	<u>Lake Wales Airport Authority</u>
<b>Cash flows from operating activities</b>	
Receipts from customers	\$ 441,618
Cash payments for employee services	(236,983)
Cash payments to suppliers	(429,834)
Net cash used in operating activities	<u>(225,199)</u>
<b>Cash flows from capital and related financing activities</b>	
Capital grants	1,190,706
Capital contributions from City of Lake Wales (net)	105,000
Acquisition and construction of capital assets	(923,088)
Payments of interest	(41,613)
Principal payment on long-term debt	(104,547)
Net cash provided by capital and related financing activities	<u>226,458</u>
<b>Cash flows from investing activities</b>	
Investment income	16,922
Net cash provided by investing activities	<u>16,922</u>
<b>Net increase in cash and cash equivalents</b>	18,181
<b>Cash and cash equivalents, beginning of year</b>	<u>475,257</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 493,438</u>
<b>Reconciliation of cash and cash equivalents to statement of net position</b>	
Cash and cash equivalents	\$ 176,720
Restricted cash and cash equivalents	316,718
<b>Total cash and cash equivalents, end of year</b>	<u>\$ 493,438</u>
<b>Reconciliation of operating loss to net cash used in operating activities</b>	
Operating loss	\$ (1,510,335)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	1,226,271
(Increase) decrease in assets:	
Accounts receivable	1,795
Inventories	(14,162)
Increase (decrease) in liabilities:	
Accounts payable	62,207
Accrued liabilities	4,727
Compensated absences	5,972
Deposits	(1,674)
<b>Net cash used in operating activities</b>	<u>\$ (225,199)</u>
<b><u>Supplemental Disclosure of Noncash Transactions</u></b>	
None	<u>\$ -</u>

**City of Lake Wales, Florida**  
**Statistical Section**  
**(Unaudited)**

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*Sources: Unless otherwise noted, the information in these schedules is derived from the 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									
	9/30/2015	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
<b>Governmental activities:</b>										
Net investment in capital assets	\$ 15,600,248	\$ 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
Restricted	2,242,316	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
Unrestricted	(2,238,048)	(1,619,543)	(1,240,080)	(900,914)	(1,412,870)	(934,505)	(402,333)	377,423	1,215,957	638,561
Total governmental activities net position	<u>15,604,516</u>	<u>16,723,742</u>	<u>18,245,018</u>	<u>18,972,748</u>	<u>19,488,620</u>	<u>20,539,953</u>	<u>22,366,174</u>	<u>23,988,716</u>	<u>25,838,927</u>	<u>29,931,531</u>
<b>Business-type activities</b>										
Net investment in capital assets	24,566,866	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
Restricted	3,582,332	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
Unrestricted	738,546	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
Total business-type activities in net position	<u>28,887,744</u>	<u>30,650,552</u>	<u>33,038,555</u>	<u>34,773,777</u>	<u>37,341,835</u>	<u>39,925,911</u>	<u>41,369,851</u>	<u>42,689,474</u>	<u>45,052,345</u>	<u>49,014,706</u>
<b>Primary government</b>										
Net investment in capital assets	40,167,114	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
Restricted	5,824,648	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
Unrestricted	(1,499,502)	(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
Total primary government net position	<u>\$ 44,492,260</u>	<u>\$ 47,374,294</u>	<u>\$ 51,283,573</u>	<u>\$ 53,746,525</u>	<u>\$ 56,830,455</u>	<u>\$ 60,465,864</u>	<u>\$ 63,736,025</u>	<u>\$ 66,678,190</u>	<u>\$ 70,891,272</u>	<u>\$ 78,946,237</u>

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

	Fiscal Year									
	9/30/2014	9/30/2016 <sup>(1)</sup>	9/30/2017	9/30/2018 <sup>(2)</sup>	9/30/2019	9/30/2020	9/30/2021	9/30/2022	9/30/2023	9/30/2024
<b>Expenses</b>										
Governmental activities:										
General government	\$ 1,217,965	\$ 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
Public safety	7,548,733	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
Physical environment	745,501	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
Transportation	1,647,003	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
Economic environment	344,886	414,110	441,868	945,327	672,429	898,285	1,017,460	2,098,925	2,706,848	2,405,427
Human services	15,634	10,174	10,174	10,174	10,173	10,174	10,174	10,174	10,174	10,174
Culture and recreation	2,707,191	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
Interest on long term debt	455,554	345,798	288,519	304,789	368,926	375,441	315,929	223,980	739,680	972,232
Total governmental activities expenses	<u>14,682,467</u>	<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>
Business-type activities:										
Water and wastewater	6,271,228	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
LWMG Cemetery	-	88,200	87,818	113,696	124,703	129,695	114,979	118,147	132,046	121,318
Stormwater	-	-	-	-	248,550	293,685	406,251	349,995	447,184	415,396
Total business-type activities	<u>6,271,228</u>	<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>
Total primary government expenses	<u>20,953,695</u>	<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>
<b>Program revenues</b>										
Governmental activities:										
Charges for services:										
General government	68,363	108,638	87,896	28,779	60,405	732,639	107,384	10,481	91,830	63,403
Public safety	862,226	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
Physical environment	1,061,209	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
Transportation	109,168	133,323	138,546	141,740	145,617	150,193	157,206	167,080	542,170	809,526
Culture and recreation	104,019	98,304	196,119	108,267	278,621	399,047	58,973	134,870	824,743	793,206
Operating grants and contributions	740,250	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
Capital grants and contributions	105,731	15,139	15,724	78,477	18,112	16,224	36,197	566,632	1,079,832	4,264,215
Total governmental activities program revenues	<u>3,050,966</u>	<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>
Business -type activities:										
Charges for services:										
Water and wastewater	6,649,031	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
LWMG Cemetery	-	61,181	46,351	78,162	72,315	75,072	169,475	178,688	248,627	119,757
Stormwater	-	-	-	-	64,027	462,746	466,735	492,232	507,638	527,464
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	981,217	345,382	914,886	426,344	1,247,275	841,151	721,376	420,798	1,681,295	2,968,248
Total business-type activities program revenues	<u>7,630,248</u>	<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>
Total primary government program revenues	<u>10,681,214</u>	<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>
<b>Net (expenditures) revenues</b>										
Governmental activities	(11,631,501)	(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)
Business-type activities	1,359,020	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
Total primary government net(expenses) revenues	<u>(10,272,481)</u>	<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>

	Fiscal Year									
	9/30/2014	9/30/2016 <sup>(1)</sup>	9/30/2017	9/30/2018 <sup>(2)</sup>	9/30/2019	9/30/2020	9/30/2021	9/30/2022	9/30/2023	9/30/2024
<b>General revenues and other changes in net assets</b>										
Governmental activities:										
Taxes:										
Property taxes	5,130,461	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
Franchise fees	1,221,973	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
Public service taxes	1,612,772	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
Communication service taxes	483,337	469,080	467,274	454,353	448,685	486,042	467,111	471,302	500,565	522,785
Gas taxes	703,120	786,555	810,953	844,684	860,806	821,880	858,170	892,116	902,027	919,337
Local business tax	70,763	70,015	72,316	68,133	67,280	61,772	64,445	66,893	58,776	56,734
State and county shared revenues	1,169,636	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
Investment earnings	8,986	8,998	14,816	19,214	21,757	19,192	16,553	7,222	391,867	1,226,950
Insurance recoveries	11,704	1,825	4,669	76,223	789	-	-	-	98,844	46,875
Gain/(loss) on disposal of capital assets	1,016	40,580	610,380	-	30,873	438,925	-	-	-	8,165
Miscellaneous revenue	117,862	67,232	100,366	180,882	138,446	223,450	172,817	164,389	108,838	211,898
Transfers	503,000	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
<b>Total governmental activities</b>	<b>11,034,730</b>	<b>11,640,759</b>	<b>12,578,062</b>	<b>12,665,380</b>	<b>13,305,707</b>	<b>14,360,816</b>	<b>14,867,527</b>	<b>16,455,254</b>	<b>17,947,429</b>	<b>20,086,418</b>
Business-type activities:										
Investment earnings	7,496	12,071	11,209	18,792	21,670	21,302	18,724	73,916	156,164	443,231
Gain/(loss) on disposal of capital assets	-	420	-	-	200	15,036	-	1,899	3,238	3,162
Miscellaneous revenue	189,167	197,328	210,913	221,782	223,049	230,371	221,249	146,938	141,654	142,701
Transfers	(503,000)	(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)
<b>Total business-type activities</b>	<b>(306,337)</b>	<b>(836,899)</b>	<b>(858,108)</b>	<b>(846,076)</b>	<b>(870,381)</b>	<b>(938,619)</b>	<b>(1,137,071)</b>	<b>(1,291,247)</b>	<b>(1,225,944)</b>	<b>(1,033,906)</b>
<b>Total primary government</b>	<b>10,728,393</b>	<b>10,803,860</b>	<b>11,719,954</b>	<b>11,819,304</b>	<b>12,435,326</b>	<b>13,422,197</b>	<b>13,730,456</b>	<b>15,164,007</b>	<b>16,721,485</b>	<b>19,052,512</b>
<b>Change in net position</b>										
Governmental activities	(596,771)	919,334	1,521,276	662,284	515,872	1,051,333	1,826,221	1,622,542	1,850,211	5,269,839
Business-type activities	1,052,683	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
<b>Total primary government</b>	<b>\$ 455,912</b>	<b>\$ 2,682,142</b>	<b>\$ 3,909,279</b>	<b>\$ 2,382,650</b>	<b>\$ 3,083,930</b>	<b>\$ 3,635,409</b>	<b>\$ 3,270,161</b>	<b>\$ 2,913,165</b>	<b>\$ 4,213,082</b>	<b>\$ 8,973,595</b>

(1) - 2016 reported a prior period adjustment increase in governmental activities of \$199,892

(2) - 2018 reported a prior period adjustment increase to governmental activities of \$65,446 and a increase to business-type activities of \$14,856.

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

	<b>Fiscal Year</b>									
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
<b>General fund</b>										
Nonspendable										
Inventory and Prepaid	\$ 91,834	\$ 97,256	\$ 260,083	\$ 289,680	\$ 178,074	\$ 528,092	\$ 355,174	\$ 439,931	\$ 663,819	\$ 439,903
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	2,212,543	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
Total general fund	<u>2,304,377</u>	<u>3,085,511</u>	<u>3,564,824</u>	<u>4,298,265</u>	<u>4,281,310</u>	<u>4,585,360</u>	<u>5,440,908</u>	<u>5,944,623</u>	<u>5,980,936</u>	<u>6,650,913</u>
<b>All other governmental funds</b>										
Nonspendable										
Inventory and Prepaid	6,533	33,730	13,897	24,486	28,733	25,152	76,517	4,807	13,919	-
Restricted for:										
Library expenditures	117,869	81,244	127,600	130,708	190,140	284,381	469,993	437,522	575,683	-
Law enforcement expenditures	29,176	67,473	57,323	43,381	36,536	40,009	39,328	103,728	61,609	50,275
Transportation expenditures	253,252	332,984	508,472	401,886	111,029	131,576	525,572	617,152	843,345	2,257,041
Community redevelopment expenditu	149,586	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
Street lighting expenditures	15,782	17,154	19,318	5,792	6,426	4,583	3,561	4,667	4,682	3,771
Debt service	1,252,676	1,322,116	1,154,353	964,916	686,736	423,051	469,967	638,425	532,872	431,695
Capital projects	423,975	463,731	552,971	600,134	719,120	1,022,236	913,225	779,412	1,107,428	1,868,696
Government services	-	-	-	-	-	-	-	-	102,418	478,104
Assigned										
Capital projects	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$2,248,849</u>	<u>\$2,528,900</u>	<u>\$3,827,316</u>	<u>\$3,676,055</u>	<u>\$3,886,963</u>	<u>\$4,683,707</u>	<u>\$5,218,034</u>	<u>\$4,462,747</u>	<u>\$18,758,081</u>	<u>\$13,921,909</u>

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

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Revenues</b>										
Taxes	\$ 7,595,065	\$ 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
Special assessment	14,830	14,823	15,624	-	12,782	12,755	12,053	14,856	12,421	12,432
Licenses and permits	1,647,600	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
Intergovernmental	2,773,856	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
Charges for services	2,029,255	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
Fines and forfeitures	96,583	108,072	136,491	151,371	162,757	165,595	116,059	370,060	217,782	407,356
Interest and miscellaneous	402,638	255,736	444,049	421,282	669,479	940,947	384,531	396,010	2,169,033	3,051,325
<b>Total revenues</b>	<b>14,559,827</b>	<b>15,463,596</b>	<b>16,414,496</b>	<b>17,187,047</b>	<b>18,262,534</b>	<b>19,125,567</b>	<b>19,541,032</b>	<b>22,428,595</b>	<b>26,449,146</b>	<b>32,640,918</b>
<b>Expenditures</b>										
Current:										
General government	1,522,961	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
Public safety	7,158,859	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
Physical environment	1,083,605	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
Transportation	1,024,348	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
Economic environment	306,478	413,478	498,908	923,498	620,617	841,675	1,660,466	3,310,073	7,943,376	10,538,913
Human services	-	-	-	-	30,000	40,000	40,000	40,000	40,000	43,600
Culture and recreation	2,121,724	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
Debt service:										
Principal	1,842,290	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
Interest and fiscal charges	377,209	333,629	305,613	300,049	362,482	379,830	331,703	243,164	738,110	1,048,023
Capital outlay	817,123	80,038	119,499	276,156	263,776	53,125	189,525	310,529	793,132	206,989
<b>Total expenditures</b>	<b>16,254,597</b>	<b>16,261,601</b>	<b>17,462,376</b>	<b>18,515,061</b>	<b>20,994,495</b>	<b>20,469,144</b>	<b>19,556,951</b>	<b>24,782,769</b>	<b>34,700,279</b>	<b>38,134,370</b>
Excess (deficiency) of revenues over (under) expenditures	(1,694,770)	(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)
<b>Other financing sources (uses)</b>										
Proceeds from issuance of debt	790,560	693,513	755,648	747,118	1,775,272	1,218,365	-	507,655	20,841,057	218,234
Insurance recoveries	15,176	1,825	4,669	76,223	4,469	-	-	368	98,844	46,875
Sale of capital assets	26,059	117,134	985,062	203	30,873	20,678	28,750	80,579	115,879	28,750
Transfers in	2,316,638	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
Transfers out	(1,296,638)	(954,310)	(774,076)	(947,823)	(871,276)	(1,030,494)	(848,090)	(856,622)	(1,506,918)	(5,036,743)
<b>Total other financing sources (uses)</b>	<b>1,851,795</b>	<b>1,859,190</b>	<b>2,825,609</b>	<b>1,910,194</b>	<b>2,925,914</b>	<b>2,444,371</b>	<b>1,405,794</b>	<b>2,102,602</b>	<b>22,582,780</b>	<b>1,916,859</b>
<b>Net change in fund balances</b>	<b>\$ 157,025</b>	<b>\$ 1,061,185</b>	<b>\$ 1,777,729</b>	<b>\$ 582,180</b>	<b>\$ 193,953</b>	<b>\$ 1,100,794</b>	<b>\$ 1,389,875</b>	<b>\$ (251,572)</b>	<b>\$ 14,331,647</b>	<b>\$ (3,576,593)</b>
Debt Service as a percentage of noncapital expenditures	14.92%	12.15%	11.34%	7.38%	8.55%	9.38%	10.12%	7.63%	8.94%	8.24%

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

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

**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)**

<b>Fiscal Year</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Centrally Assessed Property</b>	<b>Less: Tax Exempt Property</b>	<b>Total Assessed Valuation</b>	<b>Total Direct Rate</b>	<b>Estimated Actual Value</b>	<b>Assessed Value<sup>(1)</sup> as a Percentage of Actual Value</b>
2015	\$ 798,982	\$ 107,500	\$ 497	\$ 284,591	\$ 622,388	\$ 8	\$ 1,047,976	86.55%
2016	838,628	101,096	552	300,401	639,875	7.3638	1,088,269	86.40%
2017	886,259	107,225	623	303,049	691,058	7.3273	1,150,506	86.41%
2018	914,102	108,906	708	291,847	731,869	7.0438	1,185,028	86.39%
2019	967,869	116,636	573	304,154	780,924	7.0438	1,255,878	86.40%
2020	1,046,491	153,210	517	339,008	861,210	6.9339	1,384,893	86.67%
2021	1,091,300	143,042	1,446	344,604	891,184	6.7974	1,428,370	86.52%
2022	1,273,087	176,605	1,105	386,393	1,064,404	6.3626	1,675,459	86.59%
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%

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

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

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

(1) Includes tax-exempt property

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

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

<b>Fiscal Year</b>	<b>Direct Rate</b>	<b>Overlapping Rates</b>			<b>Total</b>
	<b>City of Lake Wales</b>	<b>County of Polk</b>	<b>Polk County School Board</b>	<b>South West Florida Water Management District</b>	
2015	8.5866	6.8665	7.5470	0.3818	23.3819
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

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](http://www.polktaxes.com), Property Taxes, Millage Rates & Fees

**City of Lake Wales, Florida  
Principal Property Taxpayers  
Fiscal Year Ended September 30, 2023**

Taxpayer	Rank	2024		Rank	2015	
		Total Assessed Valuation	Percentage of Total Taxable Assessed Value		Total Assessed Valuation	Percentage of Total Taxable Assessed Value
DUKE ENERGY	1	\$ 28,011,559	14.21%	1	\$ 16,124,679	15.20%
PRESERVE AT LAKE WALES INC	2	19,930,233	10.11%	6	\$ 8,777,397	8.27%
PUBLIX SUPER MARKETS	3	19,461,339	9.87%	10	6,324,504	5.96%
CRF II LTD	4	19,078,952	9.68%	3	14,274,633	13.45%
WALMART	5	15,294,980	7.76%	7	8,399,401	7.92%
LWAD PHASE 1 LLC	6	61,028,085	30.95%			0.00%
GROWHEALTHY PROPERTIES LLC	7	9,670,884	4.90%		-	0.00%
SPIRIT REALTY LP	8	8,408,320	4.26%		-	0.00%
STOCKBRIDGE MADISON LLC	9	8,343,184	4.23%		-	0.00%
LOWES	10	7,947,246	4.03%	9	6,395,023	6.03%
REAL SUB LLC				2	14,409,176	13.58%
Lake Wales Hospital Corporation				4	12,463,716	11.75%
T EAGLE RIDGE, LLC				5	10,617,617	10.01%
WATERS EDGE OF LAKE WALES, LLC				8	8,307,934	7.83%
		<u>\$ 197,174,782</u>	<u>11.45%</u>		<u>\$ 106,094,080</u>	<u>17.05%</u>
Total Assessed Valuation		<u>\$ 1,721,672,000</u>			<u>\$ 622,388,554</u>	

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

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

<b>Fiscal Year</b>	<b>Total Tax Levy</b>	<b>Current Levy Collections</b>	<b>Percent of Levy Collected</b>	<b>Delinquent Tax Collection</b>	<b>Total Tax Collections</b>	<b>Percent Total Collections To Levy</b>
2015	\$ 4,843,338	\$ 4,689,790	96.83%	\$ 22,965	\$ 4,712,755	97.30%
2016	4,498,652	4,351,685	96.73%	17,700	4,369,385	97.13%
2017	4,676,205	4,520,948	96.68%	10,294	4,531,242	96.90%
2018	4,852,742	4,691,717	96.68%	7,264	4,698,981	96.83%
2019	5,137,333	4,971,389	96.77%	3,119	4,974,508	96.83%
2020	5,360,024	5,180,984	96.66%	40,008	5,220,992	97.41%
2021	5,832,566	5,637,459	96.65%	7,690	5,645,149	96.79%
2022	5,821,260	5,660,810	97.24%	148,914	5,809,724	99.80%
2023	7,998,402	6,577,724	82.24%	120,761	6,698,485	83.75%
2024	9,529,758	7,972,894	83.66%	176,904	8,149,798	85.52%

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**

<b>Fiscal Year</b>	<b>Governmental Activities</b>			<b>Business-Type Activities</b>			<b>Total Primary Government</b>	<b>Population</b>	<b>Per Capita</b>
	<b>Notes Payable</b>	<b>Lease Obligations</b>	<b>Total</b>	<b>Notes Payable</b>	<b>Lease Obligations</b>	<b>Total</b>			
2015	\$ 9,664,472	\$ 394,377	\$10,058,849	\$ 11,711,767	\$ 120,783	\$11,832,550	\$ 21,891,399	15,011	1,458
2016	8,312,131	955,994	9,268,125	11,162,574	433,341	11,595,915	20,864,040	15,362	1,358
2017	7,080,854	1,432,757	8,513,611	15,241,545	336,409	15,577,954	24,091,565	15,365	1,568
2018	6,554,027	1,771,562	8,325,589	15,598,263	383,458	15,981,721	24,307,310	15,791	1,539
2019	6,007,966	2,952,843	8,960,809	16,238,880	323,977	16,562,857	25,523,666	16,062	1,589
2020	6,341,964	2,467,855	8,809,819	17,111,146	238,078	17,349,224	26,159,043	16,386	1,596
2021	5,702,641	1,678,663	7,381,304	23,449,577	196,736	23,646,313	31,027,617	17,001	1,825
2022	5,043,531	1,343,246	6,386,777	22,037,072	148,672	22,185,744	28,572,521	17,359	1,646
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	452,304	22,972,848	26,905,419	138,839	27,044,258	50,017,106	17,558	2,849

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, 2024**

<u>Taxing Authority</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
City of Lake Wales	\$ 22,972,848	100.00%	\$ 22,972,848
Total Direct Debt	<u>22,972,848</u>		<u>22,972,848</u>
County of Polk (1)	148,516,379	1.94%	2,886,623
Polk County School Board (2)	291,419,283	1.94%	5,664,139
Total Overlapping Debt	<u>439,935,662</u>		<u>8,550,762</u>
Total Direct and Overlapping Debt	<u>\$ 462,908,510</u>		<u>\$ 31,523,610</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 statistical section disclosure as of their most recent audited financial statements ending September 30, 2023.

(2) Debt outstanding data provided from information with The School Board of Polk County, Florida as of their most recent available audited financial statements ending June 30, 2023.

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

**Utility Fund Debt Obligations**

<b>Fiscal Year</b>	<b>(1) Charges for Service Revenues</b>	<b>(2) Less Operating Expenses</b>	<b>Net Available Revenue</b>	<b>Debt Service</b>		<b>Coverage</b>
				<b>Principal</b>	<b>Interest</b>	
2015	\$ 7,002,296	\$ 3,676,952	\$ 3,325,344	\$ 1,445,795	\$ 238,758	1.97
2016	7,860,703	3,971,479	3,889,224	2,068,464	215,477	1.70
2017	8,134,261	4,155,338	3,978,923	2,362,967	160,623	1.58
2018	8,329,706	4,460,075	3,869,631	991,925	106,979	3.52
2019	8,685,158	4,287,822	4,397,336	977,513	222,612	3.66
2020	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

(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
2015	\$ 45,287	\$ 34,028	\$ 43,591	\$ 27,814	\$ 30,363	\$ 37,817	\$ 49,416	\$ 44,024	\$ 51,710	\$ 35,850	\$ 45,127	\$ 49,711
2016	45,684	34,199	43,617	26,913	31,280	39,385	50,857	46,289	54,509	37,612	50,716	50,125
2017	47,869	34,213	45,129	28,844	32,315	40,613	50,883	45,988	53,742	39,063	47,343	49,734
2018	50,070	35,463	47,000	28,258	33,346	42,190	53,267	48,500	56,137	37,594	50,063	51,884
2019	52,426	36,649	48,452	29,545	35,258	43,425	55,660	50,584	58,884	38,682	52,279	54,513
2020	55,675	39,760	51,848	31,775	39,210	46,563	57,435	54,591	65,272	46,264	63,018	58,501
2021	62,270	43,556	58,140	35,636	43,354	49,831	61,777	55,099	64,164	41,395	58,513	60,013
2022	64,806	43,223	59,515	34,968	44,344	52,291	67,917	60,901	70,612	44,665	64,312	66,239
2023	68,703	44,430	63,640	36,871	47,824	55,387	71,711	63,644	75,011	54,231	68,711	69,956
2024	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
2015	96.34	100.97	95.92	98.13	96.99	5.1	6.2	4.9	8.7	5.5	5.2
2016	96.50	101.14	95.12	98.38	97.23	4.7	5.9	4.6	7.2	5.0	4.8
2017	96.20	100.66	94.76	98.53	97.38	3.8	4.1	3.3	6.1	3.7	3.4
2018	96.05	100.38	95.37	98.53	97.52	3.3	3.5	2.9	4.8	3.0	2.9
2019	96.00	100.64	95.64	98.81	97.80	3.1	3.5	2.9	5.6	3.1	2.9
2020	96.08	100.73	96.31	98.46	97.80	7.6	7.9	5.7	5.1	9.7	7.4
2021	96.82	101.33	91.45	97.84	95.21	4.0	4.9	3.9	5.1	5.4	4.3
2022	97.06	101.60	91.28	97.83	95.40	2.8	3.2	2.6	3.8	3.0	2.8
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

(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**

<b>(April 1st) Year</b>	<b>Population</b>		<b>% of City Compared to County</b>
	<b>Polk</b>	<b>City of Lake Wales</b>	
2015	634,555	15,011	2.37%
2016	646,989	15,362	2.37%
2017	661,645	15,365	2.32%
2018	673,028	15,791	2.35%
2019	690,606	16,062	2.33%
2020	715,090	16,386	2.29%
2021	748,365	17,001	2.27%
2022	770,019	17,359	2.25%
2023	797,616	17,384	2.18%
2024	826,090	17,558	2.13%

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**

<b>Function/Program</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
City Manager	2.00	2.00	2.50	2.50	2.50	2.50	2.50	5.50	4.00	4.00
City Clerk	1.50	1.50	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
Finance	3.50	3.50	3.50	3.50	3.50	4.00	4.00	4.00	4.50	4.50
Support Services	1.30	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	3.00	4.00	4.50	3.00	4.00	5.00	4.00
Information Services	2.30	3.30	3.30	3.30	3.30	3.30	3.00	3.00	4.00	4.00
Communications & Engagement	-	-	-	-	-	-	-	-	2.00	2.50
Public Services Administration	2.40	1.90	1.90	1.90	1.90	2.90	2.50	1.50	2.50	2.00
Parks & Recreation	-	-	-	-	-	-	-	-	-	-
Total general government	<u>18.00</u>	<u>18.50</u>	<u>18.50</u>	<u>20.50</u>	<u>22.00</u>	<u>26.50</u>	<u>25.00</u>	<u>25.50</u>	<u>28.00</u>	<u>26.00</u>
Airport Authority			2.00	2.00	2.00	3.00	3.00	3.00	4.00	4.00
Police Department	50.00	50.00	53.00	53.00	53.00	53.00	53.00	55.00	62.00	63.00
Fire & Rescue:	27.00	27.00	30.00	30.00	30.00	30.00	30.00	33.00	38.00	41.00
Building Permits and Inspection	2.50	2.50	3.00	3.00	3.50	5.00	5.00	4.00	6.00	6.00
Code Enforcement	1.00	2.00	2.00	3.00	3.00	3.00	2.00	2.00	3.00	3.00
Total public safety	<u>80.50</u>	<u>81.50</u>	<u>90.00</u>	<u>91.00</u>	<u>91.50</u>	<u>94.00</u>	<u>93.00</u>	<u>97.00</u>	<u>113.00</u>	<u>117.00</u>
Cemetery	-	-	-	2.00	2.00	3.00	3.00	3.50	3.50	3.00
Parks Division	-	-	-	8.00	8.00	8.00	8.00	10.00	16.00	20.30
Streets	-	-	-	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Field Operations	19.00	18.00	18.00	-	-	-	-	-	-	-
Fleet Maintenance	-	-	-	-	-	-	-	-	-	-
Facilities Maintenance	3.00	3.00	2.00	3.00	3.00	3.00	3.00	3.00	4.00	5.00
Total maintenance	<u>22.00</u>	<u>21.00</u>	<u>20.00</u>	<u>20.00</u>	<u>20.00</u>	<u>21.00</u>	<u>21.00</u>	<u>23.50</u>	<u>30.50</u>	<u>35.30</u>
Recreation	-	-	-	3.00	3.00	4.00	5.00	5.00	2.50	8.80
Lake Wales Family Recreation	-	-	-	-	-	-	-	-	-	11.90
Museum	-	1.10	1.60	2.10	2.10	2.60	2.20	-	-	-
Library	16.50	17.90	17.90	17.90	17.90	17.90	18.40	18.00	19.00	20.50
Total culture and recreation	<u>16.50</u>	<u>19.00</u>	<u>19.50</u>	<u>23.00</u>	<u>23.00</u>	<u>24.50</u>	<u>25.60</u>	<u>23.00</u>	<u>21.50</u>	<u>41.20</u>
Utilities Operations	23.00	23.00	23.00	23.00	23.00	23.00	23.00	27.00	28.00	29.00
Utilities Administration	6.50	6.00	6.00	6.00	6.00	6.00	7.00	7.00	9.00	9.00
Utility Billing/Customer Service	4.50	5.50	5.50	5.50	5.50	7.00	7.00	7.00	7.00	7.50
Total utilities	<u>34.00</u>	<u>34.50</u>	<u>34.50</u>	<u>34.50</u>	<u>34.50</u>	<u>36.00</u>	<u>37.00</u>	<u>41.00</u>	<u>44.00</u>	<u>45.50</u>
Total government employees	<u>171.00</u>	<u>174.50</u>	<u>182.50</u>	<u>189.00</u>	<u>191.00</u>	<u>202.00</u>	<u>201.60</u>	<u>210.00</u>	<u>237.00</u>	<u>265.00</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**

<b>Function/Program</b>	<u>2015</u>	<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>
<b>Police</b>										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of arrests	1,071	1,125	1,182	1,195	958	586	586	830	1,148	622
Number of calls for service	22,047	21,522	22,888	22,912	21,837	17,722	18,560	21,832	21,867	22,464
Number of crashes	478	621	584	548	620	586	751	1,048	769	840
<b>Fire</b>										
Response volume (includes fire, rescue and medical calls)	2,991	2,410	2,769	2,939	3,040	3,011	3,100	3,532	3,907	4,098
Response time average (minutes)	5.02	4.83	4.60	4.60	4.82	5.09	4.71	3.50	5.13	5.47
Inspections/plans reviewed	2,067	2,031	2,031	1,544	1,310	1,212	980	1,200	1,200	1,224
Public education (persons)	3,860	3,892	3,152	2,548	2,250	2,500	2,500	3,000	5,000	4,250
<b>Permits and Inspections Division</b>										
Plan review residential	320	196	319	680	98	891	561	661	1,206	1,031
Plan review commercial	157	49	129	88	279	209	139	239	212	243
Permits issued	739	792	1,166	1,359	1,206	1,147	1,227	1,312	1,454	1,423
Inspections:										
Construction	2,557	2,467	5,348	4,085	4,332	3,014	4,196	4,619	3,066	4,120
Inspections per month (avg.)	213	205	445	340	361	266	350	385	256	344
Certificates of Occupancy issued	65	68	71	42	111	50	51	41	70	290
<b>Library</b>										
Number of libraries	1	1	1	1	1	1	1	1	1	1
<b>Public Works</b>										
Miles of streets	87.41	87.41	87.41	87.41	87.41	87.41	87.41	87.41	89.58	89.58
<b>Water</b>										
Average monthly customers:										
Water	7,889	8,159	8,210	8,396	8,523	9,377	9,712	9,833	9,805	10,132
Sewer	5,412	5,610	5,649	5,882	5,998	5,917	6,048	6,539	6,177	6,393
Irrigation	1,454	1,534	1,586	1,514	1,570	1,704	1,822	1,630	1,711	1,808
<b>Wastewater</b>										
Number of lift stations	39	39	39	40	40	40	40	40	41	45

(1) Source: City Finance Department

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

<b>Water Revenues</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Water Fees	\$3,270,884	\$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
Installation Fees	70,822	109,202	158,917	110,773	105,951	83,639	94,149	68,867	348,224	358,748
Backflow Inspection Fees	65,300	67,928	69,850	72,017	74,552	77,821	98,546	126,823	156,589	166,264
Construction Meter Fees	3,850	3,651	5,601	6,852	9,263	8,794	13,191	17,274	15,517	19,077
Reuse Fees	19,533	31,109	32,331	34,169	39,052	58,256	43,991	38,250	33,396	42,420
Miscellaneous	195	315	490	1,048	155	248	174	1,295	675	375
Impact Fees	127,528	137,060	255,751	169,747	264,978	191,844	141,582	214,947	563,089	838,351
<b>Totals</b>	<b>\$3,558,112</b>	<b>\$4,036,708</b>	<b>\$4,300,219</b>	<b>\$4,231,606</b>	<b>\$4,510,952</b>	<b>\$4,904,850</b>	<b>\$ 4,812,824</b>	<b>\$5,584,908</b>	<b>\$6,785,610</b>	<b>\$6,885,350</b>
Penalties & Service Charges (Water & Sewer Combined)	\$ 110,973	\$ 124,854	\$ 124,854	\$ 123,632	\$ 124,593	\$ 70,072	\$ 150,621	\$ 155,319	\$ 194,034	\$ 194,034
<b>Water Rates(1)</b>										
<b>% of Rate Increase (Decrease) - Base Rate</b>	2.50%	14.40%	2.40%	2.50%	5.20%	7.70%	10.50%	13.10%	15.90%	16.00%
<b>Inside City Limits</b>										
Base Rate	\$ 6.10	\$ 6.98	\$ 7.15	\$ 7.33	\$ 7.52	\$ 7.70	\$ 7.90	\$ 8.09	\$ 8.29	\$ 8.50
0-5,000	2.41	2.76	2.83	2.90	2.97	3.05	3.12	3.20	3.28	3.36
5,001-10,000	3.26	3.73	3.82	3.92	4.02	4.12	4.22	4.33	4.44	4.54
10,001-25,000	5.06	5.79	5.93	6.08	6.24	6.39	6.55	6.71	6.88	7.05
> 25,000	8.33	9.54	9.78	10.02	10.27	10.53	10.79	11.06	11.34	11.62
<b>Outside City Limits</b>										
Base Rate	\$ 7.63	\$ 8.73	\$ 8.95	\$ 9.17	\$ 9.40	\$ 9.64	\$ 9.88	\$ 10.12	\$ 10.38	\$ 10.64
0-5,000	3.01	3.45	3.54	3.63	3.72	3.81	3.81	4.00	4.11	4.20
5,001-10,000	4.08	4.67	4.79	4.91	5.03	5.15	5.15	5.42	5.56	5.69
10,001-25,000	6.33	7.24	7.42	7.61	7.80	7.99	7.99	8.40	8.62	8.82
> 25,000	10.42	11.93	12.23	12.54	12.85	13.17	13.17	13.84	14.19	14.54

(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**

<b>Sewer Revenues</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Sewer Fees	\$ 3,448,974	\$ 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
Installation Fees	3,919	3,914	4,855	1,188	1,135	801	7,438	5,098	-	-
Miscellaneous	-	-	-	122	-	763	-	-	-	-
Impact Fees	180,273	208,322	409,135	237,697	417,051	292,354	173,930	205,951	722,026	1,987,344
<b>Totals</b>	<b>\$ 3,633,166</b>	<b>\$ 4,044,523</b>	<b>\$ 4,353,521</b>	<b>\$ 4,381,883</b>	<b>\$ 4,716,710</b>	<b>\$ 4,885,993</b>	<b>\$ 4,668,298</b>	<b>\$ 5,214,400</b>	<b>\$ 6,006,836</b>	<b>\$ 7,747,778</b>

**Sewer Rates (1)**

<b>% of Rate Increase (Decrease) - Base Rate</b>	2.50%	14.50%	2.50%	2.50%	5.10%	7.70%	10.40%	13.10%	15.90%	16.00%
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**Inside City Limits**

Base Rate	\$ 21.65	\$ 24.79	\$ 25.41	\$ 26.04	\$ 26.70	\$ 27.36	\$ 28.04	\$ 28.75	\$ 29.46	\$ 30.20
0-5,000 Gallons	2.84	3.25	3.33	3.41	3.50	3.59	3.68	3.77	3.86	3.96
5,001 + Gallons	4.98	5.70	5.84	5.99	6.14	6.29	6.45	6.61	6.78	6.94

**Outside City Limits**

Base Rate	\$ 27.06	\$ 30.98	\$ 31.75	\$ 32.55	\$ 33.36	\$ 34.20	\$ 35.04	\$ 35.93	\$ 36.82	\$ 37.75
0-5,000 Gallons	3.56	4.06	4.16	4.27	4.37	4.48	4.60	4.71	4.84	4.95
5,001 + Gallons	6.23	7.13	7.31	7.49	7.68	7.87	8.07	8.27	8.48	8.69

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>2024</u>		<u>2015</u>	
	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>
Florida's Natural Growers (1)	1,100	1	654	1
Lake Wales Charter Schools	544	2	549	2
Adventhealth Lake Wales (2)	500	3	520	3
The Home Depot	400	4		
Walmart Supercenter	350	5	320	4
Lowe's Home Improvement	350	6		
City of Lake Wales	265	7	171	8
Publix	249	8	221	6
Warner University	201	9	207	7
Kegel	200	10		
Polk County School Board			276	5
Webber International University			164	9
Hunt Brothers			120	10
	<u>4,159</u>		<u>3,202</u>	

Source: Lake Wales Area Chamber of Commerce

(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, 2024

	<u>Budget Amounts</u> <u>Original</u>	<u>Actual</u> <u>Amounts</u>	<u>Variance With</u> <u>Original</u> <u>Budget</u>
<b>Revenues</b>			
Taxes	\$ 1,858,675	\$ 1,845,194	\$ (13,481)
Intergovernmental	3,551,270	2,417,140	(1,134,130)
Investment earnings	100	449,698	449,598
Total revenues	<u>5,410,045</u>	<u>4,712,032</u>	<u>(698,013)</u>
<b>Expenditures</b>			
Current:			
Economic environment	<u>13,025,549</u>	<u>9,950,375</u>	<u>3,075,174</u>
Total expenditures	<u>13,025,549</u>	<u>9,950,375</u>	<u>3,075,174</u>
Excess of revenues over expenditures	<u>(7,615,504)</u>	<u>(5,238,343)</u>	<u>2,377,161</u>
<b>Other financing uses</b>			
Transfers in	200,000	-	(200,000)
Transfers out	(959,412)	(1,474,205)	(514,793)
Sale of capital assets	<u>-</u>	<u>28,750</u>	<u>28,750</u>
Total other financing uses	<u>(759,412)</u>	<u>(1,445,455)</u>	<u>(686,043)</u>
<b>Net change in fund balance</b>	<u>(8,374,916)</u>	<u>(6,683,798)</u>	<u>1,691,118</u>
<b>Fund balances, beginning of year</b>	15,516,125	15,516,125	-
<b>Fund balances, end of year</b>	<u>\$ 7,141,209</u>	<u>\$ 8,832,327</u>	<u>\$ 1,691,118</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, 2024

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	<b>Original Budget Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Original Budget</b>
<b>Revenues</b>			
Taxes	\$ 557,207	\$ 557,208	\$ 1
Intergovernmental	785,000	806,448	21,448
Investment earnings	400	20,567	20,167
Impact fees	70,000	100,448	30,448
Miscellaneous	16,800	24,787	7,987
Total revenues	<u>1,429,407</u>	<u>1,509,458</u>	<u>80,051</u>
<b>Expenditures</b>			
Current:			
Culture and recreation	1,776,715	1,404,026	(372,689)
Total expenditures	<u>1,776,715</u>	<u>1,404,026</u>	<u>(372,689)</u>
<b>Net change in fund balance</b>	<u>(347,308)</u>	<u>105,432</u>	<u>452,740</u>



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**GOVERNMENT AUDITING SECTION**

**City of Lake Wales, Florida**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended September 30, 2024**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Grant Number</u>	<u>Assistance Listing Number</u>	<u>Expenditures</u>
<b>U.S. Department of Justice passed through</b>			
Florida Department of Law Enforcement:			
Edward Byrne Memorial Justice Assistance Grant Program:			
Lake Wales Community Safety Program III	15PBJA-22-GG-00656-MUMU	16.738	\$ 13,000
<b>Total U.S. Department of Justice</b>			<u>13,000</u>
<b>U.S. Department of Homeland Security</b>			
passed through Florida Division of Emergency Management			
Disaster Grant - Public Assistance - Presidentially declared disasters:			
Hurricane Irma (DR4673)	FEMA-4673-DR-FL	97.036	<u>153,619</u>
<b>U.S. Department of Housing and Urban Development</b>			
passed through the Florida Department of Economic Opportunity			
Community Development Block Grants/State's program and			
Non-Entitlement Grants in Hawaii:			
Lake Wales Housing Rehabilitation	22DB-OP-07-63-02-H07	14.228	13,639
Sidewalk Improvements	22CV-S04	14.228	<u>305,110</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<u>318,749</u>
<b>U.S. Environmental Protection Agency passed through</b>			
Florida Department of Environmental Protection:			
Drinking Water State Revolving Fund Cluster:			
Grant - Water System Water Main Replacement	530370	66.468	28,446
Loan - Water System Water Main Replacement	530370	66.468	<u>263,814</u>
Total Drinking Water State Revolving Fund Cluster:			292,260
Nonpoint Source Implementation Grants			
Buckmoore Road Septic to Sewer Project - Phase 1	NF108	66.460	224,212
Buckmoore Road Septic to Sewer Project - Phase 2	NF109	66.460	<u>53,300</u>
Total Nonpoint Source Implementation Grants			<u>277,512</u>
<b>Total U.S. Environmental Protection Agency</b>			<u>569,772</u>
<b>U.S. Department of Treasury</b>			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	07-321-2201	21.027	<u>3,420,921</u>
<b>U.S. Department of Transportation -</b>			
Federal Aviation Administration			
Airport Improvement Program:			
Taxilane B & T-Hanger Taxilane Rehabilitation	3-12-0040-031-2023	20.106	101,610
Master Plan Update / Master Drainage Plan	3-12-0040-024-2020	20.106	<u>7,143</u>
<b>Total U.S. Department of Transportation</b>			<u>108,753</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 4,584,814</u>

- (1) SRF - 5913P Loan Balance at September 30, 2024- \$208,209  
(2) SRF - 59140 Loan Balance at September 30, 2024 - \$180,821  
(3) SRF - 530300 Loan Balance at September 30, 2024 - \$1,994,636

- (4) SRF - 530320 Loan Balance at September 30, 2024 - \$1,676,804  
(5) SRF - 530370 Loan Balance at September 30, 2024 - \$1,834,592  
(6) SRF - 531301 Loan Balance at September 30, 2024 - \$1,834,730

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, 2024

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**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, 2024.

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, 2024, the City had no subrecipients and therefore did not pass any awards through to other government agencies.

**Note 2 – Basis of Accounting**

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

**Note 3 – Contingencies**

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

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

**Note 4 – Non-Cash Contributions**

The City did not receive any federal non-cash assistance, including personal protection equipment, for the fiscal year ended September 30, 2024.

**Note 5 – Other Information**

Amounts on the schedule of expenditures of federal awards include \$277,512 of expenses incurred in a prior year related to the Nonpoint Source Implementation Grants NF108 (\$224,212) and NF109 (\$53,300).

**City of Lake Wales, Florida**  
Schedule of Expenditures of State Financial Assistance  
For the Year Ended September 30, 2024

<u>State Grantor/Program Title</u>	<u>Grant Number</u>	<u>CSFA Number</u>	<u>Expenditures</u>
<b>State of Florida Department of Commerce</b>			
Growth Management Implementation	P0479	40.024	\$ 40,000
Total State of Florida Department of Commerce			40,000
<b>State of Florida Department of Law Enforcement</b>			
State Assistance for Fentanyl Eradication (S.A.F.E.)	TM-18-0283	71.122	19,784
Total State of Florida Department of Law Enforcement			19,784
<b>State of Florida Department of Environmental Protection</b>			
Wastewater Treatment Facility Construction			
Loan - Stormwater Master Plan	5303A0	37.077	124,955
Loan - Septic to Sewer Project	530360	37.077	1,212,970
Total 37.077 - Wastewater Treatment Facility Construction			1,337,925
Drinking Water Facility Construction			
Loan - New Water Pipe and Connections	5303B0	37.076	2,288,313
Small Community Wastewater Facility Grant			
City of Lake Wales WWTP Sand and Grit Removal	SG077	37.075	59,011
Total State of Florida Department of Environmental Protection			3,685,249
<b>Florida Department of Transportation</b>			
Aviation Grant Programs			
Lake Wales Airport Fuel Farm	444675-1-94-01	55.004	683,379
Taxilane B & T-Hanger Taxilane Rehabilitation	452720-1-94-01	55.004	11,290
Airfield Security & Fencing	452975-1-94-01	55.004	25,000
Total Florida Department of Transportation			719,669
<b>Total Expenditures of State Financial Assistance</b>			<b>\$ 4,464,702</b>

- (1) SRF - 530310 Loan Balance at September 30, 2024 - \$3,782,718
- (2) SRF - 530330 Loan Balance at September 30, 2024 - \$2,450,334
- (3) SRF - 530360 Loan Balance at September 30, 2024 - \$2,162,448
- (4) SRF - 530380 Loan Balance at September 30, 2024 - \$875,960
- (5) SRF - 5303B0 Loan Balance at September 30, 2024 - \$3,629,384
- (6) SRF - 530350 Loan Balance at September 30, 2024 - \$880,507
- (7) SRF - 5303A0 Loan Balance at September 30, 2024 - \$320,300
- (8) SRF - 530390 Loan Balance at September 30, 2024 - \$4,376,459

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, 2024

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**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, 2024.

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, 2024, 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.

**Note 4 – Other Information**

Amounts on the schedule of expenditures of State Financial Assistance include \$6,657 of expenses incurred in a prior year related to the Airport Security and Fencing Grant from the State of Florida Department of Transportation.



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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, 2024. 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 for the year ended September 30, 2024.

#### ***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*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

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

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

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

### **Report on Internal Control over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program 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 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 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

March 24, 2025

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

<u>Federal Award</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 \$750,000 was used to distinguish between Type A and Type B programs for federal programs and state projects.
7. The City is not 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, 2024, and the related notes to the financial statements, which collectively comprise City’s basic financial statements, and have issued our report thereon dated March 24, 2025.

**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

March 24, 2025



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

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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, 2024, and have issued our report thereon dated March 24, 2025.

### **Auditor's Responsibility**

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

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

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

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

## 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 \$3,360.
- 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 \$360,000
- f) A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes. The budget was amended, therefore we will report a separate original budget to actual in Supplementary Information.

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 \$8,875.

- 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:
  - T-hangar Taxilane and Taxilane B Rehab \$110,000
  - Airfield Security Fencing & Access Control \$80,000
- f) A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes. The budget was amended, therefore we will report a separate original budget to actual in Supplementary Information.

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 \$178,286.
- 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:
  - Crystal Lake Connector Trail Design & Cont. \$1,000,000
  - Northwest Sidewalk Design and Construction \$1,250,000
  - Park & Market Construction \$6,700,000
  - Lincoln Ave Streetscape Design \$500,000
  - Crystal Avenue Streetscape Construction \$800,000
- f) A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes. The budget was amended, therefore we will report a separate original budget to actual in Supplementary Information.

**Additional Matters**

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we 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

March 24, 2025



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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, 2024. 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, 2024.

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

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

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

Orlando, Florida  
March 24, 2025