



City of Lake Wales, Florida

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

For Fiscal Year Ended
September 30, 2021

City of Lake Wales, Florida
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the Fiscal Year Ended September 30, 2021

Prepared By:
Department of Finance

City of Lake Wales, Florida

Table of Contents

Introductory Section

Letter of Transmittal	i
Certificate of Achievement	vi
Organizational Chart	vii
Principal Officials	viii

Financial Section

Independent Auditors' Report	1
---	---

Management's Discussion and Analysis	4
---	---

Basic Financial Statements:

Government-Wide Financial Statements:

Statement of Net Position	17
Statement of Activities	18

Fund Financial Statements:

Balance Sheet - All Governmental Funds	20
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	21
Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Funds	22
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	23
Statement of Net Position - Proprietary Funds	24
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	26
Statement of Cash Flows - Proprietary Funds	27
Statement of Net Position - Fiduciary Funds	29
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	30

Notes to Financial Statements	31
-------------------------------------	----

Required Supplementary Information

Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Major Governmental Funds:

General Fund	78
Community Redevelopment Fund	80

Schedules of Changes in Net Pension Liability and Related Ratios – Pension Plans:

General Employees' Pension Plan	81
Firefighters' Pension Plan	83
Police Officers' Pension Plan	85

Schedules of Contributions – Pension Plans:

General Employees' Pension Plan	87
Firefighters' Pension Plan	88
Police Officers' Pension Plan	89

Schedule of Investment Returns – Pension Plans	90
--	----

Schedule of Changes in the Total OPEB Liability and Related Ratios	91
--	----

Supplementary Information

Combining Balance Sheet - Nonmajor Governmental Funds.....	92
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	93
Combining Statement of Net Position - Nonmajor Enterprise Funds.....	94
Combining Statement of Revenue, Expenses and Changes in Fund Net Position - Nonmajor Enterprise Funds	95
Combining Statement of Cash Flows - Nonmajor Enterprise Funds.....	96
Statements of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – Nonmajor Governmental Funds:	
Transportation Fund	98
Debt Service Fund	99
Forfeitures Fund	100
Library Fund.....	101
Law Enforcement Block Grant Fund	102
Street Lighting District Fund.....	103
American Rescue Plan Special Revenue Fund.....	104
Capital Projects Fund	105
Statement of Net Position - Lake Wales Airport Authority.....	106
Statement of Revenues, Expenses, and Changes in Net Position - Lake Wales Airport Authority.....	107
Statement of Cash Flows - Lake Wales Airport Authority	108
Statistical Section (<i>Unaudited</i>).....	109
Financial Trends:	
Net Position by Component.....	110
Changes in Net Position.....	111
Fund Balances of Governmental Funds	113
Changes in Fund Balances of Governmental Funds	114
Governmental Activities Tax Revenues by Source	115
Revenue Capacity:	
Assessed Value and Estimated Actual Value of Taxable Property.....	116
Direct and Overlapping Property Tax Rates	117
Principal Property Taxpayers.....	118
Property Tax Levies and Collections	119
Debt Capacity:	
Ratios of Outstanding Debt by Type	120
Direct and Overlapping Governmental Activities Debt.....	121
Pledged-Revenues Coverage	122
Demographic and Economic Information:	
Demographic and Economic Statistics	123
Operating Information:	
Full-time Equivalent City Government Employees by Function/Program.....	126
Various Indicators by Function/Program.....	127
Water Sold by Type of Customer and Associated Rates	128
Sewer Sold by Type of Customer and Associated Rates	129
Principal Employers.....	130

Government Auditing Section

Schedule of Expenditures of Federal Awards	131
Notes to the Schedule of Expenditures of Federal Awards.....	132
Schedule of Expenditures of State Financial Assistance	133
Notes to the Schedule of Expenditures of State Financial Assistance	134
Independent Auditor's Report on Compliance for Major State Project and on Internal Control Over Compliance Required by the Chapter 10.550.....	135
Schedule of Findings and Questioned Costs	137
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 <i>Government Auditing Standards</i>	139
Management Letter	141
Independent Accountants' Report on Compliance with Section 218.415, Florida Statutes	143

INTRODUCTORY SECTION



**City of
Lake Wales**

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Lake Wales, FL 33859-1320
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March 23, 2022

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

The Comprehensive Annual Financial Report (CAFR) of the City of Lake Wales, for the fiscal year ended September 30, 2021, 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, 2021. The Report of Independent Auditor is located at the front of the financial section of this report.

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

Profile of the Government

The City of Lake Wales, Florida was granted its municipal charter in 1921. The City is located in the geographical center of the Florida peninsula, and is accessible by U.S. Hwy. 27 (north/south) and State Road 60 (east/west). Interstate 4 crosses the state 25 miles north of Lake Wales, and both the Tampa and Orlando International Airports are approximately one hour's drive away. It currently occupies 20.57 square miles and serves a population of 17,001.

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 three-year terms. The City is governed by the City Charter, City Ordinances and state laws and regulations. The Commission is responsible for the establishment and adoption of City policy and appointing a City Manager and the City Attorney. The City Manager serves as the Chief Executive Officer of the City and is responsible for the execution of City policy and the oversight of all staff and day-to-day operations of the City.

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

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

Local Economy

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

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

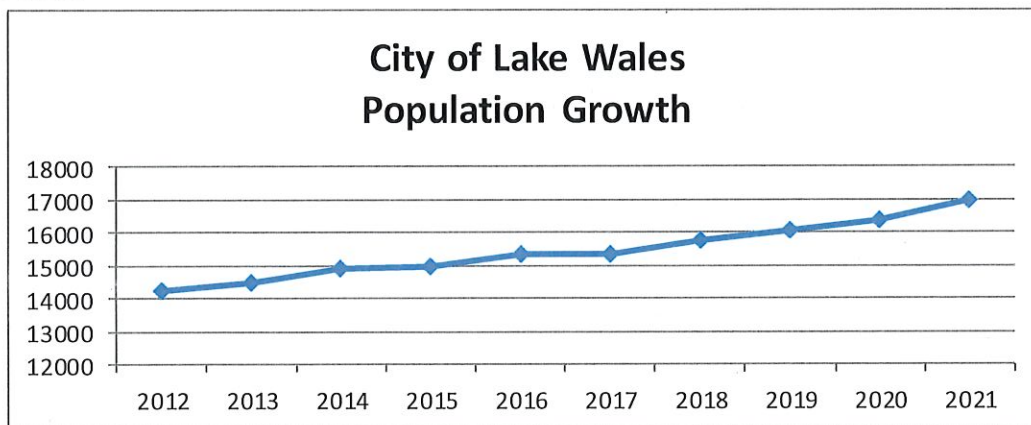
In 2020, the pandemic-induced economic contraction, caused by COVID-19, has been felt globally. Like the rest of the world, the State of Florida's economy was significantly shaded by the pandemic over the –past 18 months. This has caused differing effects on the state's industries. While significant risks still remain, the current economic outlook is overall good as the economy continues to recover. The federal government is providing funding to both state and local governments to assist with economic recovery. In Fiscal Year 2020-21, both economic development and population growth has continued within the City. The opening of the CSX Inter-Modal facility just west of the City on State Route 60 is generating an increase in transportation and distribution activity in the area. The expansion of the main runway at the municipally owned Lake Wales airport and the City's assumption of responsibility for its operations has already led to an increase in activity there, with future growth of ancillary businesses expected. Significant residential growth is occurring in the City as several new multi-family and single-family developments currently in the planning process or under construction, totaling over 13,000 thousand new housing units expected in the upcoming years. This residential expansion should also lead to new commercial development in this area. A new mixed-use master-planned community development on the largest undeveloped parcel within the City (1800 acres) has begun the process of obtaining the necessary approvals for a signature project that will add additional

residential and commercial properties. Finally, the city continues to expand its utility system service area leading to future annexation and tax base expansion and supporting new economic development.

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

Growth

The population in Lake Wales has increased approximately 66.77% since the U. S. Census of 2000 (population of 10,194). Over a ten-year period from 2012 to 2021, the City has experienced an average annual population growth rate of 1.78%. The City currently has several large residential developments which are expected to begin construction within the next eighteen months. Significant population growth is expected from these new development areas.



Year	Population*	% Increase
2012	14,261	-
2013	14,522	1.83%
2014	14,916	2.71%
2015	15,011	0.64%
2016	15,362	2.34%
2017	15,365	0.02%
2018	15,791	2.77%
2019	16,062	1.72%
2020	16,386	2.02%
2021	17,001	3.75%

* 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 2021 were reported at 4.9% and 4.0 %, respectively, while the national unemployment rate was 4.7%.

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

There are many emerging storylines from the past 18 months. Like the rest of the world, the State of Florida's economy was significantly shaded by the pandemic. Normally, personal income growth is an important gauge of the state's economic health; however, its changes have been in stark contrast to GDP as federal dollars have flooded into many Florida households. For example, in the first quarter of 2021, Florida's personal income growth shot up 61.9 percent largely due to the two most recent federal stimulus and relief programs converging in the quarter. Once the federal support measures expire, the state's personal income will recede at an annualized 24.7 percent in the second quarter of the 2021 calendar year to produce a final growth rate for the 2020-21 fiscal year of 8.5 percent. The Economic Estimating Conference expects personal income to increase by 1.5 percent in the current year based on the hope that, as furloughed and laid off workers return to their jobs or find new opportunities, wage growth will offset much of the loss of the massive government relief measures. Thereafter, the annual growth rates are expected to remain solidly above 4.0 percent.

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

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

Long-term Financial Planning

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

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

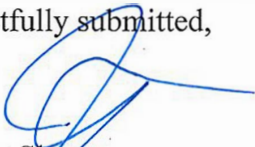
Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Lakes Wales for its comprehensive annual financial report (CAFR) for the fiscal year ending September 30, 2020. In order to be awarded a Certificate of Achievement, the City has to publish an easily readable and efficiently organized CAFR 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 CAFR 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 unfailing 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**

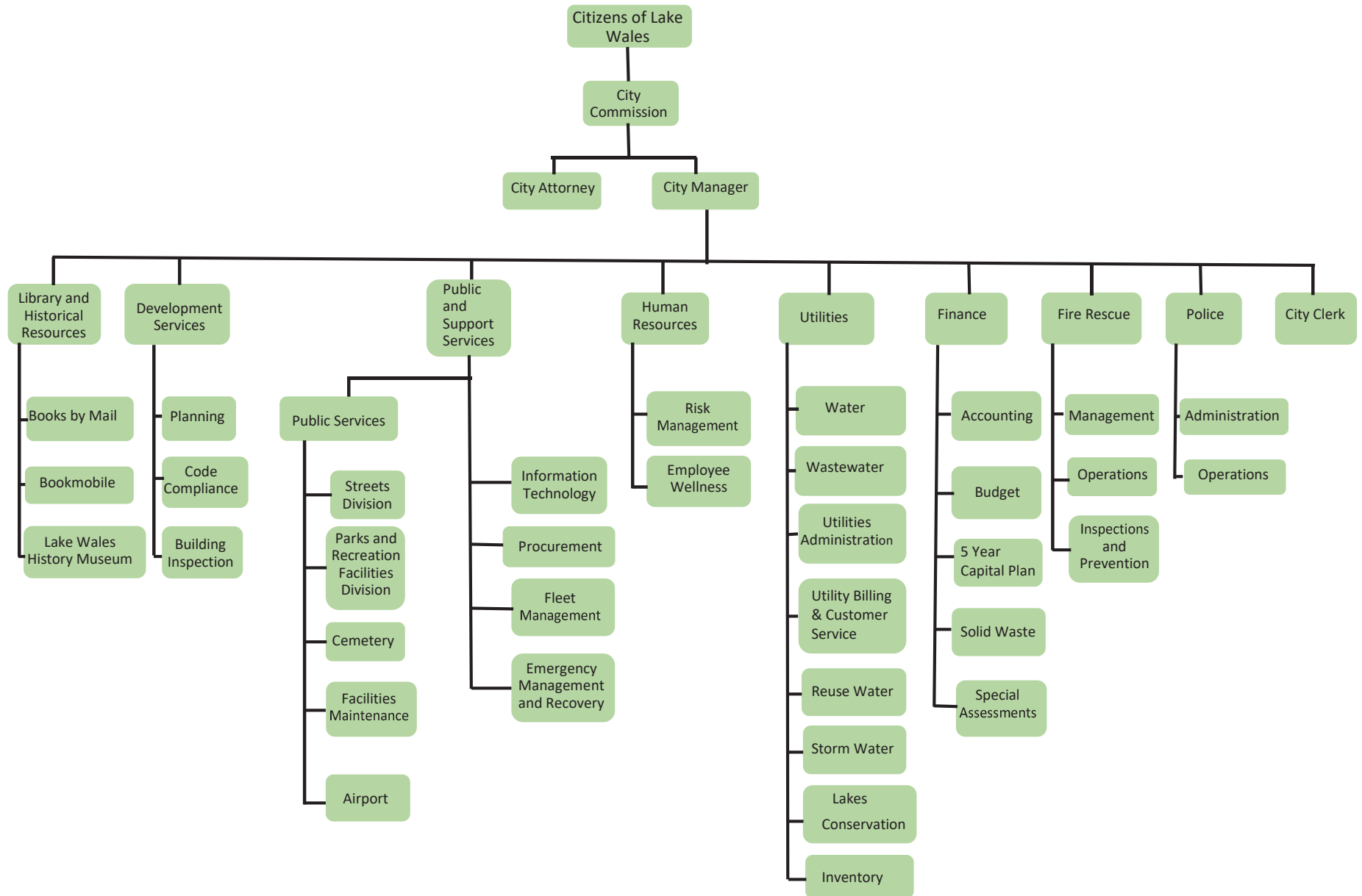
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

Christopher P. Morrell

Executive Director/CEO

City of Lake Wales Organization Chart



City of Lakes Wales, Florida
Principal Officials

Elected Officials

Mayor----- Eugene Fultz
Deputy Mayor ----- Robin Gibson
Commissioner ----- Terrye Howell
Commissioner ----- Daniel Williams
Commissioner ----- Jack Hilligoss

City Officials

City Manager ----- James Slaton
City Attorney ----- Albert C. Galloway, Jr.



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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lake Wales, Florida (the "City"), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lake Wales, Florida, as of September 30, 2021, 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.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and state financial assistance and related notes is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Chapter 10.550, *Rules of the Auditor General*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, schedules and the schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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, schedules and schedule of expenditure of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 23, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Caru, Riggs & Ingram, L.L.C.

Orlando, Florida
March 23, 2022

City of Lake Wales, Florida

Management's Discussion and Analysis September 30, 2021

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, 2021. 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 \$63,736,025 (*net position*). As of September 30, 2021, the City reports an unrestricted net position of \$4,398,781, as compared to \$2,812,070 in the prior year.
- The City's total net position increased by \$3,270,161 during the current year compared to an increase of \$3,635,409 in the prior year. The governmental activities and business-type activities increased their net position by 9% and 4%, respectively.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$10,658,942; an increase of \$1,389,875 for the year. Approximately 37% of total fund balance is *available for spending* at the government's discretion (unassigned) compared to 39% in the prior year.

Overview of the Financial Statements

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

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

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

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

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

City of Lake Wales, Florida

Management's Discussion and Analysis September 30, 2021

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.

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 nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. Two 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

Management's Discussion and Analysis September 30, 2021

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, 2021

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 \$63,736,025 at the close of the most recent fiscal year.

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

City of Lake Wales Net Position						
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 16,092,060	\$ 11,302,235	\$ 12,456,436	\$ 10,637,452	\$ 28,548,496	\$ 21,939,687
Capital assets, net of depreciation	25,008,294	25,736,393	55,436,445	49,852,385	80,444,739	75,588,778
Total assets	41,100,354	37,038,628	67,892,881	60,489,837	108,993,235	97,528,465
Deferred Outflows	4,179,313	3,090,457	336,447	275,512	4,515,760	3,365,969
Current and other liabilities	5,013,820	1,600,896	2,028,172	2,443,532	7,041,992	4,044,428
Long-term liabilities	16,646,838	16,950,591	24,768,019	18,367,022	41,414,857	35,317,613
Total liabilities	21,660,658	18,551,487	26,796,191	20,810,554	48,456,849	39,362,041
Deferred Inflows	1,252,835	1,037,645	63,286	28,884	1,316,121	1,066,529
Net Position:						
Net investment in capital assets	17,626,990	16,815,903	31,790,132	31,675,498	49,417,122	48,491,401
Restricted	5,141,517	4,658,555	4,778,605	4,503,838	9,920,122	9,162,393
Unrestricted	(402,333)	(934,505)	4,801,114	3,746,575	4,398,781	2,812,070
Total net position	\$ 22,366,174	\$ 20,539,953	\$ 41,369,851	\$ 39,925,911	\$ 63,736,025	\$ 60,465,864

By far the largest portion of the City's net position, \$49,417,122 (78%), 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, \$9,920,122 (16%), represents resources that are subject to external restrictions on how they may be used.

At the end of the current fiscal year, the City reported a negative unrestricted net position in the governmental activities of \$402,333 and positive balances in all other categories of net position for both governmental activities and business-type activities.

City of Lake Wales, Florida

Management's Discussion and Analysis September 30, 2021

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

City of Lake Wales Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program Revenues:						
Charges for services	\$ 3,887,592	\$ 4,224,254	\$ 9,962,380	\$ 9,916,608	\$ 13,849,972	\$ 14,140,862
Operating grants and contributions	1,436,108	1,469,900	-	-	1,436,108	1,469,900
Capital grants and contributions	36,197	16,224	721,376	841,151	757,573	857,375
General Revenues:						
Property taxes	6,685,845	6,252,874	-	-	6,685,845	6,252,874
Other taxes	3,396,143	3,333,493	-	-	3,396,143	3,333,493
Franchise fees	1,417,974	1,366,983	-	-	1,417,974	1,366,983
Other	1,990,521	2,202,138	239,973	266,709	2,230,494	2,468,847
Total Revenues	18,850,380	18,865,866	10,923,729	11,024,468	29,774,109	29,890,334
Expenses:						
Governmental Activities:						
General government	1,497,774	1,845,515	-	-	1,497,774	1,845,515
Public safety	9,524,365	9,378,097	-	-	9,524,365	9,378,097
Physical environment	1,300,281	1,333,773	-	-	1,300,281	1,333,773
Transportation	1,782,847	2,052,817	-	-	1,782,847	2,052,817
Economic environment	1,017,460	898,285	-	-	1,017,460	898,285
Human services	10,174	10,174	-	-	10,174	10,174
Culture and recreation	2,952,373	3,125,759	-	-	2,952,373	3,125,759
Interest on long-term debt	315,929	375,441	-	-	315,929	375,441
Business-type Activities:						
Water and sewer utility	-	-	7,581,515	6,811,684	7,581,515	6,811,684
Cemetery	-	-	114,979	129,695	114,979	129,695
Stormwater	-	-	406,251	293,685	406,251	293,685
Total Expenses	18,401,203	19,019,861	8,102,745	7,235,064	26,503,948	26,254,925
Increase (decrease) in net position before transfers	449,177	(153,995)	2,820,984	3,789,404	3,270,161	3,635,409
Transfers	1,377,044	1,205,328	(1,377,044)	(1,205,328)	-	-
Change in net position	1,826,221	1,051,333	1,443,940	2,584,076	3,270,161	3,635,409
Beginning net position	20,539,953	19,488,620	39,925,911	37,341,835	60,465,864	56,830,455
Ending net position	<u>\$ 22,366,174</u>	<u>\$ 20,539,953</u>	<u>\$ 41,369,851</u>	<u>\$ 39,925,911</u>	<u>\$ 63,736,025</u>	<u>\$ 60,465,864</u>

City of Lake Wales, Florida

Management's Discussion and Analysis September 30, 2021

Governmental activities: Governmental activities increased the City's net position by \$1,826,221, as compared to an increase of \$1,051,333 in the prior year. Key elements of changes in results of activities are as follows:

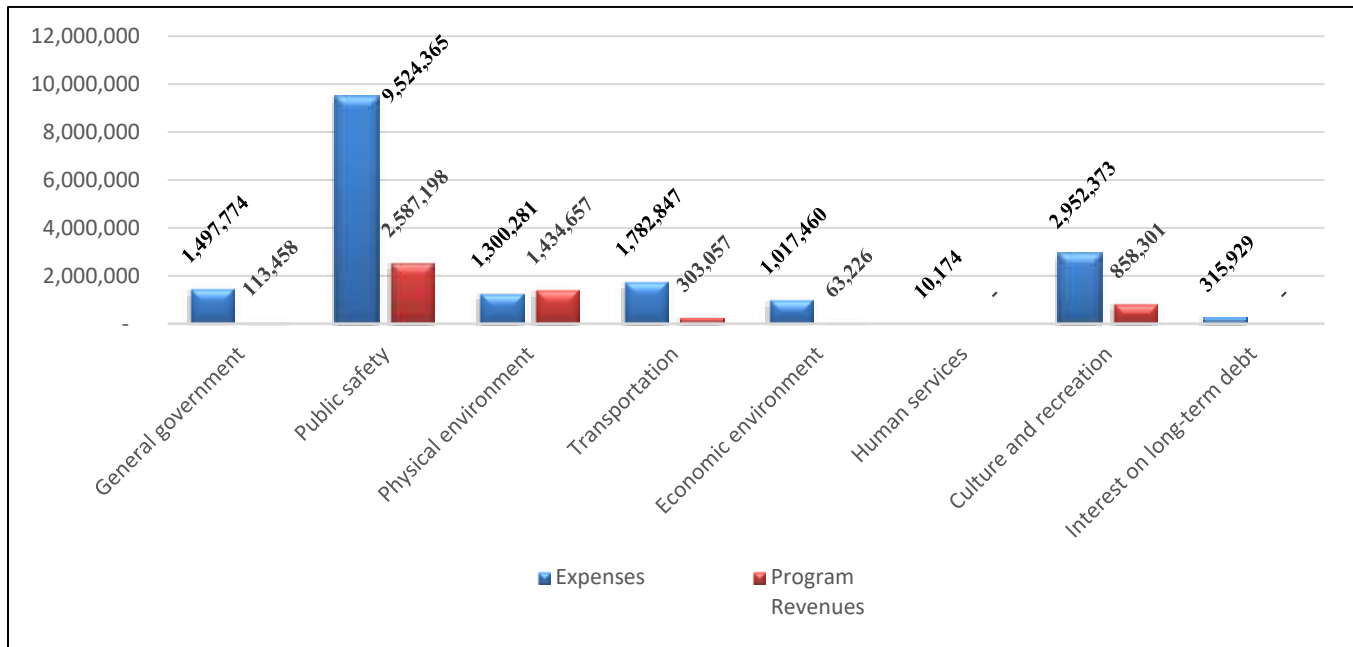
- Charges for services decreased by \$336,662 (8%) from 2020. This change is mainly due to decreased impact fee revenue (\$568,000), which was partially offset by general increases in other City charges for services. Impact fee revenue declined as new construction activity declined compared to the prior year. Other City charges for services increased overall due to increased economic activity within the City.
- Operating grants and contributions decreased by \$33,792 (2%) from 2020, mainly due to decreased Coronavirus Relief Fund grant revenue (\$120,000) reported in 2020 offset by increased donations (\$63,225), library shared revenue (\$75,000) and motor fuel tax (\$24,000). The Coronavirus Relief Fund grant was not expected to recur in 2021 and the other increases noted above are generally due to increased economic activity within the City compared to the prior year.
- Capital grants and contributions increased by \$19,973 (123%) from 2020.
- General revenues increased by \$334,995 (3%) from 2020 mainly due to increased property taxes (\$432,971) increased other tax revenue (\$62,650), increased franchise fee revenue (\$50,991) and decreased miscellaneous revenue (\$211,617). Tax and franchise fee revenue increases are due to increased property values and economic activity within the City. Miscellaneous revenues declined as the City had sold property in the prior year whose gain was included in this revenue group. No such sales took place in the current year.
- General government expenses decreased in 2021 by \$347,741 (19%) mainly due to decreases in personnel costs of \$225,000 (14%) which includes wages, payroll taxes and pension expenses, of this amount, \$103,000 represents decreases in pension expense.
- Public safety expenses increased in 2021 by \$146,268 (2%) mainly due to general cost increases and increased personnel costs of \$75,000 (1%) which includes wages, payroll taxes and pension expenses.
- Transportation expenses in 2021 decreased by \$269,970 (13%) mainly due to a net increase in a diverse variety of expense accounts and a \$208,000 decline in depreciation expense (26%). Depreciation expense declined as transportation infrastructure assets became fully depreciated in the prior year.
- Culture and Recreation expenses decreased in 2021 by \$173,386 (6%) mainly due decreased personnel costs of \$129,000 (9%) which includes wages, payroll taxes and pension expenses. The decreases were mainly driven by lower levels of staffing in the current year compared to the prior year.
- Physical environment expenses in 2021 decreased by \$33,492 (3%) mainly to an overall net increase in a diverse variety of expense accounts.
- Economic environment expenses in 2021 increased by \$119,175 (13%) mainly due to increases in allocated personnel costs of \$157,000 (115%) which includes wages, payroll taxes and pension expenses. These increases were partially offset by decreases in a diverse variety of expense accounts.
- Interest on long term debt decreased by \$59,512 in 2021 due to more of the debt service payments being made being applied to the loan principal.

City of Lake Wales, Florida

Management's Discussion and Analysis
September 30, 2021

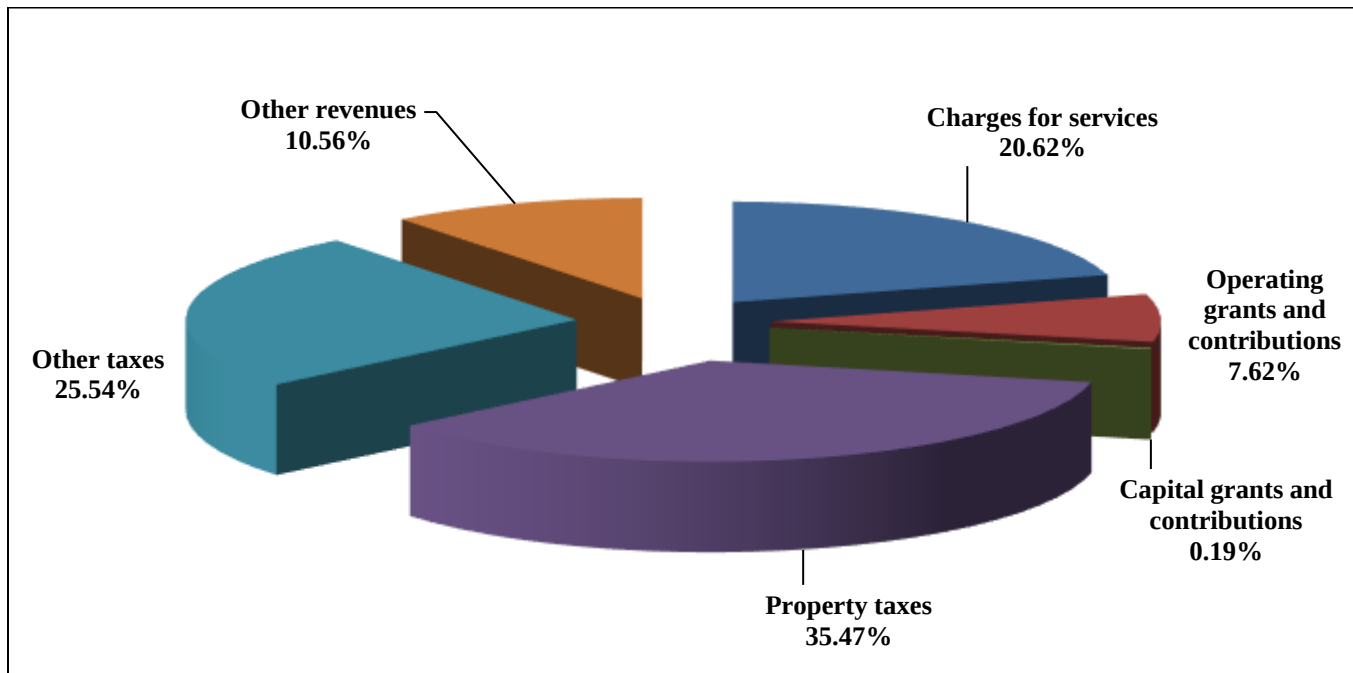
The following chart compares expenses with program revenues for the City's governmental activities:

Expenses and Program Revenues – Governmental Activities



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

Revenues by Source – Governmental Activities



City of Lake Wales, Florida

Management's Discussion and Analysis September 30, 2021

Business-type Activities

Business-type activities increased the City's net position by \$1,443,940 which is \$1,140,136 (44%) worse than the prior year increase in net position. Key elements of this change are as follows:

- Charges for services increased in 2021 by \$45,772 (<1%). This change is mainly due to an increase in water and sewer rates for FY 2021.
- Capital grants and contributions decreased by \$119,775 (14%) due to decreased impact fee revenue (\$169,000) which was partially offset by increased grant revenue (\$49,000).
- Water and sewer expenses increased \$769,831 (11%) mainly due to increased repair and maintenance costs of \$531,000 (68%) caused by a wide ranging series of major repairs and non-capital improvements and also due to increased cost of such repairs and improvements.
- Stormwater expenses increased by \$112,566 (38%) mainly due to increased repair and maintenance costs (\$65,000) and stormwater master plan expenses (\$29,000) that were not incurred in the prior year.
- Lake Wales Memorial Gardens cemetery expenses decreased by \$14,716 (11%) mainly due to increased repair and maintenance costs (\$65,000) and stormwater master plan expenses (\$29,000).
- During 2021, \$1,377,044 was transferred out to the governmental activities, as compared to \$1,205,328 transferred out in the prior year. This is an increase of \$171,716 (14%).

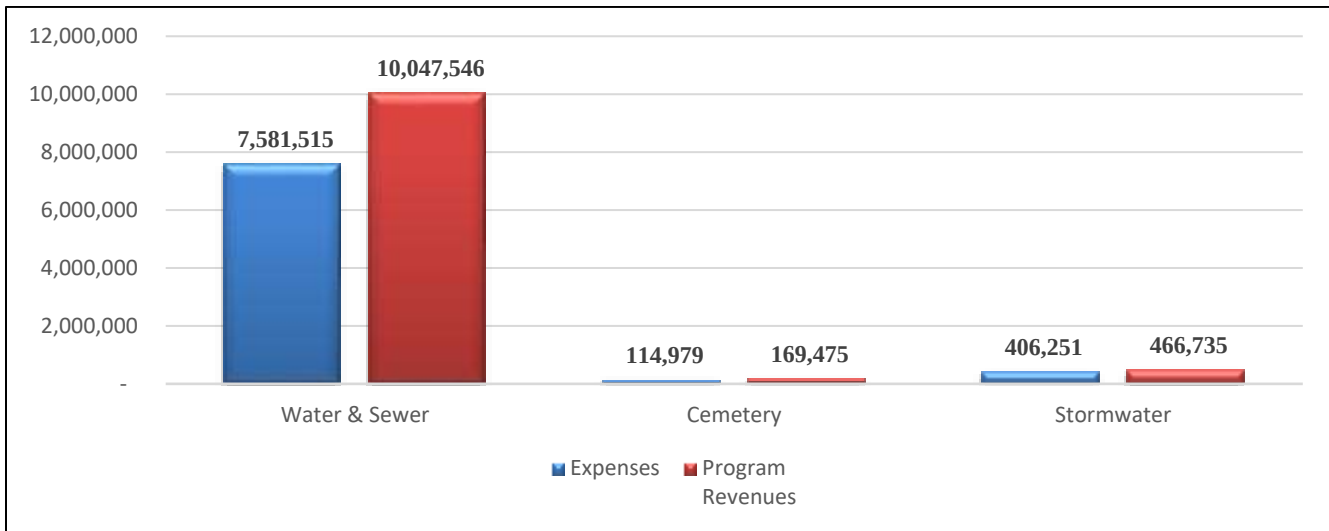
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City of Lake Wales, Florida

Management's Discussion and Analysis
September 30, 2021

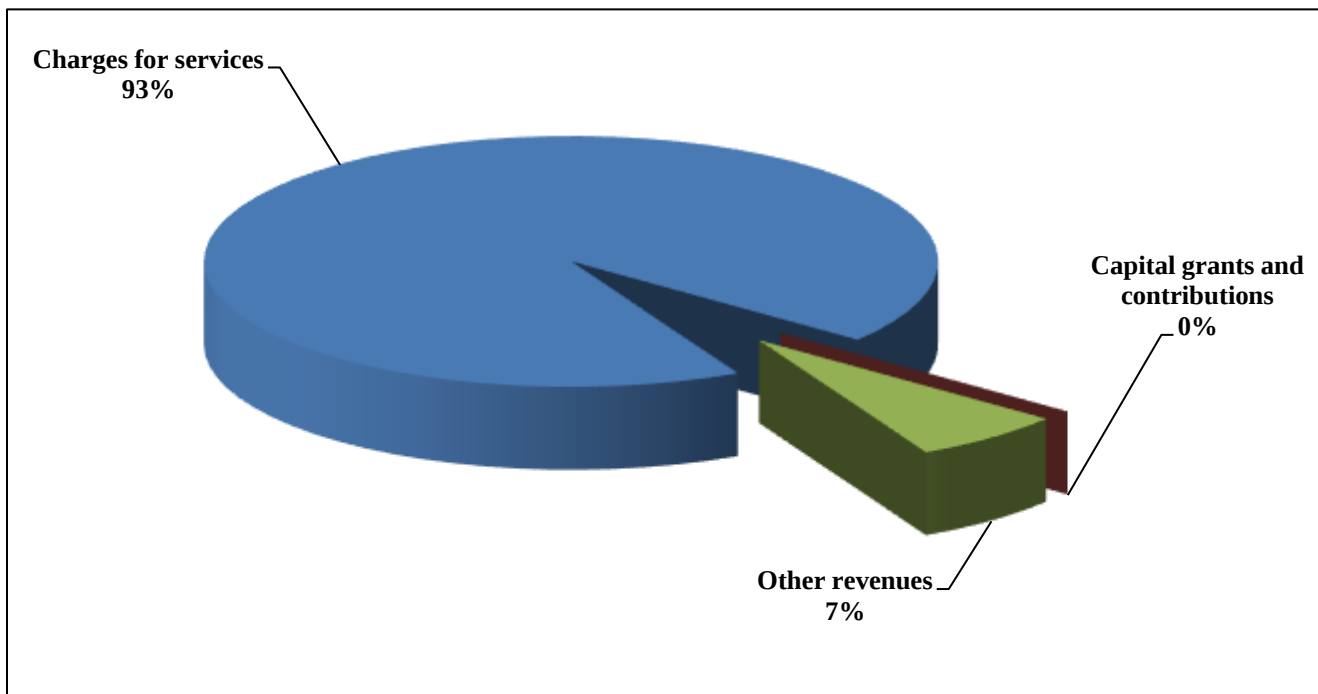
The following chart compares expenses with program revenues for the City's business-type activities:

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 September 30, 2021

Financial Analysis of the Government's Funds

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

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$10,658,942, an increase of \$1,389,875 for the year. Approximately 37% of this amount (\$3,962,637) constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The remainder of the fund balance (\$6,696,305) is classified as non-spendable (\$431,691), restricted (\$5,141,517) and assigned (\$1,123,097).

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

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

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

Fund balance of the City's community redevelopment fund decreased by \$32,848 during the current fiscal year. Revenue and other sources within the CRA (\$2,250,835) exceeded debt service requirements (\$696,134) and operating costs (\$1,587,549).

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 \$4,362,424, an increase of \$615,849 or 16%. As of September 30, 2021, the utility system had \$4,159,454 restricted for capital projects and \$619,151 restricted for debt service. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

City of Lake Wales, Florida

Management's Discussion and Analysis September 30, 2021

General Fund Budgetary Highlights

During the year there was a net \$349,945 increase in general fund expenditure appropriations between the original and final amended budget. This increase was mainly due to the following significant amendments:

- The City Manager department's budgeted expenditures increased by \$86,100 mainly for personnel costs (\$50,000) with the remaining amendment to diverse expenditure accounts because of greater than expected expenditures in these accounts.
- The Planning department's budgeted expenditures increased by \$39,445 mainly for personnel costs (\$10,000), legal advertising (\$15,000) and consulting expenditures (\$7,000) due to increased activity in the planning department.
- The Municipal Building administration's budgeted expenditures increased by \$61,000 mainly due to COVID-19 effects which drove costs over the original budgeted amounts.
- The Police department's budgeted expenditures increased by \$114,000 mainly due to repair and maintenance (\$15,000), software expenditures (\$30,000) and professional services (\$56,000).

During the year there was a net \$1,102,300 increase in general fund revenues between the original and final amended budget. All revenue categories except for investment earnings were increased and these increases were due to greater than anticipated economic activity within the City as well as greater than expected grant revenues.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2021 is \$80,444,739 (net of accumulated depreciation). This investment in capital assets includes land, construction-in-progress, buildings and improvements, machinery and equipment, and infrastructure (roads, right-of-ways, stormwater and utility). The net increase (additions less retirements and depreciation) in the City's investment in capital assets was \$4,855,961, an increase of 6%. This consisted of a 3% decrease for governmental activities and a 11% increase for business-type activities.

Information on the City's capital assets is summarized in the following table.

Capital Asset Activity, net of accumulated depreciation as of September 30,

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 4,779,181	\$ 4,768,631	\$ 850,497	\$ 850,497	\$ 5,629,678	\$ 5,619,128
Construction in progress	422,335	1,004,650	327,971	9,828,791	750,306	10,833,441
Buildings	15,676,809	15,419,170	6,370,870	1,178,422	22,047,679	16,597,592
Improvements other than buildings	9,133,146	7,878,782	69,344,920	57,796,454	78,478,066	65,675,236
Machinery & equipment	16,139,180	15,911,582	6,992,137	6,852,121	23,131,317	22,763,703
Infrastructure	20,732,150	20,732,150	-	-	20,732,150	20,732,150
Total	66,882,801	65,714,965	83,886,395	76,506,285	150,769,196	142,221,250
Less: accumulated depreciation	(41,874,507)	(39,978,572)	(28,449,950)	(26,653,900)	(70,324,457)	(66,632,472)
Capital assets, net	\$ 25,008,294	\$ 25,736,393	\$ 55,436,445	\$ 49,852,385	\$ 80,444,739	\$ 75,588,778

Additional information on the City's capital assets can be found in note C on pages 49-50 of this report.

City of Lake Wales, Florida

Management's Discussion and Analysis September 30, 2021

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

Governmental Activities:

- Air conditioning unit - \$12,300
- Air conditioning unit - \$16,100
- Air conditioning unit - \$3,000
- Air conditioning unit - \$4,000
- CRA Master Plan - \$91,785
- CWIP – Downtown Improvements Plan - \$0 - (total capitalized costs - \$105,068)
- CWIP – Grove Manor design - \$12,680 (total capitalized costs - \$12,680)
- CWIP - Lake Wales connector trail - \$105,068 (total capitalized costs - \$105,068)
- CWIP – Recreation master plan - \$121,989 (total capitalized costs - \$143,316)
- Database backup - \$13,877
- First Street design - \$203,289
- Freight station rehabilitation costs - \$55,498
- Lake Wales connected design - \$6,408
- Land - \$10,550
- Library books - \$67,165
- Miscellaneous designs - \$5,325
- NW Sidewalk design - \$25,265
- Park Avenue design - \$254,444
- Playground equipment - \$1,256
- Police department firing range improvements - \$8,901
- Police interceptor - \$53,900
- Radar speed trailer - \$34,624
- Radar unit - \$4,735
- Roof replacement - \$10,168
- S. Market Plaza design - \$107,802
- Traffic calming design - \$2,590
- Walking Trail phases I & II - \$503,350
- YMCA rehabilitation costs - \$423,178

Business-Type Activities

- 2020 Ford F350 crane truck - \$70,037
- Air conditioning unit - \$3,100
- CWIP - NW water main - \$175,970 (total capitalized costs - \$175,970)
- Drying bed replacement - \$36,750
- Galvanized pipe replacement - \$1,420,469
- Generator - \$32,882
- Generator - \$33,997
- Ground storage tank - \$1,424,251
- Hwy 60 expansion - \$8,391,391
- Infiltration and Intrusion Study - \$122,645
- Lift station rehabilitation - \$12,900
- New service meters - \$51,801
- Park Water Company water system - \$5,192,448
- Reuse upgrades - \$137,758

City of Lake Wales, Florida

Management's Discussion and Analysis September 30, 2021

- Sewer master plan - \$12,850
- SR 60 interchange relocation - \$930,855
- SR 60 W expansion - \$483,621
- Wastewater system improvements - \$68,466
- Water master plan - \$101,910
- Water system modeling - \$86,694

Debt. At the end of the current fiscal year the City had total debt outstanding of \$31,027,617, including the addition of \$7,553,187 in notes payable during fiscal year 2021 to fund construction projects and \$70,037 of additions to lease obligations to purchase vehicles and equipment. The debt obligations are secured by the equipment acquired, a covenant to budget, or a pledge of revenue sources.

City of Lake Wales Outstanding Debt as of September 30,

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Notes payable	\$ 5,702,641	\$ 6,341,964	\$ 23,449,577	\$ 17,111,146	\$ 29,152,218	\$ 23,453,110
Lease obligations	1,678,663	2,467,855	196,736	238,078	1,875,399	2,705,933
Total debt obligations	<u>\$ 7,381,304</u>	<u>\$ 8,809,819</u>	<u>\$ 23,646,313</u>	<u>\$ 17,349,224</u>	<u>\$ 31,027,617</u>	<u>\$ 26,159,043</u>

Additional information on the City's long-term debt can be found in note G on pages 53-60 of this report.

Economic Factors and Next Year's Budget and Rates

The unemployment rate at the end of fiscal year 2021 for Lakeland/Winter Haven Metro Area was 4.9%. 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. 2021</u>	<u>Previous Year Sept. 2020</u>
Lakeland/Winter Haven Metro Area	4.9%	7.9%
State of Florida	4.8%	7.2%
United States	4.7%	7.9%

*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 7.58% from 2020 to 2021.

The City's population increased from 16,062 in 2020 to 17,001 in 2021, a 6% increase.

All of these factors were considered in preparing the City of Lake Wales's budget for the 2021'22 fiscal year.

Requests for Information

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



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City of Lake Wales, Florida

Statement of Net Position

September 30, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Airport Authority
Assets				
Cash and cash equivalents	\$ 12,245,446	\$ 4,365,557	\$ 16,611,003	\$ 159,292
Receivable, net	584,709	1,485,695	2,070,404	6,232
Due from component unit	478,328	-	478,328	-
Intergovernmental receivables	446,199	-	446,199	-
Restricted assets:				
Cash and cash equivalents	1,359,437	5,226,105	6,585,542	295,711
Investments	-	1,052,108	1,052,108	-
Inventories	146,633	320,295	466,928	18,141
Note receivable	546,250	-	546,250	-
Prepaid items	285,058	6,676	291,734	-
Capital assets:				
Nondepreciable	5,201,516	1,178,468	6,379,984	1,771,378
Depreciable, net	19,806,778	54,257,977	74,064,755	15,205,179
Total assets	41,100,354	67,892,881	108,993,235	17,455,933
Deferred outflows of resources				
Deferred outflows related to OPEB	181,584	41,987	223,571	-
Deferred outflows related to pensions	3,997,729	294,460	4,292,189	-
Total deferred outflows of resources	4,179,313	336,447	4,515,760	-
Liabilities				
Accounts payable	355,958	273,496	629,454	28,881
Accrued liabilities	286,272	57,891	344,163	3,889
Accrued interest	126,952	178,218	305,170	11,607
Due to primary government	-	-	-	478,328
Deposits	543	1,326,567	1,327,110	5,322
Unearned revenues	4,244,095	192,000	4,436,095	-
Noncurrent liabilities:				
Due within one year	1,466,360	1,552,943	3,019,303	106,480
Due in more than one year	15,180,478	23,215,076	38,395,554	1,573,037
Total liabilities	21,660,658	26,796,191	48,456,849	2,207,544
Deferred inflows of resources				
Deferred inflows related to OPEB	15,697	3,630	19,327	-
Deferred inflows related to pensions	1,237,138	59,656	1,296,794	-
Total deferred inflows of resources	1,252,835	63,286	1,316,121	-
Net position				
Net investment in capital assets	17,626,990	31,790,132	49,417,122	15,494,868
Restricted for:				
Law enforcement	39,328	-	39,328	-
Library	469,993	-	469,993	-
Transportation	525,572	-	525,572	-
Community redevelopment	2,719,871	-	2,719,871	-
Street lighting	3,561	-	3,561	-
Debt service	469,967	619,151	1,089,118	88,893
Capital projects	913,225	4,159,454	5,072,679	-
Unrestricted (deficit)	(402,333)	4,801,114	4,398,781	(335,372)
Total net position	\$ 22,366,174	\$ 41,369,851	\$ 63,736,025	\$ 15,248,389

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

City of Lake Wales, Florida
Statement of Activities
For the Year Ending September 30, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges For	Operating	Capital
		Services	Grants and	Grants and
			Contributions	Contributions
Primary government:				
Governmental activities:				
General government	\$ 1,497,774	\$ 107,384	\$ 6,074	\$ -
Public safety	9,524,365	2,129,372	422,655	35,171
Physical environment	1,300,281	1,434,657	-	-
Transportation	1,782,847	157,206	145,851	-
Economic environment	1,017,460	-	63,226	-
Human services	10,174	-	-	-
Culture and recreation	2,952,373	58,973	798,302	1,026
Interest on long-term debt	315,929	-	-	-
Total governmental activities	<u>18,401,203</u>	<u>3,887,592</u>	<u>1,436,108</u>	<u>36,197</u>
Business-type activities:				
Water and sewer utility	7,581,515	9,326,170	-	721,376
Cemetery	114,979	169,475	-	-
Stormwater	406,251	466,735	-	-
Total business-type activities	<u>8,102,745</u>	<u>9,962,380</u>	<u>-</u>	<u>721,376</u>
Total primary government	<u>26,503,948</u>	<u>13,849,972</u>	<u>1,436,108</u>	<u>757,573</u>
Component unit:				
Airport Authority	<u>\$ 1,748,195</u>	<u>\$ 335,961</u>	<u>\$ -</u>	<u>\$ 391,920</u>

General revenues

Taxes:

Property taxes

Franchise fees

Public service taxes

Communication service taxes

Fuel taxes

Local business tax

State and county shared revenues

Investment earnings

Miscellaneous revenues

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning of year

Net position, end of year

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

Net (Expenses) Revenues and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Airport Authority
\$ (1,384,316)	\$ -	\$ (1,384,316)	
(6,937,167)	-	(6,937,167)	
134,376	-	134,376	
(1,479,790)	-	(1,479,790)	
(954,234)	-	(954,234)	
(10,174)	-	(10,174)	
(2,094,072)	-	(2,094,072)	
(315,929)	-	(315,929)	
(13,041,306)	-	(13,041,306)	
-	2,466,031	2,466,031	
-	54,496	54,496	
-	60,484	60,484	
-	2,581,011	2,581,011	
(13,041,306)	2,581,011	(10,460,295)	
			\$ (1,020,314)
6,685,845	-	6,685,845	-
1,417,974	-	1,417,974	-
2,006,417	-	2,006,417	-
467,111	-	467,111	-
858,170	-	858,170	-
64,445	-	64,445	-
1,801,151	-	1,801,151	-
16,553	18,724	35,277	557
172,817	221,249	394,066	-
1,377,044	(1,377,044)	-	-
14,867,527	(1,137,071)	13,730,456	557
1,826,221	1,443,940	3,270,161	(1,019,757)
20,539,953	39,925,911	60,465,864	16,268,146
\$ 22,366,174	\$ 41,369,851	\$ 63,736,025	\$ 15,248,389

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

City of Lake Wales, Florida

Balance Sheet - All Governmental Funds

September 30, 2021

	General	Community Redevelopment	Other Governmental Funds	Total
Assets				
Cash and cash equivalents	\$ 4,213,517	\$ 2,768,301	\$ 5,263,628	\$ 12,245,446
Receivable, net	584,457	252	-	584,709
Due from other funds	118,605	-	-	118,605
Due from component unit	478,328	-	-	478,328
Inventories	146,633	-	-	146,633
Intergovernmental receivables	294,923	-	151,276	446,199
Restricted cash and cash equivalents:				
Impact fees	-	-	1,359,437	1,359,437
Note receivable	-	546,250	-	546,250
Prepaid items	208,541	-	76,517	285,058
Total assets	<u>\$ 6,045,004</u>	<u>\$ 3,314,803</u>	<u>\$ 6,850,858</u>	<u>\$ 16,210,665</u>
Liabilities and fund balances				
Liabilities				
Accounts payable	\$ 309,957	\$ 40,055	\$ 5,946	\$ 355,958
Accrued liabilities	246,434	8,627	31,211	286,272
Due to other funds	-	-	118,605	118,605
Deposits	543	-	-	543
Unearned revenues	47,162	-	4,196,933	4,244,095
Total liabilities	<u>604,096</u>	<u>48,682</u>	<u>4,352,695</u>	<u>5,005,473</u>
Deferred inflows of resources				
Unavailable revenue	-	546,250	-	546,250
Total deferred inflows of resources	<u>-</u>	<u>546,250</u>	<u>-</u>	<u>546,250</u>
Fund balances				
Nonspendable:				
Inventories and prepaid items	355,174	-	76,517	431,691
Restricted for:				
Law enforcement expenditures	-	-	39,328	39,328
Library expenditures	-	-	469,993	469,993
Transportation expenditures	-	-	525,572	525,572
Community redevelopment expenditures	-	2,719,871	-	2,719,871
Street lighting expenditures	-	-	3,561	3,561
Debt service	-	-	469,967	469,967
Capital projects	-	-	913,225	913,225
Assigned for:				
Subsequent years' expenditure	1,123,097	-	-	1,123,097
Unassigned	3,962,637	-	-	3,962,637
Total fund balance	<u>5,440,908</u>	<u>2,719,871</u>	<u>2,498,163</u>	<u>10,658,942</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,045,004</u>	<u>\$ 3,314,803</u>	<u>\$ 6,850,858</u>	<u>\$ 16,210,665</u>

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

City of Lake Wales, Florida

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position September 30, 2021

Total fund balances of governmental funds	\$ 10,658,942
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.	25,008,294
Revenues not received within the "availability" period are deferred at the fund level and recognized in the statement of activities.	546,250
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.	(126,952)
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.	(16,646,838)
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	4,179,313
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	(1,252,835)
Net position of governmental activities	<u>\$ 22,366,174</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, 2021

	General	Community Redevelopment	Other Governmental Funds	Total
Revenues				
Taxes	\$ 5,559,936	\$ 1,072,595	\$ 2,404,315	\$ 9,036,846
Special assessment	-	-	12,053	12,053
Licenses and permits	2,067,400	-	-	2,067,400
Intergovernmental	2,236,321	1,076,189	993,568	4,306,078
Charges for services	3,460,859	-	157,206	3,618,065
Fines and forfeits	109,164	-	6,895	116,059
Investment earnings	15,587	-	2,539	18,126
Impact fees	-	-	120,522	120,522
Miscellaneous	160,417	73,301	12,165	245,883
Total revenues	13,609,684	2,222,085	3,709,263	19,541,032
Expenditures				
Current:				
General government	1,994,654	-	-	1,994,654
Public safety	8,753,149	-	42,273	8,795,422
Physical environment	1,179,378	-	13,075	1,192,453
Transportation	431,276	-	782,536	1,213,812
Economic environment	72,917	1,587,549	-	1,660,466
Human services	40,000	-	-	40,000
Culture and recreation	1,659,806	-	1,050,595	2,710,401
Debt Service:				
Principal	-	-	1,428,515	1,428,515
Interest and fiscal charges	-	-	331,703	331,703
Capital outlay	-	-	189,525	189,525
Total expenditures	14,131,180	1,587,549	3,838,222	19,556,951
Excess (deficiency) of revenues over (under) expenditures	(521,496)	634,536	(128,959)	(15,919)
Other financing sources (uses)				
Transfers in	1,499,000	-	726,134	2,225,134
Transfers out	(121,956)	(696,134)	(30,000)	(848,090)
Sale of capital assets	-	28,750	-	28,750
Total other financing (uses) sources	1,377,044	(667,384)	696,134	1,405,794
Net change in fund balances	855,548	(32,848)	567,175	1,389,875
Fund balances, beginning of year	4,585,360	2,752,719	1,930,988	9,269,067
Fund balances, end of year	\$ 5,440,908	\$ 2,719,871	\$ 2,498,163	\$ 10,658,942

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, 2021

Net change in fund balances of the governmental funds		\$ 1,389,875
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is depreciated over their estimated useful lives.		
Capital asset additions	\$ 2,159,247	
Capital asset disposals	(991,411)	
Depreciation expense	<u>(1,895,935)</u>	(728,099)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but are instead deferred. This item represents the change caused by the "available" revenue recognition criteria.		(28,750)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes resources of the governmental funds. Neither transaction, however, has any effect on the change in net position.		
Principal paid	<u>1,428,515</u>	1,428,515
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	70,537	
(Increase) in interest accrued on bonds	<u>15,776</u>	86,313
Pension expense is reported in the statement of activities which differs from pension expenditures as reported in governmental funds:		
Increase in deferred outflows related to pensions	1,053,341	
(Increase) in deferred inflows related to pensions	(221,698)	
(Increase) in the net pension liability	<u>(1,101,434)</u>	(269,791)
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	35,515	
(Increase) in deferred inflows related to OPEB	6,508	
(Increase) decrease in the total OPEB liability	<u>(93,865)</u>	(51,842)
Change in net position of governmental activities		\$ <u>1,826,221</u>

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, 2021

	Business-type Activities - Enterprise Funds		
	Public Utilities Fund	Nonmajor Enterprise Funds	Total Enterprise Funds
Assets			
Current assets			
Cash and cash equivalents	\$ 3,890,268	\$ 475,289	\$ 4,365,557
Receivables, net	1,433,175	52,520	1,485,695
Restricted cash, cash equivalents and investments:			
Debt reserve accounts	165,852	-	165,852
Escrow - C street project	8,610	-	8,610
Impact fees	3,725,076	-	3,725,076
Customer deposits	1,326,567	-	1,326,567
Debt reserve accounts - investment	626,340	-	626,340
Impact fees - investment	425,768	-	425,768
Inventories	320,295	-	320,295
Due from other funds	55,000	-	55,000
Prepaid items	6,676	-	6,676
Total current assets	<u>11,983,627</u>	<u>527,809</u>	<u>12,511,436</u>
Noncurrent assets			
Capital assets:			
Nondepreciable	973,899	204,569	1,178,468
Depreciable, net	<u>53,821,887</u>	<u>436,090</u>	<u>54,257,977</u>
Total noncurrent assets	<u>54,795,786</u>	<u>640,659</u>	<u>55,436,445</u>
Total assets	<u>66,779,413</u>	<u>1,168,468</u>	<u>67,947,881</u>
Deferred outflows of resources			
Deferred outflows related to OPEB	41,987	-	41,987
Deferred outflows related to pensions	<u>294,460</u>	<u>-</u>	<u>294,460</u>
Total deferred outflows of resources	<u>336,447</u>	<u>-</u>	<u>336,447</u>
Total assets and deferred outflows of resources	<u>\$ 67,115,860</u>	<u>\$ 1,168,468</u>	<u>\$ 68,284,328</u>

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, 2021 (Concluded)

	Business-type Activities - Enterprise Funds		
	Public Utilities Fund	Nonmajor Enterprise Funds	Total Enterprise Funds
Liabilities			
Current liabilities			
Accounts payable	\$ 244,554	\$ 28,942	\$ 273,496
Accrued liabilities	57,891	-	57,891
Accrued interest	173,041	5,177	178,218
Due to other funds	-	55,000	55,000
Customer deposits	1,326,567	-	1,326,567
Unearned revenues	192,000	-	192,000
Accrued compensated absences	17,774	-	17,774
Current portion of long-term debt	1,500,198	34,971	1,535,169
Total current liabilities	3,512,025	124,090	3,636,115
Noncurrent liabilities			
Notes and lease obligations payable - noncurrent	21,821,117	290,027	22,111,144
Accrued compensated absences	159,968	-	159,968
Total OPEB liability	126,369	-	126,369
Net pension liability	480,160	-	480,160
Joint venture loan guarantee	337,435	-	337,435
Total noncurrent liabilities	22,925,049	290,027	23,215,076
Total liabilities	26,437,074	414,117	26,851,191
Deferred inflows of resources			
Deferred inflows related to OPEB	3,630	-	3,630
Deferred inflows related to pensions	59,656	-	59,656
Total deferred inflows of resources	63,286	-	63,286
Net position			
Net investment in capital assets	31,474,471	315,661	31,790,132
Restricted for capital projects	4,159,454	-	4,159,454
Restricted for debt service	619,151	-	619,151
Unrestricted	4,362,424	438,690	4,801,114
Total net position	\$ 40,615,500	\$ 754,351	\$ 41,369,851

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, 2021

	Business-type Activities - Enterprise Funds		
	Public Utilities Fund	Nonmajor Enterprise Funds	Total Enterprise Funds
Operating revenues:			
Charges for services	\$ 9,326,170	\$ 636,210	\$ 9,962,380
Other income	221,249	-	221,249
Total operating revenues	9,547,419	636,210	10,183,629
Operating expenses:			
Personnel services	2,055,400	-	2,055,400
Contractual services	325,103	57,608	382,711
Repairs and maintenance	1,314,824	93,803	1,408,627
Materials and supplies	283,465	-	283,465
General and administrative	1,423,282	314,925	1,738,207
Depreciation	1,752,585	43,465	1,796,050
Total operating expenses	7,154,659	509,801	7,664,460
Operating income (loss)	2,392,760	126,409	2,519,169
Nonoperating revenues (expenses)			
Interest income	18,369	355	18,724
Interest expense and fiscal charges	(365,077)	(11,429)	(376,506)
Other nonoperating expense	(46,519)	-	(46,519)
Gain (loss) on sale of capital assets	(15,260)	-	(15,260)
Total nonoperating revenues (expenses)	(408,487)	(11,074)	(419,561)
Income (loss) before contributions and transfers	1,984,273	115,335	2,099,608
Capital contributions			
Grants	405,864	-	405,864
Impact fees	315,512	-	315,512
Total capital contributions	721,376	-	721,376
Transfers			
Transfers in	-	121,956	121,956
Transfers out	(1,499,000)	-	(1,499,000)
Total transfers	(1,499,000)	121,956	(1,377,044)
Change in net position	1,206,649	237,291	1,443,940
Net position, beginning of year	39,408,851	517,060	39,925,911
Net position, end of year	\$ 40,615,500	\$ 754,351	\$ 41,369,851

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, 2021

	Business-type Activities - Enterprise Funds		
	Public Utilities Fund	Nonmajor Enterprise Funds	Total Enterprise Funds
Cash flows from operating activities			
Cash received from customers	\$ 10,273,633	\$ 642,928	\$ 10,916,561
Cash payments to suppliers for goods and services	(3,060,921)	(442,177)	(3,503,098)
Cash payments for employee services	(2,011,694)	-	(2,011,694)
Net cash provided by operating activities	5,201,018	200,751	5,401,769
Cash flows from noncapital financing activities			
Loans (to) from other funds	95,604	(95,604)	-
Transfer to (from) other funds	(1,499,000)	121,956	(1,377,044)
Net cash used in noncapital financing activities	(1,403,396)	26,352	(1,377,044)
Cash flows from capital and related financing activities			
Acquisition and construction of capital assets	(8,207,773)	-	(8,207,773)
Impact fees	315,512	-	315,512
Capital grants	405,864	-	405,864
Debt issuance proceeds	7,623,224	-	7,623,224
Principal payments on long-term debt	(1,281,835)	(44,299)	(1,326,134)
Interest paid	(305,578)	(12,334)	(317,912)
Proceeds from sale of equipment	(15,260)	-	(15,260)
Net cash used in capital and related financing activities	(1,465,846)	(56,633)	(1,522,479)
Cash flows from investing activities			
Purchase of investments	(10,623)	-	(10,623)
Interest income	18,369	355	18,724
Net cash provided by investing activities	7,746	355	8,101
Net increase in cash and cash equivalents	2,339,522	170,825	2,510,347
Cash and cash equivalents, beginning of year	6,776,851	304,464	7,081,315
Cash and cash equivalents, end of year	<u>\$ 9,116,373</u>	<u>\$ 475,289</u>	<u>\$ 9,591,662</u>

continued...

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

City of Lake Wales, Florida
Statement of Cash Flows - Proprietary Funds
For the Year Ended September 30, 2021
(Concluded)

	Public Utilities Fund	Nonmajor Enterprise Funds	Total Enterprise Funds
Reconciliation of cash and cash equivalents to statement of net position:			
Cash and cash equivalents	\$ 3,890,268	\$ 475,289	\$ 4,365,557
Restricted cash and cash equivalents	5,226,105	-	5,226,105
Cash and cash equivalents, end of year	<u>\$ 9,116,373</u>	<u>\$ 475,289</u>	<u>\$ 9,591,662</u>
Reconciliation of operating income to net cash provided by operating activities			
Operating income (loss)	\$ 2,392,760	\$ 126,409	\$ 2,519,169
Adjustments to reconcile operating income to cash provided by operating activities:			
Depreciation	1,752,585	43,465	1,796,050
(Increase) decrease in assets and deferred outflows:			
Accounts receivable	485,319	6,718	492,037
Inventories	212,706	-	212,706
Prepaid	(2,757)	-	(2,757)
Deferred outflows related to pensions	(51,360)	-	(51,360)
Deferred outflows related to OPEB	(9,575)	-	(9,575)
Increase (decrease) in liabilities and deferred inflows:			
Accounts payable	75,804	24,159	99,963
Accrued liabilities	12,851	-	12,851
Customer deposits	241,666	-	241,666
Unearned revenue	(771)	-	(771)
Compensated absences	10,582	-	10,582
Total OPEB liability	21,705	-	21,705
Net pension liability	25,101	-	25,101
Deferred inflows related to OPEB	(1,297)	-	(1,297)
Deferred inflows related to pensions	35,699	-	35,699
Net cash provided by operating activities	<u>\$ 5,201,018</u>	<u>\$ 200,751</u>	<u>\$ 5,401,769</u>
Schedule of non-cash capital and related financing activities			
None	\$ -	\$ -	\$ -

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, 2021

	Pension Trust Funds	Custodial Fund
Assets		
Cash and cash equivalent	\$ -	\$ 53,210
Investments, at fair value:		
Money market funds	1,900,437	-
Government bonds	248,664	-
Government assets backed/CMO securities	6,197,570	-
Taxable municipal bonds	766,769	-
Foreign bonds	226,166	-
Corporate bonds and notes	2,943,741	-
Common and preferred stock	29,262,558	-
Real estate investment fund	2,436,370	-
Total investments	<u>43,982,275</u>	<u>-</u>
Receivable (net):		
Interest and dividends	79,027	-
Due from Others	8,248	-
Total receivable	<u>87,275</u>	<u>-</u>
Total assets	<u>44,069,550</u>	<u>53,210</u>
Liabilities		
Accounts payable	26,302	-
Due to other governments	-	53,210
Total liabilities	<u>26,302</u>	<u>53,210</u>
Net position		
Net position restricted for pension benefits	<u>\$ 44,043,248</u>	<u>\$ -</u>

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

City of Lake Wales, Florida

Statement of Changes in Fiduciary Net Position - Fiduciary Funds For the Year Ended September 30, 2021

	Pension Trust Funds	Custodial Fund
Additions		
Contributions:		
Employer	\$ 1,173,404	\$ -
State of Florida	245,759	-
Employee	433,390	-
Fees collected on behalf of other governments	-	1,979,540
Total contributions	1,852,553	1,979,540
Interest and dividends	794,573	-
Net decrease in the fair value of investments	6,917,857	-
Investment gain	7,712,430	-
Investment expense	(211,253)	-
Investment gain, less investment expense	7,501,177	-
Total additions	9,353,730	1,979,540
Deductions		
Benefit payments, including refunds of employee contributions	2,287,559	-
Administration	178,076	-
Remittance of fees to other governments	-	1,979,540
Total deductions	2,465,635	1,979,540
Change in net position	6,888,095	-
Total net position - beginning of year	37,155,153	-
Total net position - end of year	\$ 44,043,248	\$ -

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

City of Lake Wales, Florida

Notes to the Financial Statements September 30, 2021

I. Summary of significant accounting policies

A. Reporting entity

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

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

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

- The Lake Wales Community Redevelopment Agency (CRA) was created pursuant to Chapter 163, Florida Statutes, and is governed by Sections 2-71 through 2-74 of the City Code of Ordinances. In accordance with Section 2-72, the City Commission serves as the CRA governing board. In addition, the City and CRA have the same management team. In evaluating this potential component unit, it was determined that the CRA is a separate legal entity but should be treated as a blended component unit and included as part of the primary government for reporting purposes. The CRA is presented in the financial statements of the City as a special revenue fund and issued separate stand-alone audited financial statements for fiscal year ending September 30, 2021.
- The Lake Wales Library Board (Library Board) was created pursuant to Chapter 57-1488, Laws of Florida, and is governed by Section 2-116 of the Code of Ordinances. The City Commission appoints the Board of Directors. Chapter 57-1488, Laws of Florida, authorizes the City Commission to levy up to one mil in property taxes to establish, maintain, and operate a public municipal library. The City Commission approves the Library Board's budget, levies the ad valorem property tax for the library operations, and appoints the Library Board of Directors. In evaluating this potential component unit, it was determined that the Library Board is a separate legal entity but should be treated as a blended component unit and included as part of the primary government for reporting purposes. Accordingly, the Library Board's operations are reported in a non-major special revenue fund and its capital assets are included under governmental activities in the statement of net position.

City of Lake Wales, Florida

Notes to the Financial Statements September 30, 2021

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

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

The Airport Authority meets the criteria provided by Florida Statute 189-403(2) of a dependent special district of the City of Lake Wales. Florida Statute 218.39(3) provides that a dependent special district may make provision for an annual financial audit by being included within the audit of another local governmental entity upon which it is dependent. The Airport Authority and the City of Lake Wales have made this election. The Lake Wales Airport Authority did not issue separate audited financial statements for fiscal year ending September 30, 2021.

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

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

B. Government-wide and fund financial statements

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

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

City of Lake Wales, Florida

Notes to the Financial Statements

September 30, 2021

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

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

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

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

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

The City reports the following major governmental funds:

- **General Fund** - is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- **Community Redevelopment Fund** – accounts for revenues derived from the tax increment funds collected in the City-wide community redevelopment area.

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, 2021

Additionally, the City reports the following fund types:

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

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

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

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

City of Lake Wales, Florida

Notes to the Financial Statements September 30, 2021

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, 2021

2. *Receivables*

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

3. *Inventories and prepaid items*

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

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

4. *Restricted assets*

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

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

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

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

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

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

5. *Interest Costs*

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

City of Lake Wales, Florida

Notes to the Financial Statements September 30, 2021

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

City of Lake Wales, Florida

Notes to the Financial Statements September 30, 2021

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 position 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 position 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.

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.

City of Lake Wales, Florida

Notes to the Financial Statements September 30, 2021

10. 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.

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.

City of Lake Wales, Florida

Notes to the Financial Statements

September 30, 2021

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, 2021

11. 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, 2021, are unbilled amounts totaling \$694,193 (\$558,914 enterprise funds and \$135,279 general fund).

12. 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 2021 fiscal year was 6.7974 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.

13. 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.

14. Change in Accounting Principle

During the fiscal year ended September 30, 2021, the City implemented the provisions of GASB Statement No. 84 – Fiduciary Activities. This Statement establishes new criteria for identifying fiduciary activities which, when met, require that the activities be reported in a fiduciary fund in the basic financial statements. A statement of fiduciary net position and a statement of changes in fiduciary net position are required to be presented for these activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds (formerly agency funds). Implementation of this Statement did not require a restatement of net position or fund balance but resulted in the creation of a custodial fund to account for fees collected on behalf of other governments. See Note I.C for more information about the City's fund structure.

City of Lake Wales, Florida

Notes to the Financial Statements September 30, 2021

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, 2021

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, 2021, the carrying amount of cash on hand and on deposit with banks, including interest-bearing deposits was \$23,196,545, and the related bank balance was \$23,835,754.

Investments – City

On September 30, 2021, the carrying amount of investments was \$1,052,108. The investments consisted of nonparticipating certificates of deposit and are presented at amortized cost. The City seeks to optimize return on investments within the constraints of safety and liquidity.

Investments – Pension Funds

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

On September 30, 2021, pension trust funds' investments are valued at fair value, with the exception of money market mutual funds, which are presented at amortized cost, which approximates fair value.

City of Lake Wales, Florida

Notes to the Financial Statements September 30, 2021

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, 2021, based on measurement criteria as specified:

General Employees' Pension Trust Fund:

	September 30, 2021	Level 1	Level 2	Amortized Cost
Investments at fair value				
Money market mutual funds	\$ 559,500	\$ -	\$ -	\$ 559,500
Government bonds	61,670	39,520	22,150	-
Government asset-backed/ CMO securities	2,240,013	-	2,240,013	-
Taxable municipal bonds	274,331	-	274,331	-
Foreign bonds	121,583	-	121,583	-
Corporate bonds and notes	1,217,627	86,538	1,131,089	-
Common and preferred stock	9,462,436	8,576,564	885,872	-
Total investments measured at fair value	<u>\$ 13,937,160</u>	<u>\$ 8,702,622</u>	<u>\$ 4,675,038</u>	<u>\$ 559,500</u>

Firefighters' Pension Trust Fund:

	September 30, 2021	Level 1	Level 2	Amortized Cost
Investments at fair value				
Money market mutual funds	\$ 682,946	\$ -	\$ -	\$ 682,946
Government bonds	60,465	46,021	14,444	-
Government asset-backed/ CMO securities	1,278,485	-	1,278,485	-
Taxable municipal bonds	189,666	-	189,666	-
Foreign bonds	38,345	-	38,345	-
Corporate bonds and notes	715,159	48,077	667,082	-
Common and preferred stock	7,328,981	6,701,676	627,305	-
Total investments measured at fair value	<u>10,294,047</u>	<u>\$ 6,795,774</u>	<u>\$ 2,815,327</u>	<u>\$ 682,946</u>
Investments measured at net asset value (NAV)				
Real estate investment fund	885,953			
Total investments	<u>\$ 11,180,000</u>			

City of Lake Wales, Florida

Notes to the Financial Statements September 30, 2021

Police Officers' Pension Trust Fund:

	September 30, 2021	Level 1	Level 2	Amortized Cost
Investments at fair value				
Money market mutual funds	\$ 657,991	\$ -	\$ -	\$ 657,991
Government bonds	126,529	102,437	24,092	-
Government asset-backed/ CMO securities	2,679,072	-	2,679,072	-
Taxable municipal bonds	302,772	-	302,772	-
Foreign bonds	66,238	-	66,238	-
Corporate bonds and notes	1,010,955	123,397	887,558	-
Common and preferred stock	12,471,141	11,221,046	1,250,095	-
Total investments measured at fair value	17,314,698	\$ 11,446,880	\$ 5,209,827	\$ 657,991
Investments measured at net asset value (NAV)				
Real estate investment fund	1,550,417			
Total investments	\$ 18,865,115			

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:

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

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

City of Lake Wales, Florida

Notes to the Financial Statements September 30, 2021

Credit ratings and maturities of investments in pension trust funds on September 30, 2021, are presented below:

General Employees' Pension Trust Fund:

Investment Type	Credit Rating (S&P's)	Fair Value/ Amortized Cost	Less Than 6 Months	6-12 Months	1-3 Years	Over 3 Years
Money Market Funds	N/R	\$ 559,500	\$ 559,500	\$ -	\$ -	\$ -
Corporate Bonds	*	1,217,627	-	68,267	151,517	997,843
Government Bonds	AA+	61,670	-	-	-	61,670
Government asset-backed/CMO Sec.	AA+	2,240,013	-	-	21,149	2,218,864
Foreign Bonds		121,583	-	-	-	121,583
Taxable Municipal Bonds	*	274,331	-	36,290	51,538	186,503
Equities	N/R	9,462,436	N/A	N/A	N/A	N/A
Total Fair Value		\$ 13,937,160	\$ 559,500	\$ 104,557	\$ 224,204	\$ 3,586,463

Firefighters' Pension Trust Fund:

Investment Type	Credit Rating (Moody)	Fair Value/ Amortized Cost	Less Than 6 Months	6-12 Months	1-3 Years	Over 3 Years
Money Market Funds	N/R	\$ 682,946	\$ 682,946	\$ -	\$ -	\$ -
Corporate Bonds	*	715,159	-	-	110,540	604,619
Government Bonds	AA+	60,465	-	-	-	60,465
Government asset-backed/CMO Sec.	AA+	1,278,485	-	-	41,809	1,236,676
Foreign Bonds	*	38,345	-	-	-	38,345
Taxable Municipal Bonds	*	189,666	-	25,922	37,424	126,320
Real estate investment fund	N/R	885,953	N/A	N/A	N/A	N/A
Equities	N/R	7,328,981	N/A	N/A	N/A	N/A
Total Fair Value		\$ 11,180,000	\$ 682,946	\$ 25,922	\$ 189,773	\$ 2,066,425

Police Officers' Pension Trust Fund:

Investment Type	Credit Rating (S&P's)	Fair Value/ Amortized Cost	Less Than 6 Months	6-12 Months	1-3 Years	Over 3 Years
Money Market Funds	N/R	\$ 657,991	\$ 657,991	\$ -	\$ -	\$ -
Corporate Bonds	*	1,010,955	-	-	184,953	826,002
Government Bonds	AA+	126,529	-	-	-	126,529
Government asset-backed/CMO Sec.	AA+	2,679,072	-	-	63,447	2,615,625
Foreign Bonds	*	66,238	-	-	-	66,238
Municipal Bonds	*	302,772	-	46,659	30,659	225,454
Real estate investment fund	N/R	1,550,417	N/A	N/A	N/A	N/A
Equities	N/R	12,471,141	N/A	N/A	N/A	N/A
Total Fair Value		\$ 18,865,115	\$ 657,991	\$ 46,659	\$ 279,059	\$ 3,859,848

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

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, 2021

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, 2021, 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.

City of Lake Wales, Florida

Notes to the Financial Statements

September 30, 2021

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
Receivable:				
Taxes	\$ 161,191	\$ -	\$ -	\$ 161,191
Franchise fees	177,655	-	-	177,655
Accounts	195,359	252	-	195,611
Unbilled amounts	135,279	-	-	135,279
Gross receivables	669,484	252	-	669,736
Less: allowance for uncollectibles	(85,027)	-	-	(85,027)
Net total receivable	<u>\$ 584,457</u>	<u>\$ 252</u>	<u>\$ -</u>	<u>\$ 584,709</u>
Intergovernmental Receivables	<u>\$ 294,923</u>	<u>\$ -</u>	<u>\$ 151,276</u>	<u>\$ 446,199</u>
	Enterprise - Business Type			
Receivable:				
Accounts	\$ 1,831,399			
Unbilled amounts	558,914			
Gross receivables	2,390,313			
Less: allowance for uncollectibles	(904,618)			
Net total receivable	<u>\$ 1,485,695</u>			
Intergovernmental Receivables	<u>\$ -</u>			

Governmental funds delay revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unearned revenue* reported in the governmental funds consisted of \$47,162 of prepaid local business tax in the general fund and \$4,196,933 of unearned American Rescue Plan Coronavirus State and Local Fiscal Recovery Funds which are reported as unearned as these funds have not been used on allowable expenditures as of September 30, 2021.

City of Lake Wales, Florida

Notes to the Financial Statements September 30, 2021

C. Capital assets

Capital asset activity for the year ended September 30, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 4,768,631	\$ 10,550	\$ -	\$ 4,779,181
Construction in progress	1,004,650	409,096	(991,411)	422,335
Total capital assets, not being depreciated	<u>5,773,281</u>	<u>419,646</u>	<u>(991,411)</u>	<u>5,201,516</u>
Capital assets being depreciated:				
Buildings	15,419,170	257,639	-	15,676,809
Improvements other than buildings	7,878,782	1,254,364	-	9,133,146
Machinery and equipment	15,911,582	227,598	-	16,139,180
Infrastructure	20,732,150	-	-	20,732,150
Total depreciable capital assets	<u>59,941,684</u>	<u>1,739,601</u>	<u>-</u>	<u>61,681,285</u>
Total all capital assets	<u>65,714,965</u>	<u>2,159,247</u>	<u>(991,411)</u>	<u>66,882,801</u>
Less accumulated depreciation for:				
Buildings	(5,625,756)	(347,951)	-	(5,973,707)
Improvements other than buildings	(6,018,704)	(202,540)	-	(6,221,244)
Machinery and equipment	(11,580,326)	(842,730)	-	(12,423,056)
Infrastructure	(16,753,786)	(502,714)	-	(17,256,500)
Total accumulated depreciation	<u>(39,978,572)</u>	<u>(1,895,935)</u>	<u>-</u>	<u>(41,874,507)</u>
Depreciable capital assets, net	<u>19,963,112</u>	<u>(156,334)</u>	<u>-</u>	<u>19,806,778</u>
Total governmental activities capital assets, net	<u>\$ 25,736,393</u>	<u>\$ 263,312</u>	<u>\$ (991,411)</u>	<u>\$ 25,008,294</u>

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

Governmental activities:	
General government	\$ 131,809
Public safety	608,584
Physical environment	103,324
Transportation	578,785
Economic environment	15,583
Human services	10,174
Culture and recreation	447,676
Total governmental activities depreciation expense	<u>\$ 1,895,935</u>

City of Lake Wales, Florida

Notes to the Financial Statements September 30, 2021

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Business-type activities				
Capital assets not being depreciated				
Land	\$ 850,497	\$ -	\$ -	\$ 850,497
Construction in progress	9,828,791	1,909,865	(11,410,685)	327,971
Total capital assets, not being depreciated	10,679,288	1,909,865	(11,410,685)	1,178,468
Capital assets being depreciated:				
Buildings	1,178,422	5,192,448	-	6,370,870
Improvements other than buildings	57,796,454	11,548,466	-	69,344,920
Machinery and equipment	6,852,121	140,016	-	6,992,137
Total depreciable capital assets	65,826,997	16,880,930	-	82,707,927
Total all capital assets	76,506,285	18,790,795	(11,410,685)	83,886,395
Less accumulated depreciation for:				
Buildings	(681,145)	(55,656)	-	(736,801)
Improvements other than buildings	(20,367,023)	(1,492,615)	-	(21,859,638)
Machinery and equipment	(5,605,732)	(247,779)	-	(5,853,511)
Total accumulated depreciation	(26,653,900)	(1,796,050)	-	(28,449,950)
Depreciable capital assets, net	39,173,097	15,084,880	-	54,257,977
Total business-type activities capital assets, net	<u>\$ 49,852,385</u>	<u>\$ 16,994,745</u>	<u>\$ (11,410,685)</u>	<u>\$ 55,436,445</u>

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

Business-type activities:

Water	\$ 640,219
Sewer	1,112,366
Cemetery	38,850
Stormwater	4,615
Total business-type activities depreciation expense	<u>\$ 1,796,050</u>

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Discretely presented component unit				
Capital assets not being depreciated				
Land	\$ 1,625,274	\$ -	\$ -	\$ 1,625,274
Construction in progress	71,748	92,531	(18,175)	146,104
Total capital assets, not being depreciated	1,697,022	92,531	(18,175)	1,771,378
Capital assets being depreciated:				
Buildings	2,597,291	-	-	2,597,291
Improvements other than buildings	19,895,863	6,515	-	19,902,378
Machinery and equipment	866,699	-	-	866,699
Total depreciable capital assets	23,359,853	6,515	-	23,366,368
Total all capital assets	25,056,875	99,046	(18,175)	25,137,746
Less accumulated depreciation for:				
Buildings	(635,823)	(55,212)	-	(691,035)
Improvements other than buildings	(5,873,162)	(1,077,058)	-	(6,950,220)
Machinery and equipment	(469,057)	(50,877)	-	(519,934)
Total accumulated depreciation	(6,978,042)	(1,183,147)	-	(8,161,189)
Depreciable capital assets, net	16,381,811	(1,176,632)	-	15,205,179
Total governmental activities capital assets, net	<u>\$ 18,078,833</u>	<u>\$ (1,084,101)</u>	<u>\$ (18,175)</u>	<u>\$ 16,976,557</u>

City of Lake Wales, Florida

Notes to the Financial Statements September 30, 2021

D. Construction commitments

The City has active construction projects as of September 30, 2021. At year-end, the City's commitments with contractors are as follows:

Projects	Spent-to-Date	Remaining Commitment
Hydraulic modeling	\$ 69,143	\$ 2,757
NW Water Main Extension	175,969	86,561
Watershed Management Plan	29,000	776,400
Drying Bed	36,000	20,000
Wastewater Treatment Permit Renewal	13,065	20,485
Septic to Sewer Project	63,945	222,204
Wastewater Replacement Phase II	119,777	211,723
Total primary government	<u>\$ 506,899</u>	<u>\$ 1,340,130</u>

Other Commitments:

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

E. Leases

Operating Leases

There were no significant operating leases during the fiscal year ended September 30, 2021.

Capital Leases

The City leases equipment with a historical cost and accumulated depreciation of \$4,549,992 and \$1,885,333 respectively, under capital lease arrangements. Future minimum lease payments as of September 30, 2021 can be found at Note G.

City of Lake Wales, Florida

Notes to the Financial Statements September 30, 2021

F. Interfund receivable, payables and transfers

The composition of interfund balances on September 30, 2021, were as follows:

Receivable Fund	Payable Fund	Amount
General	Capital Projects	\$ 109,088
General	Forfeitures	4,517
General	ARPA	5,000
Subtotal		\$ 118,605
Public Utilities	Stormwater	\$ 55,000
Due to/from component unit:		
General	Airport Authority	\$ 478,328

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

The composition of interfund transfers for the year ended September 30, 2021 is as follows:

	Transfer In:			
	General	Debt Service	LWMG Cemetery	Total
Transfer Out:				
General	\$ -	\$ -	\$ 121,956	\$ 121,956
Capital Projects	-	30,000	-	30,000
CRA	-	696,134	-	696,134
Public Utilities	1,499,000	-	-	1,499,000
Total	\$ 1,499,000	\$ 726,134	\$ 121,956	\$ 2,347,090

Transfers during the year were used to 1) move revenue from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due, 2) move resources from the capital projects fund to the general fund to return resources that were not utilized for capital projects, 3) move general fund resources as a subsidy to the LWMG fund 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, 2021

G. Long-term debt

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

	Beginning Balance	Additions	Disposals	Ending Balance	Due Within One Year
Governmental activities:					
Notes and lease obligations payable:					
Notes payable	\$ 6,341,964	\$ -	\$ (639,323)	\$ 5,702,641	\$ 659,110
Lease obligations	2,467,855	-	(789,192)	1,678,663	691,289
Total notes and lease obligations payable	8,809,819	-	(1,428,515)	7,381,304	1,350,399
Other liabilities:					
Net pension liabilities	6,446,123	1,101,434	-	7,547,557	-
OPEB liability	464,502	93,865	-	558,367	-
Compensated absences	1,230,147	603,533	(674,070)	1,159,610	115,961
Total other liabilities	8,140,772	1,798,832	(674,070)	9,265,534	115,961
Governmental long-term liabilities	\$ 16,950,591	\$ 1,798,832	\$ (2,102,585)	\$ 16,646,838	\$ 1,466,360
	Beginning Balance	Additions	Disposals	Ending Balance	Due Within One Year
Business-type activities:					
Notes and lease obligations payable:					
Notes payable	\$ 17,111,146	\$ 7,553,187	\$ (1,214,756)	\$ 23,449,577	\$ 1,465,446
Lease obligations	238,078	70,037	(111,379)	196,736	69,723
Total notes and lease obligations payable	17,349,224	7,623,224	(1,326,135)	23,646,313	1,535,169
Other liabilities:					
Net pension liabilities	455,058	25,102	-	480,160	-
OPEB liability	104,664	21,705	-	126,369	-
Compensated absences	167,160	106,324	(95,742)	177,742	17,774
Joint venture loan guarantee	290,916	46,519	-	337,435	-
Total other liabilities	1,017,798	199,650	(95,742)	1,121,706	17,774
Business-type long-term liabilities	\$ 18,367,022	\$ 7,822,874	\$ (1,421,877)	\$ 24,768,019	\$ 1,552,943
	Beginning Balance	Additions	Disposals	Ending Balance	Due Within One Year
Discretely presented component unit:					
Notes and lease obligations payable:					
Notes payable	\$ 1,667,000	\$ -	\$ (77,000)	\$ 1,590,000	\$ 79,000
Lease obligations	114,029	-	(27,129)	86,900	27,218
Total notes and lease obligations payable	1,781,029	-	(104,129)	1,676,900	106,218
Other liabilities:					
Compensated absences	3,386	9,138	(9,907)	2,617	262
Total other liabilities	3,386	9,138	(9,907)	2,617	262
Discretely presented component unit					
Total long-term liabilities	\$ 1,784,415	\$ 9,138	\$ (114,036)	\$ 1,679,517	\$ 106,480

City of Lake Wales, Florida

Notes to the Financial Statements September 30, 2021

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, 2021:

	Purpose (2)	Frequency of Payment (1)	Maturity	Originally Issued	Outstanding Amount	Interest Rate
Governmental activities						
Note payable:						
Redevelopment Revenue Note, Series 2007	5	S	2028	\$ 9,500,000	\$ 4,111,757	4.34%
Ascending Lien Capital Improvement, Revenue Note, Series 2013	7	S	2028	1,200,000	743,967	3.54%
Capital Improvement Revenue Notes, Series 2019	8	S	2035	900,000	846,917	2.59%
Lease obligations						
Mears Motor Leasing - FY 2015'16	9	M	2021	693,512	65,931	1.93%
Mears Motor Leasing - FY 2016'17	11	M	2022	646,803	89,436	3.90%
Mears Motor Leasing - FY 2017'18	14	M	2023	627,229	250,174	3.90%
Mears Motor Leasing - FY 2018'19	17	M	2024	804,974	423,535	4.35%
Mears Motor Leasing - FY 2019'20	20	M	2025	318,365	237,176	4.35%
Fire Department Equipment Lease - 2017'18	15	M	2025	119,889	71,252	2.45%
Fire Department Fire Truck Lease - 2018'19	18	S	2024	581,875	301,477	3.26%
Motorola Radio Lease/Purchase	19	A	2024	388,423	239,682	2.90%
Total governmental activities					<u>\$ 7,381,304</u>	
Business-type activities						
Note payable:						
State Revolving Fund Loan - 59110	1	S	2022	1,171,882	49,730	3.05%
State Revolving Fund Loan - 5912S	2	S	2024	1,429,755	211,045	2.14%
State Revolving Fund Loan - 5913P	3	S	2028	1,025,345	376,136	1.88%
State Revolving Fund Loan - 59140	6	S	2033	368,589	236,701	2.30%
State Revolving Fund Loan - 530300	6	S	2033	4,163,664	2,625,710	1.91%
State Revolving Fund Loan - 530310	10	S	2036	5,380,510	4,536,548	1.82%
State Revolving Fund Loan - 530320	13	S	2039	2,216,402	1,991,013	0.72%
State Revolving Fund Loan - 530330	13	S	2039	3,206,386	2,940,400	0.00%
State Revolving Fund Loan - 530380	10	S	2029	1,158,429	1,051,152	0.00%
State Revolving Fund Loan - 531301	21	S	2040	2,240,580	2,143,824	0.97%
State Revolving Fund Loan - 530350	22	S	2040	1,073,008	1,041,179	0.29%
State Revolving Fund Loan - 530390	12	S	2041	5,010,126	4,977,504	0.96%
Ascending Lien Capital Improvement, Revenue Note, Series 2013	7	S	2028	500,000	310,421	3.54%
Utility System Refunding Note, Series 2006B	4	S	2027	2,550,000	958,214	1.14%
Lease obligations						
Mears Motor Leasing - FY 2017'18	14	M	2023	153,014	55,930	3.90%
Mears Motor Leasing - FY 2018'19	17	M	2024	73,440	42,277	4.35%
Mears Motor Leasing - FY 2019'20	20	M	2025	54,480	40,223	4.35%
Mears Motor Leasing - FY 2020'21	23	M	2026	70,037	58,306	4.35%
Total business-type activities					<u>\$ 23,646,313</u>	
Discretely presented component unit						
Notes payable:						
Subordinate Lien Capital Improvement Revenue Note (Airport Project), Series 2017	16	S	2037	\$ 1,825,000	\$ 1,590,000	2.92%
Lease obligations:						
Mears Motor Leasing - FY 2017'18	14	M	2022	43,650	13,628	3.90%
Mears Motor Leasing - FY 2019'20	20	M	2025	97,150	73,272	4.35%
Total discretely presented component unit					<u>\$ 1,676,900</u>	

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

(2) Purpose:

1. Construction of reclaimed water reuse facilities. (SRF – 59110).
2. Construction of sludge dewatering facilities. (SRF – 5912S).

City of Lake Wales, Florida

Notes to the Financial Statements September 30, 2021

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

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

- Utility System Revenue and Refunding Revenue Notes, Series 2006B - senior lien on utility system net revenues;
- Redevelopment Revenue Note, Series 2007 – shall not constitute a general obligation of the City or the Community Redevelopment Area but shall be payable solely from the tax increment revenues and the non-ad valorem revenues as budgeted and appropriated;
- State Revolving Fund Loans - junior lien on utility system net revenues;

City of Lake Wales, Florida

Notes to the Financial Statements September 30, 2021

- Ascending Lien Cap Imp Rev Note, Series 2013 – senior lien on communication service taxes and a junior lien on electric franchise fees and public service (utility) taxes.
- Subordinate Lien Capital Improvement Revenue Note (Airport Project), Series 2017 – junior lien of electric franchise fees.

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

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

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

- The Utility System Refunding Revenue Note, Series 2006B requires annual debt service reserves equal to 1/6th per month of all interest and 1/12th per month of the annual principal amount coming due. As of September 30, 2021, the sinking fund balance for Series 2006B was \$165,852.
- The Subordinate Lien Capital Improvement Revenue Note (Airport Project), Series 2017 requires annual debt service reserves equal to 1/6th per month of all interest and 1/12th per month of the annual principal amount coming due. As of September 30, 2021, the sinking fund balance for Series 2017 was \$100,500.
- 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 Loan Debt Service Account for the existing State Revolving Fund loans is \$537,181.
- Two of the existing State Revolving Fund loans require a “Loan Replacement Reserve Account”. The Replacement Reserve Account for the existing loans is \$89,159 (Loan #5911O - \$44,490 and 5912S - \$44,669).

City of Lake Wales, Florida

Notes to the Financial Statements

September 30, 2021

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

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

City of Lake Wales, Florida

Notes to the Financial Statements

September 30, 2021

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

Annual debt service requirements of the City's notes and capital lease/purchase obligations as of September 30, 2021, are as follows:

Fiscal Year	Governmental Activities					
	Notes		Leases		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 659,110	\$ 241,406	\$ 691,289	\$ 72,245	\$ 1,350,399	\$ 313,651
2023	682,332	214,650	607,433	47,289	1,289,765	261,939
2024	707,371	186,933	318,250	25,783	1,025,621	212,716
2025	732,259	158,253	61,691	9,240	793,950	167,493
2026	759,025	128,484	-	1,120	759,025	129,604
2027-2031	1,890,626	218,306	-	-	1,890,626	218,306
2032-2036	271,918	22,416	-	-	271,918	22,416
Total	\$ 5,702,641	\$ 1,170,448	\$ 1,678,663	\$ 155,677	\$ 7,381,304	\$ 1,326,125

Fiscal Year	Business-type Activities					
	Notes		Leases		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 1,465,446	\$ 353,659	\$ 69,723	\$ 6,904	\$ 1,535,169	\$ 360,563
2023	1,533,855	234,099	65,394	4,101	1,599,249	238,200
2024	1,509,209	214,915	38,151	1,895	1,547,360	216,810
2025	1,483,477	196,811	22,175	518	1,505,652	197,329
2026	1,501,142	178,876	1,293	7	1,502,435	178,883
2027-2031	5,539,380	543,889	-	-	5,539,380	543,889
2032-2036	6,002,842	345,352	-	-	6,002,842	345,352
2037-2041	4,137,151	89,036	-	-	4,137,151	89,036
2042-2046	277,075	1,995	-	-	277,075	1,995
Total	\$ 23,449,577	\$ 2,158,632	\$ 196,736	\$ 13,425	\$23,646,313	\$ 2,172,057

Fiscal Year	Discretely Presented Component Unit					
	Notes		Leases		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 79,000	\$ 48,453	\$ 27,218	\$ 4,334	\$ 106,218	\$ 52,787
2023	82,000	45,013	24,923	3,179	106,923	48,192
2024	84,000	41,606	20,547	2,089	104,547	43,695
2025	87,000	38,237	14,212	1,106	101,212	39,343
2026	89,000	35,434	-	233	89,000	35,667
2027-2031	486,000	136,014	-	-	486,000	136,014
2032-2036	561,000	59,699	-	-	561,000	59,699
2037-2041	122,000	1,781	-	-	122,000	1,781
Total	\$ 1,590,000	\$ 406,237	\$ 86,900	\$ 10,941	\$ 1,676,900	\$ 417,178

City of Lake Wales, Florida

Notes to the Financial Statements September 30, 2021

Joint Venture Loan Guarantee – The City has entered into an agreement with the Florida Department of Environmental Protection to guarantee to pay the principal and interest of their proportional share of SRF loan funds borrowed by the Polk Regional Water Cooperative to fund the projects of the combined projects implementation agreement. The SRF loan bears interest at 1.89% and principal and interest are due semiannually beginning on December 15, 2024 for a ten-year term to maturity on December 15, 2033. As of September 30, 2021, the Polk Regional Water Cooperative has borrowed \$7,155,729 through this SRF funding of which, \$337,435 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
2022	\$ -	\$ -
2023	-	-
2024	-	-
2025	-	-
2026	30,973	6,232
2027-2031	163,916	22,110
2032-2036	142,546	6,123
Total	\$ 337,435	\$ 34,465

City of Lake Wales, Florida

Notes to the Financial Statements September 30, 2021

Future Revenues that are Pledged

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

	Debt Obligation Reference	Total Principal and Interest Outstanding	Current Year Principal and Interest	Current Year Revenue	% of Revenue to Principal and Interest Paid
CRA Tax Increment Revenues	Series 2007	\$ 4,768,165	\$ 696,081	\$ 2,117,737	304%
Communication Service Taxes	Series 2013	1,209,242	154,460	467,111	302%
Water and Sewer Net Revenue	SRF and Series 2006B	25,252,242	1,566,224	4,145,345	265%
		<u>\$ 31,229,649</u>	<u>\$ 2,416,765</u>	<u>\$ 6,730,193</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, 2021, the outstanding balance on these bonds is \$14,490,000.

City of Lake Wales, Florida

Notes to the Financial Statements September 30, 2021

IV. Other Information

A. Related party transactions

During 2021, 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 \$45,293 were charged to the Authority for the year ended September 30, 2021.

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 \$478,328 on September 30, 2021.

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, 2021

C. Other postemployment benefits (OPEB)

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

Plan Description

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

Benefits Provided

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

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

Funding Policy

Currently, the City's OPEB benefits are unfunded. The City has not advance-funded or established a funding methodology for the annual other postemployment benefit (OPEB) costs or the OPEB obligation, and the OPEB Plan is financed on a pay-as-you-go basis. The City paid an estimated \$29,683 for OPEB costs during fiscal year 2021.

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

Other postemployment benefits membership is comprised of the following at 9/30/2019, the date in the latest complete actuarial valuation:

Inactive Plan members, or beneficiaries currently receiving benefits	5
Inactive Plan members entitled to but not yet receiving benefits	-
Active Plan members	<u>151</u>
Total	<u><u>156</u></u>

City of Lake Wales, Florida

Notes to the Financial Statements September 30, 2021

Total OPEB Liability

The City's total OPEB liability as of September 30, 2021 was determined by an actuarial valuation as of September 30, 2019 (measurement date). The actuarial assumptions used in this valuation were as follows:

Inflation rate	2.50%
Discount Rate	2.14%
Initial Trend Rate	7.50%
Ultimate Trend Rate	4.00%
Year to Ultimate Trend Rate	55

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

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

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

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

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

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

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

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

Discount rate – Given the City's decision not to fund the OPEB Plan, all future benefit payments were discounted using a high-quality municipal bond rate of 2.14%. 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, 2021

Changes in the Total OPEB Liability:

	Total OPEB Liability
Reporting period ending September 30, 2020	\$ 569,166
Changes for the year:	
Service cost	32,270
Interest	21,004
Changes of assumptions	91,979
Benefit payments	(29,683)
Net changes	115,570
Reporting period ending September 30, 2021	\$ 684,736

Changes in assumptions reflect a change in discount rate from 3.58% for the reporting period ending September 30, 2020 to 2.14% for the reporting period ending September 30, 2021. The changes in assumptions also reflect updated health care costs, premiums and trend rates, mortality rates, termination and disability rates as well as the rate of line-of-duty disabilities for firefighters.

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

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

	1% Decrease (1.14%)	Discount Rate (2.14%)	1% Increase (3.14%)
Total other postemployment benefits liability	\$ 759,341	\$ 684,736	\$ 619,093

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

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

	1% Decrease (3.00% to 6.50%)	Discount Rate (4.00% to 7.50%)	1% Increase (5.00% to 8.50%)
Total other postemployment benefits liability	\$ 599,092	\$ 684,736	\$ 785,755

City of Lake Wales, Florida

Notes to the Financial Statements September 30, 2021

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

For the year ended September 30, 2021, the City recognized OPEB expense of \$97,159. On September 30, 2021, deferred outflows of resources and deferred inflows of resources related to OPEB were as follows:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 18,010	\$ -
Change in assumptions	171,077	19,327
City contributions subsequent to the measurement date	34,484	-
Total	<u>\$ 223,571</u>	<u>\$ 19,327</u>

Deferred outflows of resources related to City contributions subsequent to the measurement date of September 30, 2020 will be recognized as a reduction of the total OPEB liability in the year ended September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending September 30,	Amount
2022	\$ 35,635
2023	35,638
2024	39,720
2025	43,438
2026	15,329
	<u>\$ 169,760</u>

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2021

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, 2021, the money-weighted rate of return on plan investments, net of investment expense, was as follows:

	General	Fire	Police
Money-weighted rate of return	19.23%	20.52%	20.94%

City of Lake Wales, Florida

Notes to the Financial Statements September 30, 2021

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.

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.

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, 2021, are \$368,802 for the General Pension Plan, \$45,848 for the Police Officers' Pension Plan and \$138,805 for the Firefighters' Pension Plan.

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2021

Participant Data: Plan membership detail is as follows:

	As of October 1, 2020		
	General Employees' Pension Fund	Fire Fighters' Pension Fund	Police Officers' Pension Fund
Inactive Plan members or beneficiaries currently receiving benefits	52	14	27
Inactive Plan members entitled to but not yet receiving benefits	17	6	2
Active Plan members	107	30	44
Total	176	50	73

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	\$ 333,216	\$ 548,961	\$ 536,986
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 2021 fiscal year was determined as part of the October 1, 2019 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, 2020 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, 2021.

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2021

General Employees' Pension Plan:

	Increase (Decrease)		
	Total	Plan	Net
	Pension	Fiduciary Net	Pension
	Liability	Position	Liability
	(a)	(b)	(a)-(b)
Reporting period ending 9/30/2020	\$ 12,943,726	\$ 11,463,544	\$ 1,480,182
Changes for the year:			
Service cost	365,044	-	365,044
Interest	970,319	-	970,319
Differences between expected and actual experience	(94,295)	-	(94,295)
Changes of assumptions	(192,764)	-	(192,764)
Contributions - employer	-	334,913	(334,913)
Contributions - employee	-	525,100	(525,100)
Contributions - employee buyback	307,288	-	307,288
Net investment income	-	383,844	(383,844)
Benefit payments, including refunds of employee contributions	(742,369)	(767,905)	25,536
Administrative expenses	-	(52,875)	52,875
Net changes	613,223	423,077	190,146
Reporting period ending 9/30/2021	\$ 13,556,949	\$ 11,886,621	\$ 1,670,328

Firefighters' Pension Plan:

	Increase (Decrease)		
	Total	Plan	Net
	Pension	Fiduciary Net	Pension
	Liability	Position	Liability
	(a)	(b)	(a)-(b)
Reporting period ending 9/30/2020	\$ 12,815,433	\$ 9,162,337	\$ 3,653,096
Changes for the year:			
Service cost	277,388	-	277,388
Interest	989,877	-	989,877
Differences between expected and actual experience	116,155	-	116,155
Changes of assumptions	(245,964)	-	(245,964)
Contributions - employer	-	459,279	(459,279)
Contributions - State of Florida	-	132,028	(132,028)
Contributions - employee	-	87,217	(87,217)
Contributions - employee buyback	10,281	-	10,281
Net investment income	-	211,397	(211,397)
Benefit payments, including refunds of employee contributions	(640,420)	(640,420)	-
Administrative expenses	-	(50,196)	50,196
Net changes	507,317	199,305	308,012
Reporting period ending 9/30/2021	\$ 13,322,750	\$ 9,361,642	\$ 3,961,108

City of Lake Wales, Florida

Notes to the Financial Statements September 30, 2021

Police Officers' Pension Plan:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Reporting period ending 9/30/2020	\$ 17,652,714	\$ 15,884,811	\$ 1,767,903
Changes for the year:			
Service cost	443,274	-	443,274
Interest	1,349,908	-	1,349,908
Share plan allocation	22,306	-	22,306
Differences between expected and actual experience	(63,157)	-	(63,157)
Changes of assumptions	(201,609)	-	(201,609)
Contributions - employer	-	407,254	(407,254)
Contributions - State of Florida	-	140,771	(140,771)
Contributions - employee	-	122,066	(122,066)
Net investment income	-	320,510	(320,510)
Benefit payments, including refunds of employee contributions	(900,265)	(901,078)	813
Administrative expenses	-	(67,444)	67,444
Net changes	650,457	22,079	628,378
Reporting period ending 9/30/2021	\$ 18,303,171	\$ 15,906,890	\$ 2,396,281

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

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

Mortality rates used to determine the total pension liability as of the September 30, 2020 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, 2021

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, 2021 are summarized below:

General Employees' Pension Plan:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	50%	6.46%
International Equity	15%	6.40%
Fixed Income	35%	3.60%
	100%	

Firefighters' and Police Officers' Pension Plans:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	45%	8.30%
International Equity	15%	4.10%
Bonds	30%	3.10%
Private Real Estate	10%	5.50%
	100%	

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

For the year ended September 30, 2021, the City recognized total pension expense of \$1,682,884 comprised of pension expense of \$419,532, \$639,315, and \$624,037 for the General Employees' Pension Fund, Firefighters' Pension Fund and Police Officers' Pension Fund, respectively. On September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

General Employees' Pension Fund:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 79,016
City contributions made subsequent to the measurement date of September 30, 2020	333,216	-
Change in assumptions	-	128,510
Net difference between projected and actual earnings on pension plan investments	691,119	-
Total	\$ 1,024,335	\$ 207,526

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2021

Firefighters' Pension Fund:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 146,220	\$ 219,316
City contributions made subsequent to the measurement date of September 30, 2020	548,962	-
Change in assumptions	97,386	226,004
Net difference between projected and actual earnings on pension plan investments	645,284	-
Total	\$ 1,437,852	\$ 445,320

Police Officers' Pension Fund:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 482,660
City contributions made subsequent to the measurement date of September 30, 2020	536,986	-
Change in assumptions	145,354	161,288
Net difference between projected and actual earnings on pension plan investments	1,147,662	-
Total	\$ 1,830,002	\$ 643,948

Amounts reported as deferred outflows of resources related to City contributions subsequent to the measurement date of September 30, 2020 will be recognized as a reduction of the net pension liability in the year ended September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30,	General Employees' Pension Fund	Firefighters' Pension Fund	Police Officers' Pension Fund	Total
2022	\$ 71,695	\$ 147,923	\$ 128,964	\$ 348,582
2023	127,210	170,025	147,215	444,450
2024	182,488	125,442	247,815	555,745
2025	102,200	63,580	125,074	290,854
2026	-	(44,856)	-	(44,856)
Thereafter	-	(18,544)	-	(18,544)
	\$ 483,593	\$ 443,570	\$ 649,068	\$ 1,576,231

City of Lake Wales, Florida

Notes to the Financial Statements September 30, 2021

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

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

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

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

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

Sensitivity of the Net Pension Liabilities as of the City's measurement date of September 30, 2020:

	Current Discount Rate	1% Decrease	Current Discount	1% Increase
City's Net Pension General Employees Liability	7.50%	\$ 3,192,516	\$ 1,670,328	\$ 403,560
City's Net Pension Firefighters Liability	7.75%	\$ 5,462,079	\$ 3,961,108	\$ 2,687,278
City's Net Pension Police Officers Liability	7.60%	\$ 4,438,261	\$ 2,396,281	\$ 664,835
Total		<u>\$ 13,092,856</u>	<u>\$ 8,027,717</u>	<u>\$ 3,755,673</u>

Sensitivity of the Net Pension Liabilities as of the Plans' current fiscal year of September 30, 2021:

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

The net effect of significant changes between the City's measurement date of September 30, 2020 and the Plans' reporting date of September 30, 2021 can be seen in the tables above.

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2021

Statement of Fiduciary Net Position as of September 30, 2021

	Pension Trust Fund			Total
	General Employees' Pension	Firefighters' Pension	Police Officers' Pension	
Assets				
Investments, at fair value:				
Money market funds	\$ 559,500	\$ 682,946	\$ 657,991	\$ 1,900,437
Government Bonds	61,670	60,465	126,529	248,664
Government Assets backed/CMO Securities	2,240,013	1,278,485	2,679,072	6,197,570
Taxable Municipal Bonds	274,331	189,666	302,772	766,769
Foreign Bonds	121,583	38,345	66,238	226,166
Corporate bonds and notes	1,217,627	715,159	1,010,955	2,943,741
Common and preferred stock	9,462,436	7,328,981	12,471,141	29,262,558
Real estate investment fund	-	885,953	1,550,417	2,436,370
Total investments	<u>13,937,160</u>	<u>11,180,000</u>	<u>18,865,115</u>	<u>43,982,275</u>
Receivable (net):				
Interest and dividends	22,501	20,764	35,762	79,027
Due from Others	8,248	-	-	8,248
Total receivable	<u>30,749</u>	<u>20,764</u>	<u>35,762</u>	<u>87,275</u>
Total assets	<u>13,967,909</u>	<u>11,200,764</u>	<u>18,900,877</u>	<u>44,069,550</u>
Liabilities				
Accounts payable	<u>21,584</u>	<u>-</u>	<u>4,718</u>	<u>26,302</u>
Total liabilities	<u>21,584</u>	<u>-</u>	<u>4,718</u>	<u>26,302</u>
Net position				
Held in trust for pension benefits and other purposes	<u>\$ 13,946,325</u>	<u>\$ 11,200,764</u>	<u>\$ 18,896,159</u>	<u>\$ 44,043,248</u>

City of Lake Wales, Florida

Notes to the Financial Statements
September 30, 2021

Schedule of Changes in Fiduciary Net Position for the year ended September 30, 2021

	Pension Trust Fund			
	General Employees' Pension	Firefighters' Pension	Police Officers' Pension	Total
Additions				
Contributions:				
Employer	\$ 333,216	\$ 445,969	\$ 394,219	\$ 1,173,404
State of Florida	-	102,992	142,767	245,759
Employee	224,480	87,289	121,621	433,390
Total contributions	557,696	636,250	658,607	1,852,553
Interest and dividends	258,559	212,531	323,483	794,573
Net increase (decrease) in the fair value of investments	2,079,897	1,757,511	3,080,449	6,917,857
Total investments income	2,338,456	1,970,042	3,403,932	7,712,430
Less investment expense	(64,168)	(60,349)	(86,736)	(211,253)
Net investment income	2,274,288	1,909,693	3,317,196	7,501,177
Total additions	2,831,984	2,545,943	3,975,803	9,353,730
Deductions				
Benefit payments	579,599	538,094	863,686	1,981,379
Refunds of contributions	147,271	115,629	43,280	306,180
Administration	45,410	53,098	79,568	178,076
Total deductions	772,280	706,821	986,534	2,465,635
Change in net position	2,059,704	1,839,122	2,989,269	6,888,095
Total net position - beginning	11,886,621	9,361,642	15,906,890	37,155,153
Total net position - ending	<u>\$ 13,946,325</u>	<u>\$ 11,200,764</u>	<u>\$ 18,896,159</u>	<u>\$ 44,043,248</u>

Net Pension Liability:

The components of the net pension liabilities to be reported by the City in fiscal year 2022, measured as of the Plans' most recent fiscal year-end, September 30, 2021, were as follows:

	General Employees' Pension Fund	Firefighters' Pension Fund	Police Officers' Pension Fund	Total
Total pension liability	\$ 14,627,608	\$ 14,062,652	\$ 19,087,660	\$ 47,777,920
Plan fiduciary net position	13,946,325	11,200,764	18,896,159	44,043,248
City's net pension liability	<u>\$ 681,283</u>	<u>\$ 2,861,888</u>	<u>\$ 191,501</u>	<u>\$ 3,734,672</u>

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

95.34% 79.65% 99.00% 92.18%

City of Lake Wales, Florida

Notes to the Financial Statements September 30, 2021

E. Defined Contribution Plan

The City of Lake Wales Money Purchase Plan, sponsored by the City, is a defined contribution plan available to upper-level management of the City who elect not to participate in the defined benefit plan offered by the City. There were no active participants in the plan during the year ended September 30, 2021.

The funds are invested in life insurance, annuity contracts and a variable rate investment plan. The asset management change is deducted from individual contracts, where applicable. Total pension contributions for the year ended September 30, 2021, were -\$0- (no City contribution or employee contributions) because there were no active participants in this plan so covered payroll was \$-0-. No pension provision changes occurred during the year that affected the City's required contribution. The vesting schedule allows 100% vesting immediately.

F. Risk Management

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

The FMIT is governed by a board of elected officials and these officials approve an actuarially recommended premium structure based on loss experience. Losses, if any, in excess of FMIT's ability to assess its members would revert back to the member that incurred the loss. As of September 30, 2021, no additional assessments (premiums) could be required from the City to fund prior year costs of the risk pool. Settlements have not exceeded coverages for each of the past three years.

G. Joint Venture

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

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

City of Lake Wales, Florida

Notes to the Financial Statements

September 30, 2021

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, 2021, the total annual working capital needs of the PRWC was \$198,000, of which the City's proportionate share was \$7,525.

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

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

As of September 30, 2021, \$7,155,729 of SRF funds have been drawn by the PRWC. The City's proportionate share of this liability totaled \$337,433 as of September 30, 2021 and has been recorded as a City liability in the business-type activities/enterprise fund. See Note III.G for more detail.

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.

H. Acquisition

Effective February 18, 2021, the City purchased the assets of the Park Water Company, formerly known as Crooked Lake Park Water Company and sometimes doing business as Park Water Company, Inc. This purchase was funded by proceeds from a loan from the Florida Department of Environmental Protection State Revolving Fund loan program (Loan Agreement DW530390) in the amount of \$5,000,000, together with other available funds of the City for total payments for the acquisition of \$5,035,131 which is equal to the total net position acquired.

Total assets acquired include all the seller's right, title and interest in all Park Water Company assets including 1.57 acres of real property; two water supply wells and related permits; and all water supply, treatment, storage, distribution and conveyance systems and facilities. The primary reason for the acquisition is to provide water services to area residents and the City Commission held a public hearing concerning the acquisition and decided that such an acquisition is in the public interest.



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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, 2021

	Budget Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 5,368,204	\$ 5,521,204	\$ 5,559,936	\$ 38,732
Licenses and permits	1,500,000	2,055,000	2,067,400	12,400
Intergovernmental	1,885,600	2,165,600	2,236,321	70,721
Charges for services	3,382,169	3,476,169	3,460,859	(15,310)
Fines and forfeits	95,000	113,000	109,164	(3,836)
Investment earnings	13,000	13,000	15,587	2,587
Miscellaneous	133,775	136,075	160,417	24,342
Total revenues	12,377,748	13,480,048	13,609,684	129,636
Expenditures				
Current:				
General government:				
City commission	158,278	161,278	148,251	13,027
City manager	239,761	325,861	322,443	3,418
City clerk	92,043	101,443	99,699	1,744
Finance	388,290	388,290	367,385	20,905
Human resources	187,965	189,965	188,851	1,114
City attorney	65,725	65,725	64,335	1,390
Planning	264,886	304,331	302,442	1,889
Fleet maintenance	20,970	20,970	17,322	3,648
Facilities maintenance	102,181	102,181	81,280	20,901
Information services	187,123	187,123	156,536	30,587
Municipal building administration	79,343	140,343	132,281	8,062
Non-departmental	29,400	36,400	34,930	1,470
Support services	79,733	79,733	78,899	834
Public safety:				
Police	4,884,221	4,998,221	4,996,674	1,547
Fire	3,528,639	3,528,639	3,516,796	11,843
Building permits and inspections	102,757	102,757	101,003	1,754
Code Enforcement	112,990	140,990	138,676	2,314
Physical environment:				
Waste disposal	1,117,111	1,117,111	1,053,349	63,762
Cemetery	175,452	175,452	126,029	49,423
Economic environment	130,000	130,000	72,917	57,083
Transportation	431,285	431,285	431,276	9
Human services	41,000	41,000	40,000	1,000
Culture and recreation:				
Parks division	567,025	567,025	474,059	92,966
Recreation facilities	969,695	969,695	883,299	86,396
Special events	50,338	50,338	33,019	17,319
Depot museum	279,849	279,849	269,429	10,420
Total expenditures	\$ 14,286,060	\$ 14,636,005	\$ 14,131,180	\$ 504,825

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, 2021 (Conclusion)

	Budget Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
Deficiency of revenues under expenditures	\$ (1,908,312)	\$ (1,155,957)	\$ (521,496)	\$ 634,461
Other financing sources (uses)				
Transfers in	1,552,522	1,552,522	1,499,000	(53,522)
Transfers out	(121,956)	(121,956)	(121,956)	-
Sale of capital assets	2,000	2,000	-	(2,000)
Total other financing sources (uses)	1,432,566	1,432,566	1,377,044	(55,522)
Net change in fund balance	(475,746)	276,609	855,548	578,939
Fund balances, beginning of year	4,585,360	4,585,360	4,585,360	-
Fund balances, end of year	<u>\$ 4,109,614</u>	<u>\$ 4,861,969</u>	<u>\$ 5,440,908</u>	<u>\$ 578,939</u>

City of Lake Wales, Florida

Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual - Community Redevelopment Fund

For the year ended September 30, 2021

	Budget Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 1,072,595	\$ 1,072,595	\$ 1,072,595	\$ -
Intergovernmental	2,101,734	2,101,734	1,076,189	(1,025,545)
Investment earnings	7,000	7,000	-	(7,000)
Miscellaneous revenue	-	-	73,301	73,301
Total revenues	3,181,329	3,181,329	2,222,085	(959,244)
Expenditures				
Current:				
Economic environment	4,012,203	4,012,203	1,587,549	2,424,654
Total expenditures	4,012,203	4,012,203	1,587,549	2,424,654
Excess of revenues over expenditures	(830,874)	(830,874)	634,536	1,465,410
Other financing uses				
Transfers out	(614,134)	(614,134)	(696,134)	(82,000)
Sale of capital assets	-	-	28,750	28,750
Total other financing uses	(614,134)	(614,134)	(667,384)	(53,250)
Net change in fund balance	(1,445,008)	(1,445,008)	(32,848)	1,412,160
Fund balances, beginning of year	2,752,719	2,752,719	2,752,719	-
Fund balances, end of year	\$ 1,307,711	\$ 1,307,711	\$ 2,719,871	\$ 1,412,160

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	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Measurement date	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017
Total Pension Liability					
Service cost	\$ 344,435	\$ 365,044	\$ 335,691	\$ 353,788	\$ 348,439
Interest	1,015,346	970,319	928,247	880,101	844,363
Differences between expected and actual experience	437,748	(94,295)	(48,457)	252,769	(182,488)
Changes of Assumptions	-	(192,764)	-	136,898	-
Contributions - Buy back	-	307,288	-	-	-
Benefit payments, including refunds of employee contributions	(726,870)	(742,369)	(625,369)	(544,582)	(564,473)
Net change in total pension liability	1,070,659	613,223	590,112	1,078,974	445,841
Total pension liability - beginning	13,556,949	12,943,726	12,353,614	11,274,640	10,828,799
Total pension liability - ending	<u>\$ 14,627,608</u>	<u>\$ 13,556,949</u>	<u>\$ 12,943,726</u>	<u>\$ 12,353,614</u>	<u>\$ 11,274,640</u>
Plan Fiduciary Net Position					
Contributions - Employer	\$ 333,216	\$ 334,913	\$ 272,717	\$ 184,179	\$ 169,482
Contributions - Employee	224,480	525,100	200,147	187,939	184,030
Net investment income (loss)	2,274,288	383,844	448,435	666,953	950,065
Benefit payments, including refunds of employee contributions	(726,870)	(767,905)	(625,369)	(545,412)	(563,643)
Administrative expense	(45,410)	(52,875)	(44,780)	(44,284)	(36,851)
Net change in plan fiduciary net position	2,059,704	423,077	251,150	449,375	703,083
Plan fiduciary net position - beginning	11,886,621	11,463,544	11,212,394	10,763,019	10,059,936
Plan fiduciary net position - ending	<u>\$ 13,946,325</u>	<u>\$ 11,886,621</u>	<u>\$ 11,463,544</u>	<u>\$ 11,212,394</u>	<u>\$ 10,763,019</u>
Net pension liability - ending	<u>\$ 681,283</u>	<u>\$ 1,670,328</u>	<u>\$ 1,480,182</u>	<u>\$ 1,141,220</u>	<u>\$ 511,621</u>
Plan fiduciary net position as a percentage of the total pension liability	95.34%	87.68%	88.56%	90.76%	95.46%
Covered payroll	\$ 4,489,593	\$ 4,348,528	\$ 4,002,938	\$ 3,758,773	\$ 3,680,602
Net pension liability as a percentage of covered payroll	15.17%	38.41%	36.98%	30.36%	13.90%

Notes to Schedule:

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

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

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

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

Continued...

City of Lake Wales, Florida

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

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

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

Notes to Schedule:

Information is not available for years preceding fiscal year 2014.

City of Lake Wales, Florida

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

Last 10 Fiscal Years

City reporting period date	9/30/2021	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Measurement date	9/30/2020	9/30/2020	9/30/2019	9/30/2018	9/30/2017
Total Pension Liability					
Service cost	\$ 289,358	\$ 277,388	\$ 255,833	\$ 266,073	\$ 237,240
Interest	1,029,607	989,877	958,633	923,589	896,271
Differences between expected and actual experience	74,660	116,155	(184,181)	81,645	(70,642)
Share plan allocation	-	-	-	-	-
Changes in Benefit Terms	-	-	(1,450)	-	-
Changes of assumptions	-	(245,964)	-	(26,560)	-
Contributions - buybacks	-	10,281	-	-	-
Benefit payments, including refunds of employee contributions	(653,723)	(640,420)	(656,960)	(904,790)	(573,619)
Net change in total pension liability	739,902	507,317	371,875	339,957	489,250
Total pension liability - beginning	13,322,750	12,815,433	12,443,558	12,103,601	11,614,351
Total pension liability - ending	\$ 14,062,652	\$ 13,322,750	\$ 12,815,433	\$ 12,443,558	\$ 12,103,601
Plan Fiduciary Net Position					
Contributions - Employer	\$ 445,969	\$ 459,279	\$ 442,993	\$ 455,648	\$ 411,611
Contributions - State	102,992	132,028	120,801	114,965	125,811
Contributions - Employee	87,289	87,217	85,520	81,013	77,257
Net investment income (loss)	1,909,693	211,397	338,434	540,534	729,125
Benefit payments, including refunds of employee contributions	(653,723)	(640,420)	(656,960)	(904,790)	(573,619)
Administrative expense	(53,098)	(50,196)	(61,469)	(63,958)	(53,515)
Net change in plan fiduciary net position	1,839,122	199,305	269,319	223,412	716,670
Plan fiduciary net position - beginning	9,361,642	9,162,337	8,893,018	8,669,606	7,952,936
Plan fiduciary net position - ending	\$ 11,200,764	\$ 9,361,642	\$ 9,162,337	\$ 8,893,018	\$ 8,669,606
Net pension liability - ending	\$ 2,861,888	\$ 3,961,108	\$ 3,653,096	\$ 3,550,540	\$ 3,433,995
Plan fiduciary net position as a percentage of the total pension liability	79.65%	70.27%	71.49%	71.47%	71.63%
Covered payroll	\$ 1,710,404	\$ 1,710,404	\$ 1,620,269	\$ 1,545,143	\$ 1,419,567
Net pension liability as a percentage of covered payroll	167.32%	231.59%	225.46%	229.79%	241.90%

Notes to Schedule:

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

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

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

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

Continued...

City of Lake Wales, Florida

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

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

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

Notes to Schedule:

Information is not available for years preceding fiscal year 2014.

City of Lake Wales, Florida

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

Last 10 Fiscal Years

City reporting period date Measurement date	9/30/2021 9/30/2020	9/30/2021 9/30/2020	9/30/2020 9/30/2019	9/30/2019 9/30/2018	9/30/2018 9/30/2017
Total Pension Liability					
Service cost	\$ 448,363	\$ 443,274	\$ 425,683	\$ 484,141	\$ 457,088
Interest	1,390,652	1,349,908	1,296,200	1,281,973	1,244,658
Share plan allocation	23,304	22,306	17,808	13,118	9,083
Differences between expected and actual experience	(265,579)	(63,157)	(122,778)	(595,515)	(228,096)
Changes in Benefit Terms	-	-	-	-	-
Timing differences	-	-	-	-	-
Changes of assumptions	94,715	(201,609)	93,011	62,423	-
Contributions - buy back	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(906,966)	(900,265)	(930,594)	(860,412)	(1,196,188)
Net change in total pension liability	784,489	650,457	779,330	385,728	286,545
Total pension liability - beginning	18,303,171	17,652,714	16,873,384	16,487,656	16,201,111
Total pension liability - ending	\$ 19,087,660	\$ 18,303,171	\$ 17,652,714	\$ 16,873,384	\$ 16,487,656
Plan Fiduciary Net Position					
Contributions - Employer	\$ 394,219	\$ 407,254	\$ 443,994	\$ 489,776	\$ 471,415
Contributions - State	142,767	140,771	131,776	122,394	114,325
Contributions - Employee	121,621	122,066	125,983	119,874	118,654
Net investment income	3,317,196	320,510	565,635	931,772	1,274,464
Benefit payments, including refunds of employee contributions	(906,966)	(901,078)	(930,594)	(860,413)	(1,196,188)
Administrative expense	(79,568)	(67,444)	(60,860)	(75,189)	(64,545)
Net change in plan fiduciary net position	2,989,269	22,079	275,934	728,214	718,125
Plan fiduciary net position - beginning	15,906,890	15,884,811	15,608,877	14,880,663	14,162,538
Plan fiduciary net position - ending	\$ 18,896,159	\$ 15,906,890	\$ 15,884,811	\$ 15,608,877	\$ 14,880,663
Net pension liability - ending	\$ 191,501	\$ 2,396,281	\$ 1,767,903	\$ 1,264,507	\$ 1,606,993
Plan fiduciary net position as a percentage of the total pension liability	99.00%	86.91%	89.99%	92.51%	90.25%
Covered payroll	\$ 2,432,424	\$ 2,441,324	\$ 2,519,599	\$ 2,397,486	\$ 2,373,081
Net pension liability as a percentage of covered payroll	7.87%	98.15%	70.17%	52.74%	67.72%

Notes to Schedule:

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

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

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

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

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

Continued...

City of Lake Wales, Florida

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

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

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

Notes to Schedule:

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

Information is not available for years preceding fiscal year 2014.

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

Last 10 Fiscal Years

	9/30/2012	9/30/2013	9/30/2014	9/30/2015	9/30/2016	9/30/2017	9/30/2018	9/30/2019	9/30/2020	9/30/2021
Actuarily Determined Contribution (A)	\$ 165,024	\$ 245,477	\$ 294,883	\$ 267,808	\$ 238,987	\$ 169,308	\$ 184,180	\$ 272,200	\$ 334,837	\$ 332,230
Interest on NPO	(6,623)	(5,926)	-	-	-	-	-	-	-	-
Adjustment to (A)	15,611	13,343	-	-	-	-	-	-	-	-
Annual Pension Cost	174,012	252,894	294,883	267,808	238,987	169,308	184,180	272,200	334,837	332,230
Contributions in Relation to the Actuarily Determined Contributions	165,024	245,477	294,883	238,987	238,987	169,482	184,179	272,717	334,913	333,216
Contribution Deficiency (Excess)	8,988	7,417	-	28,821	-	(174)	1	(517)	(76)	(986)
Covered Payroll	\$ 2,926,546	\$ 3,219,722	\$ 3,104,032	\$ 3,651,542	\$ 3,514,557	\$ 3,680,602	\$ 3,758,773	\$ 4,002,938	\$ 4,348,528	\$ 4,489,593
Contributions as a Percentage of Covered Payroll	5.64%	7.62%	9.50%	6.54%	6.80%	4.60%	4.90%	6.81%	7.70%	7.42%

Notes to Schedule of Contributions

Valuation Date 10/1/2019

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
Amortization Method: Level percentage of pay, closed
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: Mortality rates were based on the RP-2000 tables for active, inactive and disabled males or females, as appropriate, with adjustments for mortality improvements based on Scale BB.

Termination and Disability Rates:

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

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

Last 10 Fiscal Years

	9/30/2012	9/30/2013	9/30/2014	9/30/2015	9/30/2016	9/30/2017	9/30/2018	9/30/2019	9/30/2020	9/30/2021
Actuarily Determined Contribution (A)	\$ 529,707	\$ 473,635	\$ 532,159	\$ 524,620	\$ 505,366	\$ 539,255	\$ 568,714	\$ 562,723	\$ 579,119	\$ 562,141
Interest on NPO	(5,690)	(5,277)	-	-	-	-	-	-	-	-
Adjustment to (A)	8,722	4,062	-	-	-	-	-	-	-	-
Annual Pension Cost	532,739	472,420	532,159	524,620	505,366	539,255	568,714	562,723	579,119	562,141
Contributions in Relation to the Actuarily Determined Contributions	529,707	473,635	532,159	524,620	507,922	537,422	570,613	563,794	591,307	548,961
Contribution Deficiency (Excess)	3,032	(1,215)	-	-	(2,556)	1,833	(1,899)	(1,071)	(12,188)	13,180
Covered Payroll	\$ 1,153,396	\$ 1,214,019	\$ 1,270,068	\$ 1,372,085	\$ 1,419,567	\$ 1,545,143	\$ 1,620,269	\$ 1,710,404	\$ 1,744,335	\$ 1,745,780
Contributions as a Percentage of Covered Payroll	45.93%	39.01%	41.90%	38.24%	35.78%	34.78%	35.22%	32.96%	33.90%	31.45%

Notes to Schedule of Contributions

Valuation Date 10/1/2019

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
Amortization Method:	Level percentage of pay, closed
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:	Mortality rates were based on the RP-2000 tables for active, inactive and disabled males or females, as appropriate, with adjustments for mortality improvements based on Scale BB.

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

Termination and Disability Rates:

Age	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

	9/30/2011	9/30/2012	9/30/2013	9/30/2014	9/30/2015	9/30/2016	9/30/2017	9/30/2018	9/30/2019	9/30/2020
Actuarially Determined Contribution (A)	\$ 541,275	\$ 699,733	\$ 508,870	\$ 587,357	\$ 519,709	\$ 531,976	\$ 576,659	\$ 592,179	\$ 564,390	\$ 512,678
Interest on NPO	(11,719)	(11,282)	(10,530)	-	-	-	-	-	-	-
Adjustment to (A)	17,182	16,435	8,318	-	-	-	-	-	-	-
Annual Pension Cost	546,738	704,886	506,658	587,357	519,709	531,976	576,659	592,179	564,390	512,678
Contributions in Relation to the Actuarially Determined Contributions	541,275	699,733	508,870	587,357	519,709	537,959	585,740	599,052	557,964	525,719
Contribution Deficiency (Excess)	5,463	5,153	(2,212)	-	-	(5,983)	(9,081)	(6,873)	6,426	(13,041)
Covered Payroll	\$ 2,119,040	\$ 1,940,719	\$ 2,178,365	\$ 2,167,367	\$ 2,124,365	\$ 2,283,146	\$ 2,373,081	\$ 2,397,486	\$ 2,519,599	\$ 2,441,324
Contributions as a Percentage of Covered Payroll	25.54%	36.06%	23.36%	27.10%	24.46%	23.56%	24.68%	24.99%	22.14%	21.53%

Notes to Schedule of Contributions

Valuation Date 10/1/2019

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
Amortization Method: Level percentage of pay, closed
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: Mortality rates were based on the RP-2000 tables for active, inactive and disabled males or females, as appropriate, with adjustments for mortality improvements based on Scale BB.

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

Termination and Disability Rates:

Age	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 Investment Returns – Pension Plans
Last 10 Fiscal Years

	<u>9/30/2020</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
General Employees' Pension Plan								
Annual Money-Weighted Rate of Return net of Investment Expense	19.23%	3.10%	3.90%	5.86%	9.71%	9.83%	-1.14%	10.18%
Firefighters' Pension Plan								
Annual Money-Weighted Rate of Return net of Investment Expense	20.52%	2.29%	3.73%	6.41%	9.25%	9.75%	-1.01%	9.51%
Police Officers' Pension Plan								
Annual Money-Weighted Rate of Return net of Investment Expense	20.94%	2.00%	3.56%	6.28%	9.20%	9.59%	-0.97%	9.59%

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

City of Lake Wales, Florida

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

Measurement date	9/30/2020	9/30/2019	9/30/2018	9/30/2017
Reporting period ending	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Total OPEB Liability				
Service cost	\$ 32,270	\$ 24,912	\$ 26,168	\$ 27,720
Interest	21,004	16,530	14,567	12,429
Differences between expected and actual experience	-	27,016	-	-
Change in assumptions	91,979	141,642	(22,330)	(24,495)
Benefit payments	(29,683)	(22,762)	(20,979)	(19,291)
Net change in total OPEB liability	115,570	187,338	(2,574)	(3,637)
Total OPEB liability, beginning	569,166	381,828	384,402	388,039
Total OPEB liability, ending	<u>\$ 684,736</u>	<u>\$ 569,166</u>	<u>\$ 381,828</u>	<u>\$ 384,402</u>
 Covered-employee payroll	 \$ 7,242,473	 \$ 6,890,375	 \$ 7,523,224	 \$ 7,149,077
 Total OPEB liability as a percentage of covered-employee payroll	 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>
September 30, 2016	3.06%
September 30, 2017	3.64%
September 30, 2018	4.18%
September 30, 2019	3.64%
September 30, 2020	2.14%

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.



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SUPPLEMENTARY INFORMATION

City of Lake Wales, Florida
Combining Balance Sheet - Nonmajor Governmental Funds
September 30, 2021

	Special Revenue Funds								
			Law		American				
	Forfeitures	Library	Enforcement	Transportation	Rescue	Street Lighting	Debt	Capital	
	106	110	Block Grant	102	Plan	District	Service	Projects	Total
			116		350	103	201	330	
Assets									
Cash and cash equivalents	\$ 43,845	\$ 156,883	\$ -	\$ 387,437	\$ 4,201,933	\$ 3,563	\$ 469,967	\$ -	\$ 5,263,628
Intergovernmental receivables	-	-	-	151,276	-	-	-	-	151,276
Restricted cash and cash equivalents:									
Impact fees - investments	-	337,124	-	-	-	-	-	1,022,313	1,359,437
Prepaid items	-	25,517	-	-	-	-	51,000	-	76,517
Total assets	\$ 43,845	\$ 519,524	\$ -	\$ 538,713	\$ 4,201,933	\$ 3,563	\$ 520,967	\$ 1,022,313	\$ 6,850,858
Liabilities and fund balances									
Liabilities									
Accounts payable	\$ -	\$ 3,106	\$ -	\$ 2,838	\$ -	\$ 2	\$ -	\$ -	\$ 5,946
Accrued liabilities	-	20,908	-	10,303	-	-	-	-	31,211
Due to other funds	4,517	-	-	-	5,000	-	-	109,088	118,605
Unearned revenues	-	-	-	-	4,196,933	-	-	-	4,196,933
Total liabilities	4,517	24,014	-	13,141	4,201,933	2	-	109,088	4,352,695
Fund balances									
Nonspendable:									
Prepaid items	-	25,517	-	-	-	-	51,000	-	76,517
Restricted for:									
Law enforcement expenditures	39,328	-	-	-	-	-	-	-	39,328
Library expenditures	-	469,993	-	-	-	-	-	-	469,993
Street lighting expenditures	-	-	-	-	-	3,561	-	-	3,561
Transportation expenditures	-	-	-	525,572	-	-	-	-	525,572
Debt service	-	-	-	-	-	-	469,967	-	469,967
Capital projects	-	-	-	-	-	-	-	913,225	913,225
Total fund balances	39,328	495,510	-	525,572	-	3,561	520,967	913,225	2,498,163
Total liabilities and fund balances	\$ 43,845	\$ 519,524	\$ -	\$ 538,713	\$ 4,201,933	\$ 3,563	\$ 520,967	\$ 1,022,313	\$ 6,850,858

City of Lake Wales, Florida

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds Year Ended September 30, 2021

	Special Revenue Funds							
	Forfeitures 106	Library 110	Law Enforcement Block Grant 116	Transportation 102	Street Lighting District 103	Debt Service 201	Capital Projects 330	Total
Revenues								
Taxes	\$ -	\$ 414,145	\$ -	\$ 858,170	\$ -	\$ 1,132,000	\$ -	\$ 2,404,315
Special assessment	-	-	-	-	12,053	-	-	12,053
Intergovernmental	-	798,302	34,624	160,642	-	-	-	993,568
Charges for services	-	-	-	157,206	-	-	-	157,206
Fines and forfeits	6,895	-	-	-	-	-	-	6,895
Investment earnings	73	584	-	-	-	-	1,882	2,539
Impact fees	-	11,890	-	-	-	-	108,632	120,522
Miscellaneous	-	11,651	-	514	-	-	-	12,165
Total revenues	6,968	1,236,572	34,624	1,176,532	12,053	1,132,000	110,514	3,709,263
Expenditures								
Current:								
Public safety	7,649	-	34,624	-	-	-	-	42,273
Transportation	-	-	-	782,536	-	-	-	782,536
Physical environment	-	-	-	-	13,075	-	-	13,075
Culture and recreation	-	1,050,595	-	-	-	-	-	1,050,595
Debt Service:								
Principal	-	-	-	-	-	1,428,515	-	1,428,515
Interest and fiscal charges	-	-	-	-	-	331,703	-	331,703
Capital outlay	-	-	-	-	-	-	189,525	189,525
Total expenditures	7,649	1,050,595	34,624	782,536	13,075	1,760,218	189,525	3,838,222
Excess (deficiency) of revenues over (under) expenditures	(681)	185,977	-	393,996	(1,022)	(628,218)	(79,011)	(128,959)
Other financing sources								
Transfers in	-	-	-	-	-	726,134	-	726,134
Transfers out	-	-	-	-	-	-	(30,000)	(30,000)
Total other financing sources	-	-	-	-	-	726,134	(30,000)	696,134
Net change in fund balances	(681)	185,977	-	393,996	(1,022)	97,916	(109,011)	567,175
Fund balances, beginning of year	40,009	309,533	-	131,576	4,583	423,051	1,022,236	1,930,988
Fund balances, end of year	\$ 39,328	\$ 495,510	\$ -	\$ 525,572	\$ 3,561	\$ 520,967	\$ 913,225	\$ 2,498,163

City of Lake Wales, Florida

Combining Statement of Net Position - Nonmajor Enterprise Funds September 30, 2021

	LWMG Cemetery Fund	Stormwater Fund	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 475,108	\$ 181	\$ 475,289
Receivables, net	5,698	46,822	52,520
Total current assets	480,806	47,003	527,809
Noncurrent assets			
Capital assets:			
Nondepreciable	204,569	-	204,569
Depreciable, net	354,129	81,961	436,090
Total noncurrent assets	558,698	81,961	640,659
Total assets	1,039,504	128,964	1,168,468
Liabilities			
Current liabilities			
Accounts payable	-	28,942	28,942
Accrued interest	5,177	-	5,177
Due to general fund	-	55,000	55,000
Current portion of long-term debt	34,971	-	34,971
Total current liabilities	40,148	83,942	124,090
Noncurrent liabilities			
Notes and lease obligations payable - noncurrent	290,027	-	290,027
Total noncurrent liabilities	290,027	-	290,027
Total liabilities	330,175	83,942	414,117
Net position			
Net investment in capital assets	233,700	81,961	315,661
Unrestricted	475,629	(36,939)	438,690
Total net position	\$ 709,329	\$ 45,022	\$ 754,351

City of Lake Wales, Florida

Combining Statement of Revenue, Expenses and Changes in Fund Net Position - Nonmajor Enterprise Funds Year ended September 30, 2021

	LWMG Cemetery Fund	Stormwater Fund	Total
Operating revenues:			
Charges for services	\$ 169,475	\$ 466,735	636,210
Total operating revenues	169,475	466,735	636,210
Operating expenses:			
Contractual services	-	57,608	57,608
Repairs and maintenance	-	93,803	93,803
General and administrative	64,700	250,225	314,925
Depreciation	38,850	4,615	43,465
Total operating expenses	103,550	406,251	509,801
Operating income (loss)	65,925	60,484	126,409
Nonoperating revenues (expenses)			
Interest income	355	-	355
Interest expense and fiscal charges	(11,429)	-	(11,429)
Total nonoperating revenues (expenses)	(11,074)	-	(11,074)
Income (loss) before contributions and transfers	54,851	60,484	115,335
Transfers			
Transfers in	121,956	-	121,956
Total transfers	121,956	-	121,956
Change in net position	176,807	60,484	237,291
Net position, beginning of year	532,522	(15,462)	517,060
Net position, end of year	\$ 709,329	\$ 45,022	\$ 754,351

City of Lake Wales, Florida

Combining Statement of Cash Flows - Nonmajor Enterprise Funds Year ended September 30, 2021

	LWMG		
	Cemetery	Stormwater	
	Fund	Fund	Total
Cash flows from operating activities			
Cash received from customers	\$ 169,666	\$ 473,262	\$ 642,928
Cash payments to suppliers for goods and services	(64,700)	(377,477)	(442,177)
Net cash provided by operating activities	104,966	95,785	200,751
Cash flows from noncapital financing activities			
Transfers from other funds	121,956	-	121,956
Loan from other funds	-	(95,604)	(95,604)
Net cash provided (used) by noncapital financing activities	121,956	(95,604)	26,352
Cash flows from capital and related financing activities			
Principal payments on long-term debt	(44,299)	-	(44,299)
Interest paid	(12,334)	-	(12,334)
Net cash used in capital and related financing activities	(56,633)	-	(56,633)
Cash flows from investing activities			
Purchase of investments	-	-	-
Interest income	355	-	355
Net cash provided by investing activities	355	-	355
Net increase in cash and cash equivalents	170,644	181	170,825
Cash and cash equivalents, beginning of year	304,464	-	304,464
Cash and cash equivalents, end of year	<u>\$ 475,108</u>	<u>\$ 181</u>	<u>\$ 475,289</u>

Continued...

City of Lake Wales, Florida

Combining Statement of Cash Flows - Nonmajor Enterprise Funds (*concluded*)

Year ended September 30, 2021

	LWMG Cemetery Fund	Stormwater Fund	Total
Reconciliation of cash and cash equivalents to statement of net position			
Cash and cash equivalents	\$ 475,108	\$ 181	\$ 475,289
Restricted cash and cash equivalents	-	-	-
Cash and cash equivalents, end of year	<u>\$ 475,108</u>	<u>\$ 181</u>	<u>\$ 475,289</u>
Reconciliation of operating loss to net cash used in operating activities			
Operating income (loss)	\$ 65,925	\$ 60,484	\$ 126,409
Adjustments to reconcile operating income to cash provided by operating activities:			
Depreciation	38,850	4,615	43,465
(Increase) decrease in assets:			
Accounts receivable	191	6,527	6,718
Increase (decrease) in liabilities:			
Accounts payable	-	24,159	24,159
Net cash provided by operating activities	<u>\$ 104,966</u>	<u>\$ 95,785</u>	<u>\$ 200,751</u>
Schedule of non-cash capital and related financing activities:			
None	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Lake Wales, Florida

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

For the year ended September 30, 2021

	Budget Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 799,000	\$ 848,000	\$ 858,170	\$ 10,170
Intergovernmental	119,500	156,200	160,642	4,442
Charges for services	157,205	157,205	157,206	1
Investment earnings	100	100	-	(100)
Miscellaneous	100	100	514	414
Total revenues	1,075,905	1,161,605	1,176,532	14,927
Expenditures				
Current:				
Transportation	907,721	907,721	782,536	125,185
Total expenditures	907,721	907,721	782,536	125,185
Net change in fund balance	168,184	253,884	393,996	140,112
Fund balances, beginning of year	131,576	131,576	131,576	-
Fund balances, end of year	\$ 299,760	\$ 385,460	\$ 525,572	\$ 140,112

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, 2021

	Budget Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 1,012,000	\$ 1,132,000	\$ 1,132,000	\$ -
Total revenues	1,012,000	1,132,000	1,132,000	-
Expenditures				
Current:				
Principal	1,408,677	1,478,677	1,428,515	50,162
Interest and fiscal charges	327,368	346,368	331,703	14,665
Total expenditures	1,736,045	1,825,045	1,760,218	64,827
Deficiency of revenues under expenditures	(724,045)	(693,045)	(628,218)	64,827
Other financing sources				
Transfers in	724,875	644,875	726,134	81,259
Total other financing sources	724,875	644,875	726,134	81,259
Net change in fund balance	830	(48,170)	97,916	146,086
Fund balances, beginning of year	423,051	423,051	423,051	-
Fund balances, end of year	\$ 423,881	\$ 374,881	\$ 520,967	\$ 146,086

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, 2021

	Budget Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
Revenues				
Fines and forfeits	\$ 20,000	\$ 20,000	\$ 6,895	\$ (13,105)
Investment earnings	-	-	73	73
Total revenues	20,000	20,000	6,968	(13,032)
Expenditures				
Current:				
Public safety	38,000	38,000	7,649	30,351
Total expenditures	38,000	38,000	7,649	30,351
Net change in fund balance	(18,000)	(18,000)	(681)	17,319
Fund balances, beginning of year	40,009	40,009	40,009	-
Fund balances, end of year	\$ 22,009	\$ 22,009	\$ 39,328	\$ 17,319

City of Lake Wales, Florida

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

For the Year Ended September 30, 2021

	Budget Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 398,233	\$ 398,233	\$ 414,145	\$ 15,912
Intergovernmental	775,000	775,000	798,302	23,302
Investment earnings	1,350	1,350	584	(766)
Impact fees	70,000	70,000	11,890	(58,110)
Miscellaneous	8,550	8,550	11,651	3,101
Total revenues	1,253,133	1,253,133	1,236,572	(16,561)
Expenditures				
Current:				
Culture and recreation	1,135,268	1,157,448	1,050,595	106,853
Total expenditures	1,135,268	1,157,448	1,050,595	106,853
Net change in fund balance	117,865	95,685	185,977	(123,414)
Fund balances, beginning of year	309,533	309,533	309,533	-
Fund balances, end of year	\$ 427,398	\$ 405,218	\$ 495,510	\$ 90,292

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, 2021

	Budget Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 35,000	\$ (35,000)	\$ 34,624	\$ 69,624
Total revenues	35,000	(35,000)	34,624	69,624
Expenditures				
Current:				
Public safety	38,700	38,700	34,624	4,076
Total expenditures	38,700	38,700	34,624	4,076
Net change in fund balance	(3,700)	(73,700)	-	73,700
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	\$ (3,700)	\$ (73,700)	\$ -	\$ 73,700

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, 2021

	Budget Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
Revenues				
Special Assessment	\$ 13,485	\$ 13,485	\$ 12,053	\$ (1,432)
Total revenues	13,485	13,485	12,053	(1,432)
Expenditures				
Current:				
Physical environment	13,555	13,555	13,075	480
Total expenditures	13,555	13,555	13,075	480
Net change in fund balance	(70)	(70)	(1,022)	(952)
Fund balances, beginning of year	4,583	4,583	4,583	-
Fund balances, end of year	\$ 4,513	\$ 4,513	\$ 3,561	\$ (952)

City of Lake Wales, Florida

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – American Rescue Plan Special Revenue Fund

For the Year Ended September 30, 2021

	Budget Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
Revenues				
Intergovernmental	\$ -	\$ 4,200,000	\$ -	\$ (4,200,000)
Total revenues	-	4,200,000	-	(4,200,000)
Expenditures				
Current:				
None	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	4,200,000	-	(4,200,000)
Net change in fund balance	-	4,200,000	-	(4,200,000)
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	\$ -	\$ 4,200,000	\$ -	\$ (4,200,000)

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, 2021

	Budget Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
Revenues				
Investment earnings	\$ -	\$ -	\$ 1,882	\$ 1,882
Impact fees	500,000	110,000	108,632	(1,368)
Total revenues	500,000	110,000	110,514	514
Expenditures				
Capital outlay	150,000	192,000	189,525	2,475
Total expenditures	150,000	192,000	189,525	2,475
Excess (deficiency) of revenues over (under) expenditures	350,000	(82,000)	(79,011)	2,989
Other financing sources (uses)				
Transfers out	110,741	30,741	(30,000)	(60,741)
Total other financing sources (uses)	110,741	30,741	(30,000)	(60,741)
Net change in fund balance	460,741	(51,259)	(109,011)	(57,752)
Fund balances, beginning of year	1,022,236	1,022,236	1,022,236	-
Fund balances, end of year	\$ 1,482,977	\$ 970,977	\$ 913,225	\$ (57,752)

City of Lake Wales, Florida

Statement of Net Position - Lake Wales Airport Authority September 30, 2021

	<u>2021</u>
Assets	
Current Assets	
Cash and cash equivalents	\$ 159,292
Receivables, net	6,232
Restricted cash and cash equivalents:	
Unspent bond proceeds	195,211
Debt service reserve account	100,500
Inventories	<u>18,141</u>
Total Current Assets	<u>479,376</u>
Noncurrent Assets	
Capital assets:	
Nondepreciable	1,771,378
Depreciable, net	<u>15,205,179</u>
Total Noncurrent Assets	<u>16,976,557</u>
Total Assets	<u>17,455,933</u>
Liabilities	
Current Liabilities	
Accounts payable	28,881
Accrued liabilities	3,889
Accrued interest	11,607
Accrued compensated absences	262
Deposits	5,322
Due to primary government	478,328
Current portion of long-term debt	<u>106,218</u>
Total Current Liabilities	<u>634,507</u>
Noncurrent liabilities	
Accrued compensated absences	2,355
Notes and lease obligations payable - noncurrent	<u>1,570,682</u>
Total noncurrent liabilities	<u>1,573,037</u>
Total Liabilities	<u>2,207,544</u>
Net Position	
Net investment in capital assets	15,494,868
Restricted for debt service	88,893
Unrestricted (deficit)	<u>(335,372)</u>
Total Net Position	<u>\$ 15,248,389</u>

City of Lake Wales, Florida

Statement of Revenues, Expenses, and Changes in Net Position - Lake Wales Airport Authority For the Year Ended September 30, 2021

	<u>2021</u>
Operating Revenues	
Charges for services	<u>\$ 335,961</u>
Operating Expenses	
Personnel services	134,906
Contractual services	17,118
Repairs and maintenance	21,847
Materials and supplies	219,648
General and administrative	102,029
Depreciation	<u>1,183,147</u>
Total operating expenses	<u>1,678,695</u>
Operating Loss	<u>(1,342,734)</u>
Nonoperating revenues (expenses)	
Interest expense and fiscal charges	(51,325)
Gain (loss) on sale of capital assets	(18,175)
Interest income	<u>557</u>
Total nonoperating expenses	<u>(68,943)</u>
Loss before contributions and transfers	<u>(1,411,677)</u>
Capital Contributions	
Grants	92,920
From City of Lake Wales	<u>299,000</u>
Total capital contributions	<u>391,920</u>
Change in Net Position	<u>(1,019,757)</u>
Total Net Position, Beginning of Year	<u>16,268,146</u>
Total Net Position, End of Year	<u><u>\$ 15,248,389</u></u>

City of Lake Wales, Florida

Statement of Cash Flows - Lake Wales Airport Authority For the Year Ended September 30, 2021

	<u>2021</u>
Cash flows from operating activities	
Receipts from customers	\$ 352,058
Cash payments for employee services	(134,331)
Cash payments to suppliers	(332,891)
Net cash used in operating activities	<u>(115,164)</u>
Cash flows from capital and related financing activities	
Capital grants	144,901
Capital contributions from City of Lake Wales (net)	(61,000)
Acquisition and construction of capital assets	(208,457)
Payments of interest	(51,887)
Principal payment on long-term debt	(104,130)
Net cash provided by capital and related financing activities	<u>(280,573)</u>
Cash flows from investing activities	
Investment income	557
Net cash provided by investing activities	<u>557</u>
Net increase in cash and cash equivalents	(395,180)
Cash and cash equivalents, beginning of year	<u>850,183</u>
Cash and cash equivalents, end of year	<u><u>\$ 455,003</u></u>
Reconciliation of cash and cash equivalents to statement of net position	
Cash and cash equivalents	\$ 159,292
Restricted cash and cash equivalents	295,711
Total cash and cash equivalents, end of year	<u><u>\$ 455,003</u></u>
Reconciliation of operating loss to net cash used in operating activities	
Operating loss	\$ (1,342,734)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	1,183,147
(Increase) decrease in assets:	
Accounts receivable	15,452
Inventories	4,962
Increase (decrease) in liabilities:	
Accounts payable	22,789
Accrued liabilities	1,343
Compensated absences	(768)
Deposits	645
Net cash used in operating activities	<u><u>\$ (115,164)</u></u>
<u>Supplemental Disclosure of Noncash Transactions</u>	
None	<u><u>\$ -</u></u>

City of Lake Wales, Florida
Statistical Section
(Unaudited)

Contents

Financial Trends

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

Net Position by component	110
Changes in Net Position.....	111
Fund Balances of Governmental Funds	113
Changes in Fund Balance of Governmental Funds.....	114
Governmental Activities Tax Revenues by Source.....	115

Revenue Capacity

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

Assessed and Estimated Actual Value of Taxable Property.....	116
Direct and Overlapping Property Tax Rates.....	117
Principal Property Taxpayers.....	118
Property Tax Levies and Collections.....	119

Debt Capacity

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

Ratios of Outstanding Debt by Type.....	120
Direct and Overlapping Governmental Activities Debt.....	121
Pledged-Revenue Coverage.....	122

Demographic and Economic Information

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

Demographic and Economic Statistics.....	123
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Operating Information

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

Full-time Equivalent City Government Employees by Function/Program.....	126
Various Indicators by Function/Program.....	127
Water Sold by Type of Customer and Associated Rates.....	128
Sewer Sold by Type of Customer and Associated Rates.....	129
Principal Employers.....	130

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

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

	9/30/2012	9/30/2013	9/30/2014	Fiscal Year 9/30/2015	9/30/2016	9/30/2017	9/30/2018	9/30/2019	9/30/2020	9/30/2021
Governmental activities:										
Net investment in capital assets	\$ 14,610,965	\$ 14,973,405	\$ 15,575,570	\$ 15,600,248	\$ 15,848,115	\$ 15,671,679	\$ 16,222,093	\$ 17,043,260	\$ 16,815,903	\$ 17,626,990
Restricted	3,221,380	2,768,005	2,874,458	2,242,316	2,495,170	3,813,419	3,651,569	3,858,230	4,658,555	5,141,517
Unrestricted	1,758,076	1,510,997	205,608	(2,238,048)	(1,619,543)	(1,240,080)	(900,914)	(1,412,870)	(934,505)	(402,333)
Total governmental activities net position	19,590,421	19,252,407	18,655,636	15,604,516	16,723,742	18,245,018	18,972,748	19,488,620	20,539,953	22,366,174
Business-type activities										
Net investment in capital assets	21,421,022	22,004,309	24,240,474	24,566,866	25,806,028	27,848,331	28,212,408	29,012,942	31,675,498	31,790,132
Restricted	2,589,379	2,773,953	2,786,545	3,582,332	3,772,396	2,888,137	3,290,839	3,995,244	4,503,838	4,778,605
Unrestricted	993,441	1,365,077	169,003	738,546	1,072,128	2,302,087	3,270,530	4,333,649	3,746,575	4,801,114
Total business-type activities in net position	25,003,842	26,143,339	27,196,022	28,887,744	30,650,552	33,038,555	34,773,777	37,341,835	39,925,911	41,369,851
Primary government										
Net investment in capital assets	36,031,987	36,977,714	39,816,044	40,167,114	41,654,143	43,520,010	44,434,501	46,056,202	48,491,401	49,417,122
Restricted	5,810,759	5,541,958	5,661,003	5,824,648	6,267,566	6,701,556	6,942,408	7,853,474	9,162,393	9,920,122
Unrestricted	2,751,517	2,876,074	374,611	(1,499,502)	(547,415)	1,062,007	2,369,616	2,920,779	2,812,070	4,398,781
Total primary government net position	\$ 44,594,263	\$ 45,395,746	\$ 45,851,658	\$ 44,492,260	\$ 47,374,294	\$ 51,283,573	\$ 53,746,525	\$ 56,830,455	\$ 60,465,864	\$ 63,736,025

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

	Fiscal Year									
	9/30/2012	9/30/2013	9/30/2014	9/30/2015 ⁽¹⁾	9/30/2016 ⁽²⁾	9/30/2017	9/30/2018 ⁽³⁾	9/30/2019	9/30/2020	9/30/2021
Expenses										
Governmental activities:										
General government	\$ 1,214,450	\$ 1,170,638	\$ 1,217,965	\$ 1,080,211	\$ 1,226,946	\$ 1,399,216	\$ 1,372,964	\$ 1,643,677	\$ 2,544,143	\$ 1,497,774
Public safety	7,309,111	7,134,069	7,548,733	7,005,129	7,816,386	8,501,991	8,470,373	9,085,841	9,378,097	9,524,365
Physical environment	1,020,413	941,419	745,501	1,089,770	1,071,354	1,145,447	747,777	1,251,218	1,333,773	1,300,281
Transportation	1,609,153	1,558,117	1,647,003	1,841,706	1,767,102	1,807,487	2,261,161	2,019,958	2,052,817	1,782,847
Economic environment	483,785	456,091	344,886	320,428	414,110	441,868	945,327	672,429	898,285	1,017,460
Human services	64,633	16,704	15,634	10,174	10,174	10,174	10,174	10,173	10,174	10,174
Culture and recreation	2,256,121	2,317,252	2,707,191	2,338,582	2,523,366	2,648,493	2,809,125	3,186,011	3,125,759	2,952,373
Interest on long term debt	543,766	457,347	455,554	356,781	345,798	288,519	304,789	368,926	375,441	315,929
Total governmental activities expenses	14,501,432	14,051,637	14,682,467	14,042,781	15,175,236	16,243,195	16,921,690	18,238,233	19,718,489	18,401,203
Business-type activities:										
Water and wastewater	4,933,817	5,195,033	6,271,228	5,111,658	5,579,359	5,761,569	6,154,074	6,257,083	6,811,684	7,581,515
LWMG Cemetery	-	-	-	7,255	88,200	87,818	113,696	124,703	129,695	114,979
Stormwater	-	-	-	-	-	-	-	248,550	293,685	406,251
Total business-type activities	4,933,817	5,195,033	6,271,228	5,118,913	5,667,559	5,849,387	6,267,770	6,630,336	7,235,064	8,102,745
Total primary government expenses	19,435,249	19,246,670	20,953,695	19,161,694	20,842,795	22,092,582	23,189,460	24,868,569	26,953,553	26,503,948
Program revenues										
Governmental activities:										
Charges for services:										
General government	74,304	60,774	68,363	60,425	108,638	87,896	28,779	60,405	732,639	107,384
Public safety	594,963	720,995	862,226	1,001,802	1,761,549	2,240,193	1,963,802	2,308,752	2,187,976	2,129,372
Physical environment	1,029,093	1,073,028	1,061,209	1,122,696	1,189,190	1,156,756	1,219,272	1,353,179	1,453,027	1,434,657
Transportation	107,530	108,418	109,168	114,342	133,323	138,546	141,740	145,617	150,193	157,206
Culture and recreation	55,266	85,137	104,019	104,416	98,304	196,119	108,267	278,621	399,047	58,973
Operating grants and contributions	707,516	713,964	740,250	845,228	1,147,668	1,351,175	1,378,257	1,283,712	1,469,900	1,436,108
Capital grants and contributions	24,761	26,593	105,731	169,913	15,139	15,724	78,477	18,112	16,224	36,197
Total governmental activities program revenues	2,593,433	2,788,909	3,050,966	3,418,822	4,453,811	5,186,409	4,918,594	5,448,398	6,409,006	5,359,897
Business -type activities:										
Charges for services:										
Water and wastewater	6,514,807	6,549,910	6,649,031	7,002,296	7,860,703	8,134,261	8,329,706	8,685,158	9,378,790	9,326,170
LWMG Cemetery	-	-	-	6,079	61,181	46,351	78,162	72,315	75,072	169,475
Stormwater	-	-	-	-	-	-	-	64,027	462,746	466,735
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	398,506	399,621	981,217	307,801	345,382	914,886	426,344	1,247,275	841,151	721,376
Total business-type activities program revenues	6,913,313	6,949,531	7,630,248	7,316,176	8,267,266	9,095,498	8,834,212	10,068,775	10,757,759	10,683,756
Total primary government program revenues	9,506,746	9,738,440	10,681,214	10,734,998	12,721,077	14,281,907	13,752,806	15,517,173	17,166,765	16,043,653
Net (expenditures) revenues										
Governmental activities	(11,907,999)	(11,262,728)	(11,631,501)	(10,623,959)	(10,721,425)	(11,056,786)	(12,003,096)	(12,789,835)	(13,309,483)	(13,041,306)
Business-type activities	1,979,496	1,754,498	1,359,020	2,197,263	2,599,707	3,246,111	2,566,442	3,438,439	3,522,695	2,581,011
Total primary government net(expenses) revenues	(9,928,503)	(9,508,230)	(10,272,481)	(8,426,696)	(8,121,718)	(7,810,675)	(9,436,654)	(9,351,396)	(9,786,788)	(10,460,295)

	Fiscal Year									
	9/30/2012	9/30/2013	9/30/2014	9/30/2015 ⁽¹⁾	9/30/2016 ⁽²⁾	9/30/2017	9/30/2018 ⁽³⁾	9/30/2019	9/30/2020	9/30/2021
General revenues and other changes in net assets										
Governmental activities:										
Taxes:										
Property taxes	5,123,146	5,101,801	5,130,461	5,159,264	4,900,523	5,122,114	5,452,835	5,849,860	6,252,874	6,685,845
Franchise fees	1,198,360	1,098,866	1,221,973	1,268,042	1,216,849	1,202,764	1,270,749	1,372,549	1,366,983	1,417,974
Public service taxes	1,465,024	1,523,497	1,612,772	1,603,537	1,672,772	1,687,888	1,718,285	1,846,617	1,963,799	2,006,417
Communication service taxes	543,749	524,187	483,337	467,312	469,080	467,274	454,353	448,685	486,042	467,111
Gas taxes	603,415	615,111	703,120	739,144	786,555	810,953	844,684	860,806	821,880	858,170
Local business tax	75,154	76,561	70,763	72,034	70,015	72,316	68,133	67,280	61,772	64,445
State and county shared revenues	1,050,977	1,097,472	1,169,636	1,256,194	1,359,612	1,404,292	1,493,372	1,552,745	1,520,571	1,801,151
Investment earnings	31,156	16,366	8,986	6,695	8,998	14,816	19,214	21,757	19,192	16,553
Insurance recoveries	9,774	6,947	11,704	15,176	1,825	4,669	76,223	789	-	-
Gain/(loss) on disposal of capital assets	23,637	16,798	1,016	(17,721)	40,580	610,380	-	30,873	438,925	-
Contribution	-	31,107	100	-	-	-	-	-	-	-
Miscellaneous revenue	61,076	93,557	117,862	130,787	67,232	100,366	180,882	138,446	223,450	172,817
Transfers	828,000	828,000	503,000	798,128	1,046,718	1,080,230	1,086,650	1,115,300	1,205,328	1,377,044
Total governmental activities	11,013,468	11,030,270	11,034,730	11,498,592	11,640,759	12,578,062	12,665,380	13,305,707	14,360,816	14,867,527
Business-type activities:										
Investment earnings	26,480	8,678	7,496	6,783	12,071	11,209	18,792	21,670	21,302	18,724
Gain/(loss) on disposal of capital assets	-	3,261	-	(6,624)	420	-	-	200	15,036	-
Miscellaneous revenue	265,834	238,245	189,167	200,744	197,328	210,913	221,782	223,049	230,371	221,249
Transfers	(828,000)	(828,000)	(503,000)	(798,128)	(1,046,718)	(1,080,230)	(1,086,650)	(1,115,300)	(1,205,328)	(1,377,044)
Total business-type activities	(535,686)	(577,816)	(306,337)	(597,225)	(836,899)	(858,108)	(846,076)	(870,381)	(938,619)	(1,137,071)
Total primary government	10,477,782	10,452,454	10,728,393	10,901,367	10,803,860	11,719,954	11,819,304	12,435,326	13,422,197	13,730,456
Change in net position										
Governmental activities	(894,531)	(232,458)	(596,771)	874,633	919,334	1,521,276	662,284	515,872	1,051,333	1,826,221
Business-type activities	1,443,810	1,176,682	1,052,683	1,600,038	1,762,808	2,388,003	1,720,366	2,568,058	2,584,076	1,443,940
Total primary government	\$ 549,279	\$ 944,224	\$ 455,912	\$ 2,474,671	\$ 2,682,142	\$ 3,909,279	\$ 2,382,650	\$ 3,083,930	\$ 3,635,409	\$ 3,270,161

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

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

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

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

	Fiscal Year									
General fund	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Nonspendable										
Inventory and Prepaid	\$ 177,812	\$ 161,490	\$ 133,694	\$ 91,834	\$ 97,256	\$ 260,083	\$ 289,680	\$ 178,074	\$ 528,092	\$ 355,174
Committed										
Cemetery expenditures	-	-	-	-	28,086	28,086	-	-	-	-
Tree replacement expenditures	-	-	-	-	67,493	67,493	-	-	-	-
Assigned										
Subsequent years' expenditure	416,670	739,053	-	-	-	-	1,296,074	850,123	475,747	1,123,097
Unassigned	1,602,544	1,079,413	1,076,439	2,212,543	2,892,676	3,209,162	2,712,511	3,253,113	3,581,521	3,962,637
Total general fund	<u>2,197,026</u>	<u>1,979,956</u>	<u>1,210,133</u>	<u>2,304,377</u>	<u>3,085,511</u>	<u>3,564,824</u>	<u>4,298,265</u>	<u>4,281,310</u>	<u>4,585,360</u>	<u>5,440,908</u>
All other governmental funds										
Nonspendable										
Inventory and Prepaid	14,270	4,605	15,499	6,533	33,730	13,897	24,486	28,733	25,152	76,517
Restricted for:										
Library expenditures	363,617	208,159	108,048	117,869	81,244	127,600	130,708	190,140	284,381	469,993
Law enforcement expenditures	23,758	48,928	35,135	29,176	67,473	57,323	43,381	36,536	40,009	39,328
Transportation expenditures	63,843	98,908	198,565	253,252	332,984	508,472	401,886	111,029	131,576	525,572
Community redevelopment expendit	726,787	353,867	169,341	149,586	210,468	1,393,382	1,504,752	2,108,243	2,752,719	2,719,871
Street lighting expenditures	352	6,840	14,580	15,782	17,154	19,318	5,792	6,426	4,583	3,561
Debt service	1,948,728	1,932,558	1,948,424	1,252,676	1,322,116	1,154,353	964,916	686,736	423,051	469,967
Capital projects	341,412	1,876,572	696,476	423,975	463,731	552,971	600,134	719,120	1,022,236	913,225
Assigned										
Capital projects	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$3,482,767</u>	<u>\$4,530,437</u>	<u>\$3,186,068</u>	<u>\$2,248,849</u>	<u>\$2,528,900</u>	<u>\$3,827,316</u>	<u>\$3,676,055</u>	<u>\$3,886,963</u>	<u>\$4,683,707</u>	<u>\$5,218,034</u>

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

	Fiscal Year									
Revenues	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Taxes	\$ 7,330,959	\$ 7,401,434	\$ 7,641,409	\$ 7,595,065	\$ 7,372,285	\$ 7,574,308	\$ 7,796,780	\$ 8,192,156	\$ 8,561,644	\$ 9,036,846
Special assessment	11,212	19,050	21,218	14,830	14,823	15,624	-	12,782	12,755	12,053
Licenses and permits	1,398,707	1,370,028	1,600,762	1,647,600	1,643,803	1,770,272	1,800,458	2,131,820	1,901,079	2,067,400
Intergovernmental	2,327,699	2,322,091	2,567,234	2,773,856	3,056,649	3,226,070	3,871,137	3,781,662	4,060,971	4,306,078
Charges for services	1,906,420	1,924,140	1,903,900	2,029,255	3,012,228	3,247,682	3,146,019	3,311,878	3,482,576	3,618,065
Fines and forfeitures	40,588	63,156	58,592	96,583	108,072	136,491	151,371	162,757	165,595	116,059
Interest and miscellaneous	186,044	250,255	311,885	402,638	255,736	444,049	421,282	669,479	940,947	384,531
Total revenues	13,201,629	13,350,154	14,105,000	14,559,827	15,463,596	16,414,496	17,187,047	18,262,534	19,125,567	19,541,032
Expenditures										
Current:										
General government	1,584,817	1,533,286	1,503,113	1,522,961	1,591,291	1,904,199	1,870,430	2,102,409	2,302,858	1,994,654
Public safety	6,989,426	6,923,945	7,314,126	7,158,859	7,778,626	8,390,048	8,186,060	9,898,768	8,996,214	8,795,422
Physical environment	977,589	998,144	1,032,401	1,083,605	1,046,112	1,110,708	1,205,879	1,252,316	1,277,758	1,192,453
Transportation	816,012	723,580	783,519	1,024,348	1,091,184	1,129,684	1,625,190	2,137,461	1,500,467	1,213,812
Economic environment	455,627	456,935	341,333	306,478	413,478	498,908	923,498	620,617	841,675	1,660,466
Human services	50,000	2,070	1,000	-	-	-	-	30,000	40,000	40,000
Culture and recreation	1,909,602	2,100,893	2,419,371	2,121,724	2,442,606	2,492,316	3,217,540	3,186,614	3,707,862	2,710,401
Debt service:										
Principal	1,729,272	1,710,589	1,741,418	1,842,290	1,484,637	1,511,401	910,259	1,140,052	1,369,355	1,428,515
Interest and fiscal charges	523,840	466,078	430,585	377,209	333,629	305,613	300,049	362,482	379,830	331,703
Capital outlay	196,650	274,963	1,254,503	817,123	80,038	119,499	276,156	263,776	53,125	189,525
Total expenditures	15,232,835	15,190,483	16,821,369	16,254,597	16,261,601	17,462,376	18,515,061	20,994,495	20,469,144	19,556,951
Excess (deficiency) of revenues over (under) expenditures	(2,031,206)	(1,840,329)	(2,716,369)	(1,694,770)	(798,005)	(1,047,880)	(1,328,014)	(2,731,961)	(1,343,577)	(15,919)
Other financing sources (uses)										
Lease proceeds	-	1,819,184	86,457	-	-	-	-	-	-	-
Proceeds from issuance of debt	-	-	-	790,560	693,513	755,648	747,118	1,775,272	1,218,365	-
Principal - current refunding	-	-	-	-	-	-	-	-	-	-
Payments to refunding escrow	-	-	-	-	-	-	-	-	-	-
Insurance recoveries	9,774	6,947	11,704	15,176	1,825	4,669	76,223	4,469	-	-
Sale of capital assets	23,636	16,798	1,016	26,059	117,134	985,062	203	30,873	20,678	28,750
Transfers in	1,108,876	1,968,812	2,089,038	2,316,638	2,001,028	1,854,306	2,034,473	1,986,576	2,235,822	2,225,134
Transfers out	(280,876)	(1,140,812)	(1,586,038)	(1,296,638)	(954,310)	(774,076)	(947,823)	(871,276)	(1,030,494)	(848,090)
Total other financing sources (uses)	861,410	2,670,929	602,177	1,851,795	1,859,190	2,825,609	1,910,194	2,925,914	2,444,371	1,405,794
Net change in fund balances	\$ (1,169,796)	\$ 830,600	\$ (2,114,192)	\$ 157,025	\$ 1,061,185	\$ 1,777,729	\$ 582,180	\$ 193,953	\$ 1,100,794	\$ 1,389,875
Debt Service as a percentage of noncapital expenditures	16.06%	14.63%	13.29%	14.92%	12.15%	11.34%	7.38%	8.55%	9.38%	10.12%

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

Fiscal Year	Property Tax	Franchise Fees	Public Service Tax	Communication Service Tax	Fuel Taxes	Local Business Tax	Totals
2012	\$ 5,123,146	\$ 1,198,360	\$ 1,465,024	\$ 543,749	\$ 603,415	\$ 75,154	\$ 9,008,848
2013	5,101,801	1,098,866	1,523,497	524,187	615,111	76,561	8,940,023
2014	5,130,461	1,221,973	1,612,772	483,337	703,120	70,763	9,222,426
2015	5,159,264	1,268,042	1,603,537	467,312	739,144	72,034	9,309,333
2016	4,900,523	1,216,849	1,672,772	469,080	786,555	70,015	9,115,794
2017	5,122,114	1,202,764	1,687,888	467,274	810,953	72,316	9,363,309
2018	5,452,835	1,270,748	1,718,285	454,353	844,684	68,133	9,809,038
2019	5,849,860	1,372,549	1,846,617	448,685	860,806	67,280	10,445,797
2020	6,252,874	1,366,983	1,963,799	486,042	821,880	61,772	10,953,350
2021	6,685,845	1,417,974	2,006,417	467,111	858,170	64,445	11,499,962

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

Fiscal Year	Real Property	Personal Property	Centrally Assessed Property	Less: Tax Exempt Property	Total Assessed Valuation	Total Direct Rate	Estimated Actual Value	Assessed Value⁽¹⁾ as a Percentage of Actual Value
2012	\$ 758,970	\$ 81,092	\$ 517	\$ 276,571	\$ 564,008	7.9998	\$ 974,515	86.26%
2013	774,265	79,045	517	290,745	563,082	8.5119	990,462	86.20%
2014	797,750	80,803	496	296,599	582,450	8.5866	1,019,828	86.20%
2015	798,982	107,500	497	284,591	622,388	8.3638	1,047,976	86.55%
2016	838,628	101,096	552	300,401	639,875	7.3638	1,088,269	86.40%
2017	886,259	107,225	623	303,049	691,058	7.3273	1,150,506	86.41%
2018	914,102	108,906	708	291,847	731,869	7.0438	1,185,028	86.39%
2019	967,869	116,636	573	304,154	780,924	7.0438	1,255,878	86.40%
2020	1,046,491	153,210	517	339,008	861,210	6.9339	1,384,893	86.67%
2021	1,091,300	143,042	1,446	344,604	891,184	6.7974	1,428,370	86.52%

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

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

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

(1) Includes tax-exempt property

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

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

Fiscal Year	Direct Rate	Overlapping Rates			Total
	City of Lake Wales	County of Polk	Polk County School Board	South West Florida Water Management District	
2012	7.9998	6.8665	7.6700	0.3928	22.9291
2013	8.5119	6.8665	7.4920	0.3928	23.2632
2014	8.5866	6.8665	7.5470	0.3818	23.3819
2015	8.3638	6.8665	7.2080	0.3658	22.8041
2016	7.3638	6.7815	7.1490	0.3488	21.6431
2017	7.3273	6.7815	6.7970	0.3317	21.2375
2018	7.0438	6.7815	6.5140	0.3131	20.6524
2019	7.0438	7.1565	6.2510	0.2955	20.7468
2020	6.9339	7.1565	6.0860	0.2801	20.4565
2021	6.7974	6.8990	5.9350	0.2669	19.8983

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.poltaxes.com, Property Taxes, Millage Rates & Fees

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

Taxpayer	Rank	2021		Rank	2012	
		Total Assessed Valuation	Percentage of Total Taxable Assessed Value		Total Assessed Valuation	Percentage of Total Taxable Assessed Value
Comcast of Coflminmpawa LLC	1	\$ 31,011,734	2.51%			
Duke Energy	2	23,527,165	1.90%			
Public Super Markets	3	22,643,428	1.83%			
CRF II LTD	4	14,888,591	1.20%	4	14,705,394	2.61%
Preserve at Lake Wales Inc	5	13,612,617	1.10%	5	7,628,687	1.35%
Walmart	6	10,769,607	0.87%	7	7,130,646	1.26%
Lake Wales Retirement Center Inc	7	7,675,986	0.62%			
Growhealthy Properties LLC	8	7,910,117	0.64%			
Lowes	9	7,122,412	0.58%	9	6,790,858	1.20%
Stockbridge Madson LLC	10	6,640,205	0.54%			
451 Eagle Ridge Drive Holdings, LLC				1	27,123,750	4.81%
Progress Energy				2	14,217,543	2.52%
Lake Wales Hospital Corporation				3	12,072,454	2.14%
Verizon				6	7,335,367	1.30%
Lake Wales Medical Center				10	6,732,343	1.19%
DDRM Shoppes on the Ridge LLC				8	7,103,746	1.26%
		<u>\$ 145,801,862</u>	<u>11.80%</u>		<u>\$ 110,840,788</u>	<u>19.65%</u>
Total Assessed Valuation		<u>\$ 1,235,788,000</u>			<u>\$ 564,008,275</u>	

Source: Polk County Property Appraiser

N/A - Not available

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

Fiscal Year	Total Tax Levy	Current Levy Collections	Percent of Levy Collected	Delinquent Tax Collection	Total Tax Collections	Percent Total Collections To Levy
2012	\$ 4,805,346	\$ 4,582,454	95.36%	\$ 59,962	\$ 4,642,416	96.61%
2013	4,834,971	4,597,660	95.09%	83,980	4,681,640	96.83%
2014	4,836,682	4,657,071	96.29%	40,553	4,697,624	97.12%
2015	4,843,338	4,689,790	96.83%	22,965	4,712,755	97.30%
2016	4,498,652	4,351,685	96.73%	17,700	4,369,385	97.13%
2017	4,676,205	4,520,948	96.68%	10,294	4,531,242	96.90%
2018	4,852,742	4,691,717	96.68%	7,264	4,698,981	96.83%
2019	5,137,333	4,971,389	96.77%	3,119	4,974,508	96.83%
2020	5,360,024	5,180,984	96.66%	40,008	5,220,992	97.41%
2021	5,832,566	5,637,459	96.65%	7,690	5,645,149	96.79%

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

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

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

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

Fiscal Year	Governmental Activities				Business-Type Activities			Total Primary Government	Population	Per Capita
	Revenue Bonds	Notes Payable	Lease Obligations	Total	Notes Payable	Lease Obligations	Total			
2012	\$ -	\$ 13,156,945	\$ -	\$13,156,945	\$ 13,423,230	\$ -	\$13,423,230	\$ 26,580,175	14,261	1,864
2013	-	13,155,997	109,543	13,265,540	12,390,108	-	12,390,108	25,655,648	14,522	1,767
2014	-	11,444,458	166,121	11,610,579	11,023,165	-	11,023,165	22,633,744	14,916	1,517
2015	-	9,664,472	394,377	10,058,849	11,711,767	120,783	11,832,550	21,891,399	15,011	1,458
2016	-	8,312,131	955,994	9,268,125	11,162,574	433,341	11,595,915	20,864,040	15,362	1,358
2017	-	7,080,854	1,432,757	8,513,611	15,241,545	336,409	15,577,954	24,091,565	15,365	1,568
2018	-	6,554,027	1,771,562	8,325,589	15,598,263	383,458	15,981,721	24,307,310	15,791	1,539
2019	-	6,007,966	2,952,843	8,960,809	16,238,880	323,977	16,562,857	25,523,666	16,062	1,589
2020	-	6,341,964	2,467,855	8,809,819	17,111,146	238,078	17,349,224	26,159,043	16,386	1,596
2021	-	5,702,641	1,678,663	7,381,304	23,449,577	196,736	23,646,313	31,027,617	17,001	1,825

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, 2021

Taxing Authority	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
City of Lake Wales	\$ 7,381,304	100.00%	\$ 7,381,304
Total Direct Debt	<u>7,381,304</u>		<u>7,381,304</u>
County of Polk (1)	179,979,649	1.84%	3,316,532
Polk County School Board (2)	369,522,680	1.84%	6,809,291
Total Overlapping Debt	<u>549,502,329</u>		<u>10,125,823</u>
Total Direct and Overlapping Debt	<u><u>\$ 556,883,633</u></u>		<u><u>\$ 17,507,127</u></u>

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

Source:

(1) Debt outstanding data provided from information with Polk County, Florida CAFR statistical section disclosure as of their most recent audited financial statements ending September 30, 2020.

(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, 2020.

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

Utility Fund Debt Obligations						
Fiscal Year	(1) Charges for Service Revenues	(2) Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2012	\$ 6,514,807	\$ 3,607,564	\$ 2,907,243	\$ 1,180,743	\$ 291,324	1.97
2013	6,549,910	3,832,634	2,717,276	1,332,188	325,079	1.64
2014	6,649,031	3,950,814	2,698,217	1,366,943	328,131	1.59
2015	7,002,296	3,676,952	3,325,344	1,445,795	238,758	1.97
2016	7,860,703	3,971,479	3,889,224	2,068,464	215,477	1.70
2017	8,134,261	4,155,338	3,978,923	2,362,967	160,623	1.58
2018	8,329,706	4,460,075	3,869,631	991,925	106,979	3.52
2019	8,685,158	4,287,822	4,397,336	977,513	222,612	3.66
2020	9,326,170	4,812,909	4,513,261	1,235,356	231,387	3.08
2021	9,547,419	5,402,074	4,145,345	1,180,772	385,452	2.65

(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
2012	41,055	32,065	41,294	25,089	27,704	34,248	45,006	41,337	46,534	34,012	42,743	41,579
2013	40,659	32,043	40,470	24,998	27,941	34,701	46,021	42,447	49,510	34,884	41,592	44,244
2014	43,109	33,061	42,026	26,182	28,781	36,508	47,439	42,768	50,758	35,371	42,945	46,895
2015	45,287	34,028	43,591	27,814	30,363	37,817	49,416	44,024	51,710	35,850	45,127	49,711
2016	45,684	34,199	43,617	26,913	31,280	39,385	50,857	46,289	54,509	37,612	50,716	50,125
2017	47,869	34,213	45,129	28,844	32,315	40,613	50,883	45,988	53,742	39,063	47,343	49,734
2018	50,070	35,463	47,000	28,258	33,346	42,190	53,267	48,500	56,137	37,594	50,063	51,884
2019	52,426	36,649	48,452	29,545	35,258	43,425	55,660	50,584	58,884	38,682	52,279	54,513
2020	55,675	39,760	51,848	31,775	39,210	46,563	57,435	54,591	65,272	46,264	63,018	58,501
2021	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
2012	97.87	101.37	96.05	97.95	96.43	8.5	9.6	7.7	11.4	9.2	8.6
2013	98.17	100.75	95.30	98.96	97.02	6.9	8.4	6.5	10.4	7.7	7.3
2014	96.26	100.89	96.69	97.47	96.33	6.1	7.3	5.8	9.4	6.6	6.3
2015	96.34	100.97	95.92	98.13	96.99	5.1	6.2	4.9	8.7	5.5	5.2
2016	96.50	101.14	95.12	98.38	97.23	4.7	5.9	4.6	7.2	5.0	4.8
2017	96.20	100.66	94.76	98.53	97.38	3.8	4.1	3.3	6.1	3.7	3.4
2018	96.05	100.38	95.37	98.53	97.52	3.3	3.5	2.9	4.8	3.0	2.9
2019	96.00	100.64	95.64	98.81	97.80	3.1	3.5	2.9	5.6	3.1	2.9
2020	96.08	100.73	96.31	98.46	97.80	7.6	7.9	5.7	5.1	9.7	7.4
2021	96.82	101.33	91.45	97.84	95.21	4.0	4.9	3.9	5.1	5.4	4.3

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

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

N/A = Data not currently available.

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

(April 1st) Year	Population		% of City Compared to County
	Polk	City of Lake Wales	
2012	606,888	14,261	2.35%
2013	613,950	14,522	2.37%
2014	623,174	14,916	2.39%
2015	634,555	15,011	2.37%
2016	646,989	15,362	2.37%
2017	661,645	15,365	2.32%
2018	673,028	15,791	2.35%
2019	690,606	16,062	2.33%
2020	715,090	16,386	2.29%
2021	748,365	17,001	2.27%

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

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

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
City Manager	2.00	2.00	2.00	2.00	2.00	2.50	2.50	2.50	2.50	2.50
City Clerk	1.50	1.50	1.50	1.50	1.50	1.00	1.00	1.00	1.00	1.00
Special Progr/Eco Dev/CRA	1.00	1.00	-	-	-	-	2.00	2.50	5.00	6.00
Finance	4.50	3.75	3.50	3.50	3.50	3.50	3.50	3.50	4.00	4.00
Support Services	3.00	2.50	2.00	1.30	1.30	1.30	1.30	1.30	1.30	1.00
Human Resource	3.00	2.50	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Planning and Zoning	3.00	3.00	3.00	3.00	3.00	3.00	3.00	4.00	4.50	3.00
Information Services	3.00	3.00	2.50	2.30	3.30	3.30	3.30	3.30	3.30	3.00
Public Services Administration	2.50	2.50	2.25	2.40	1.90	1.90	1.90	1.90	2.90	2.50
Parks & Recreation	-	-	-	-	-	-	-	-	-	-
Total general government	<u>23.50</u>	<u>21.75</u>	<u>18.75</u>	<u>18.00</u>	<u>18.50</u>	<u>18.50</u>	<u>20.50</u>	<u>22.00</u>	<u>26.50</u>	<u>25.00</u>
Airport Authority						2.00	2.00	2.00	3.00	3.00
Police Department	50.00	49.00	51.00	50.00	50.00	53.00	53.00	53.00	53.00	53.00
Fire & Rescue:	27.00	27.00	27.00	27.00	27.00	30.00	30.00	30.00	30.00	30.00
Building Permits and Inspection	3.00	2.00	2.00	2.50	2.50	3.00	3.00	3.50	5.00	5.00
Code Enforcement	1.00	1.75	1.50	1.00	2.00	2.00	3.00	3.00	3.00	2.00
Total public safety	<u>81.00</u>	<u>79.75</u>	<u>81.50</u>	<u>80.50</u>	<u>81.50</u>	<u>90.00</u>	<u>91.00</u>	<u>91.50</u>	<u>94.00</u>	<u>93.00</u>
Cemetery	-	-	-	-	-	-	2.00	2.00	3.00	3.00
Parks Division	-	-	-	-	-	-	8.00	8.00	8.00	8.00
Streets	-	-	-	-	-	-	7.00	7.00	7.00	7.00
Field Operations	18.00	19.00	19.00	19.00	18.00	18.00	-	-	-	-
Fleet Maintenance	-	-	-	-	-	-	-	-	-	-
Facilities Maintenance	4.00	4.00	3.00	3.00	3.00	2.00	3.00	3.00	3.00	3.00
Total maintenance	<u>22.00</u>	<u>23.00</u>	<u>22.00</u>	<u>22.00</u>	<u>21.00</u>	<u>20.00</u>	<u>20.00</u>	<u>20.00</u>	<u>21.00</u>	<u>21.00</u>
Recreation	-	-	-	-	-	-	3.00	3.00	4.00	5.00
Museum	-	-	-	-	1.10	1.60	2.10	2.10	2.60	2.20
Library	16.50	16.50	16.50	16.50	17.90	17.90	17.90	17.90	17.90	18.40
Total culture and recreation	<u>16.50</u>	<u>16.50</u>	<u>16.50</u>	<u>16.50</u>	<u>19.00</u>	<u>19.50</u>	<u>23.00</u>	<u>23.00</u>	<u>24.50</u>	<u>25.60</u>
Utilities Operations	23.00	23.50	23.00	23.00	23.00	23.00	23.00	23.00	23.00	23.00
Utilities Administration	5.50	5.50	6.75	6.50	6.00	6.00	6.00	6.00	6.00	7.00
Utility Billing/Customer Service	3.75	3.25	3.50	4.50	5.50	5.50	5.50	5.50	7.00	7.00
Total utilities	<u>32.25</u>	<u>32.25</u>	<u>33.25</u>	<u>34.00</u>	<u>34.50</u>	<u>34.50</u>	<u>34.50</u>	<u>34.50</u>	<u>36.00</u>	<u>37.00</u>
Total government employees	<u>175.25</u>	<u>173.25</u>	<u>172.00</u>	<u>171.00</u>	<u>174.50</u>	<u>182.50</u>	<u>189.00</u>	<u>191.00</u>	<u>202.00</u>	<u>201.60</u>

(1) Source: City Finance Department

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

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

Function/Program	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
General										
Municipal boundaries (1)	20.12	20.12	20.12	20.14	20.14	20.14	20.20	20.20	20.31	20.57
Police										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of arrests	1,263	1,173	1,158	1,071	1,125	1,182	1,195	958	586	586
Number of calls for service	26,876	n/a	20,904	22,047	21,522	22,888	22,912	21,837	17,722	18,560
Number of crashes	397	390	436	478	621	584	548	620	586	751
Fire										
Response volume (includes fire, rescue and medical calls)	2,580	2,514	2,660	2,991	2,410	2,769	2,939	3,040	3,011	3,100
Response time average (minutes)	6.37	5.72	5.66	5.02	4.83	4.60	4.60	4.82	5.09	4.71
Inspections/plans reviewed	1,712	1,837	1,877	2,067	2,031	2,031	1,544	1,310	1,212	980
Public education (persons)	2,263	1,652	1,148	3,860	3,892	3,152	2,548	2,250	2,500	2,500
Permits and Inspections Division										
Plan review residential	192	264	291	320	196	319	680	98	891	561
Plan review commercial	108	163	177	157	49	129	88	279	209	139
Permits issued	490	579	657	739	792	1,166	1,359	1,206	1,147	1,227
Inspections:										
Construction	1,628	1,918	2,332	2,557	2,467	5,348	4,085	4,332	3,014	4,196
Inspections per month (avg.)	136	174	194	213	205	445	340	361	266	350
Certificates of Occupancy issued	44	51	70	65	68	71	42	111	50	51
Library										
Number of libraries	1	1	1	1	1	1	1	1	1	1
Public Works										
Miles of streets	86.74	86.74	86.74	87.41	87.41	87.41	87.41	87.41	87.41	87.41
Water										
Average monthly customers:										
Water	7,595	7,673	7,890	7,889	8,159	8,210	8,396	8,523	9,377	9,712
Sewer	5,136	5,227	5,369	5,412	5,610	5,649	5,882	5,998	5,917	6,048
Irrigation	1,313	1,362	1,425	1,454	1,534	1,586	1,514	1,570	1,704	1,822
Wastewater										
Number of lift stations	39	39	39	39	39	39	40	40	40	40

(1) Square miles

(2) Source: City Finance Department

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

Water Revenues	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Water Fees	\$3,071,890	\$3,109,898	\$3,069,206	\$3,270,884	\$3,687,443	\$3,777,279	\$3,837,000	\$4,017,001	\$4,484,248	\$4,421,191
Installation Fees	103,640	73,351	78,956	70,822	109,202	158,917	110,773	105,951	83,639	94,149
Backflow Inspection Fees	55,005	60,823	63,760	65,300	67,928	69,850	72,017	74,552	77,821	98,546
Construction Meter Fees	5,187	3,510	4,924	3,850	3,651	5,601	6,852	9,263	8,794	13,191
Reuse Fees	20,858	23,185	24,804	19,533	31,109	32,331	34,169	39,052	58,256	43,991
Miscellaneous	185	281	293	195	315	490	1,048	155	248	174
Impact Fees	55,581	93,706	130,823	127,528	137,060	255,751	169,747	264,978	191,844	141,582
Totals	<u>\$3,312,346</u>	<u>\$3,364,754</u>	<u>\$3,372,766</u>	<u>\$3,558,112</u>	<u>\$4,036,708</u>	<u>\$4,300,219</u>	<u>\$4,231,606</u>	<u>\$4,510,952</u>	<u>\$4,904,850</u>	<u>\$4,812,824</u>
Penalties & Service Charges (Water & Sewer Combined)	<u>\$ 100,893</u>	<u>\$ 114,905</u>	<u>\$ 117,560</u>	<u>\$ 110,973</u>	<u>\$ 124,854</u>	<u>\$ 124,854</u>	<u>\$ 123,632</u>	<u>\$ 124,593</u>	<u>\$ 70,072</u>	<u>\$ 150,621</u>
Water Rates(1)										
% of Rate Increase (Decrease) - Base Rate	3.60%	2.50%	2.60%	2.50%	14.40%	2.40%	2.50%	5.20%	7.70%	7.80%
Inside City Limits										
Base Rate	\$ 5.66	\$ 5.80	\$ 5.95	\$ 6.10	\$ 6.98	\$ 7.15	\$ 7.33	\$ 7.52	\$ 7.70	\$ 7.90
0-5,000	2.24	2.30	2.35	2.41	2.76	2.83	2.90	2.97	3.05	3.12
5,001-10,000	3.03	3.11	3.18	3.26	3.73	3.82	3.92	4.02	4.12	4.22
10,001-25,000	4.70	4.82	4.94	5.06	5.79	5.93	6.08	6.24	6.39	6.55
> 25,000	7.74	7.93	8.13	8.33	9.54	9.78	10.02	10.27	10.53	10.79
Outside City Limits										
Base Rate	\$ 7.08	\$ 7.26	\$ 7.44	\$ 7.63	\$ 8.73	\$ 8.95	\$ 9.17	\$ 9.40	\$ 9.64	\$ 9.88
0-5,000	2.80	2.87	2.94	3.01	3.45	3.54	3.63	3.72	3.81	3.81
5,001-10,000	3.79	3.88	3.98	4.08	4.67	4.79	4.91	5.03	5.15	5.15
10,001-25,000	5.88	6.03	6.18	6.33	7.24	7.42	7.61	7.80	7.99	7.99
> 25,000	9.68	9.92	10.17	10.42	11.93	12.23	12.54	12.85	13.17	13.17

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

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

Sewer Revenues	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Sewer Fees	\$3,156,505	\$3,163,404	\$3,279,080	\$3,448,974	\$3,832,287	\$3,939,531	\$4,142,876	\$4,298,524	\$4,592,075	\$4,486,930
Installation Fees	644	551	10,348	3,919	3,914	4,855	1,188	1,135	801	7,438
Miscellaneous	-	-	-	-	-	-	122	-	763	-
Impact Fees	89,172	153,243	214,505	180,273	208,322	409,135	237,697	417,051	292,354	173,930
Totals	<u>\$3,246,321</u>	<u>\$3,317,198</u>	<u>\$3,503,933</u>	<u>\$3,633,166</u>	<u>\$4,044,523</u>	<u>\$4,353,521</u>	<u>\$4,381,883</u>	<u>\$4,716,710</u>	<u>\$4,885,993</u>	<u>\$4,668,298</u>

Sewer Rates (1)

% of Rate Increase (Decrease) - Base Rate	3.60%	2.50%	2.50%	2.50%	14.50%	2.50%	2.50%	5.10%	7.70%	7.70%
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Inside City Limits

Base Rate	\$ 20.10	\$ 20.60	\$ 21.12	\$ 21.65	\$ 24.79	\$ 25.41	\$ 26.04	\$ 26.70	\$ 27.36	\$ 28.04
0-5,000 Gallons	2.64	2.71	2.77	2.84	3.25	3.33	3.41	3.50	3.59	3.68
5,001 + Gallons	4.63	4.75	4.86	4.98	5.70	5.84	5.99	6.14	6.29	6.45

Outside City Limits

Base Rate	\$ 25.13	\$ 25.76	\$ 26.40	\$ 27.06	\$ 30.98	\$ 31.75	\$ 32.55	\$ 33.36	\$ 34.20	\$ 35.04
0-5,000 Gallons	3.30	3.38	3.47	3.56	4.06	4.16	4.27	4.37	4.48	4.60
5,001 + Gallons	5.79	5.93	6.08	6.23	7.13	7.31	7.49	7.68	7.87	8.07

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>2021</u>		<u>2012</u>	
<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>
OakleyTransport	750	1		
Florida's Natural	669	2		
Lake Wales Charter School System	578	3	400	3
AdventHealth Lake Wales (1)	398	4		
Wal-Mart	360	5	350	4
Publix, Inc.	257	6	219	5
Polk County School Board	239	7	218	6
City of Lake Wales	201	8	175	8
Hunt Brothers	149	9	190	7
Warner University	145	10	160	10
Citrus World, Inc.			686	1
Lake Wales Medical Center			521	2
Citrosuco			170	9
	<u>3,746</u>		<u>3,089</u>	

Source: Lake Wales Area Chamber of Commerce

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

GOVERNMENT AUDITING SECTION

City of Lake Wales, Florida
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Grant Number	Assistance Listing Number	Expenditures
U.S. Department of Justice passed through			
Florida Department of Law Enforcement:			
Edward Byrne Memorial Justice Assistance Grant Program:			
Lake Wales ALPRS Program	2020-JAGC-POLK-17-5R-067	16.738	\$ 34,624
Total U.S. Department of Justice			34,624
U.S. Environmental Protection Agency passed through			
Florida Department of Environmental Protection:			
Drinking Water State Revolving Fund Cluster:			
Capitalization Grants for Drinking Water State Revolving Funds	DW530320	66.468	131,843
Capitalization Grants for Drinking Water State Revolving Funds	DW531301	66.468	282,837
Total U.S. Environmental Protection Agency			414,680
National Endowment for the Humanities passed through			
Florida Humanities Council, Inc.			
Promotion of the Humanities Federal/State Partnership:			
Florida Humanities Council Grant	GR 1220 4789 2638	45.129	4,139
Florida Humanities Council Grant 19-20 - Speaker Series	CC_FT21_SPRING_2104	45.129	1,000
Total National Endowment for the Humanities			5,139
U.S. Department of Transportation -			
Federal Aviation Administration			
Airport Improvement Program:			
COVID-19 Airport Improvement Program	3-12-0040-027-2021	20.106	13,000
Rehabilitate East Apron (Design Only)	3-12-0040-023-2020	20.106	6,515
Wildlife Hazard Assessment	3-12-0040-024-2020	20.106	15,250
Master Plan Update / Master Drainage Plan	3-12-0040-024-2020	20.106	77,279
Total U.S. Department of Transportation			112,044
Total Expenditures of Federal Awards			\$ 566,487
(1) SRF - 59110 Loan Balance at September 30, 2021 - \$49,729	(5) SRF - 530300 Loan Balance at September 30, 2021 - \$2,625,710		
(2) SRF - 5912S Loan Balance at September 30, 2021 - \$211,045	(6) SRF - 530320 Loan Balance at September 30, 2021 - \$1,991,013		
(3) SRF - 5913P Loan Balance at September 30, 2021 - \$376,136	(7) SRF - 531301 Loan Balance at September 30, 2021 - \$2,143,824		
(4) SRF - 59140 Loan Balance at September 30, 2021 - \$236,701			

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, 2021

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, 2021.

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, 2021, 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, 2021.

City of Lake Wales, Florida

Schedule of Expenditures of State Financial Assistance For the Year Ended September 30, 2021

<u>State Grantor/Program Title</u>	<u>Grant Number</u>	<u>CSFA Number</u>	<u>Expenditures</u>
State of Florida Department of Environmental Protection			
Wastewater Treatment Facility Construction	530330	37.077	\$ 500,059
Drinking Water Facility Construction	530390	37.076	<u>5,010,126</u>
Total State of Florida Department of Environmental Protection			<u>5,510,185</u>
Florida Department of State			
General Program Support (Cultural and Museum Grants)	21.C.P.S.170.171	45.061	<u>12,635</u>
Total Expenditures of State Financial Assistance			<u>\$ 5,522,820</u>
(1) SRF - 530310 Loan Balance at September 30, 2021 - \$4,536,548			
(2) SRF - 530330 Loan Balance at September 30, 2021 - \$2,940,400			
(3) SRF - 530380 Loan Balance at September 30, 2021 - \$1,051,152			
(4) SRF - 530350 Loan Balance at September 30, 2021 - \$1,041,179			

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, 2021

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, 2021.

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, 2021, 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 – Non-Cash Contributions

The City did not receive any state non-cash assistance, including personal protection equipment, for the fiscal year ended September 30, 2021.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR MAJOR STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE CHAPTER 10.550

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

Report on Compliance for Major State Project

We have audited City of Lake Wales, Florida's (the "City") compliance with the types of compliance requirements described in the Florida Department of Financial Services' State Projects *Compliance Supplement* that could have a direct and material effect on each of the City's major state projects for the year ended September 30, 2021. The City's major state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal programs and state projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major state projects based on our audit of the types of compliance requirements referred to above. 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 Chapter 10.550, *Rules of the Auditor General* ("Chapter 10.550"). Those standards, and Chapter 10.550 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major state project. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Major State Project

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 its major state projects for the year ended September 30, 2021.

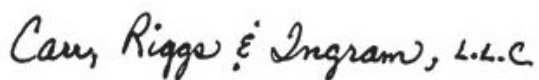
Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major state project and to test and report on internal control over compliance in accordance with Chapter 10.550, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 Chapter 10.550. Accordingly, this report is not suitable for any other purpose.



CARR, RIGGS & INGRAM, LLC

Orlando, Florida
March 23, 2022

PART I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements:

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

Federal Awards and State Financial Assistance:

- | | |
|--|------------|
| 1. Type of auditors’ report issued on compliance for major federal program and state project | Unmodified |
| 2. Internal control over major programs: | |
| 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 state project: | |

<u>State Financial Assistance</u>	<u>CSFA</u>
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Drinking Water Facility Construction	37.076
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5. A threshold of \$750,000 was used to distinguish between Type A and Type B programs for federal programs and state projects.

PART II – FINANCIAL STATEMENT FINDINGS

None noted

PART III – FEDERAL AWARD FINDINGS

None noted

PART IV– STATE PROJECT FINDINGS

None noted

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

Honorable Mayor, Members of the City Commission, and City Manager
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, 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, 2021, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements and have issued our report thereon dated March 23, 2022.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Cam, Riggs & Ingram, L.L.C.

Orlando, Florida
March 23, 2022

MANAGEMENT LETTER

The Honorable Mayor, Members of the City Commission and City Manager
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, 2021, and have issued our report thereon dated March 23, 2022.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditors' Report on Compliance for Each Major Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of Auditor General. Disclosures in those reports and schedule, which are dated March 23, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. 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.

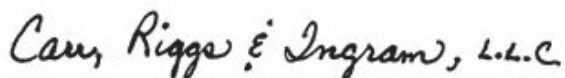
Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. We recommend the City implement a review process of the Schedule of Expenditures of Federal Awards and State Assistance to ensure the expenditures are appropriately and timely reported.

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.

A handwritten signature in cursive script that reads "Carr, Riggs & Ingram, L.L.C.".

CARR, RIGGS & INGRAM, LLC

Orlando, Florida

March 23, 2022



Carr, Riggs & Ingram, LLC
1031 West Morse Boulevard
Suite 200
Winter Park, FL 32789

407.644.7455
407.628.5277 (fax)
CRIcpa.com

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

Honorable Mayor, Members of the City Commission, and City Manager
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, 2021. 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, 2021.

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

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

CARR, RIGGS & INGRAM, LLC

Orlando, Florida
March 23, 2022