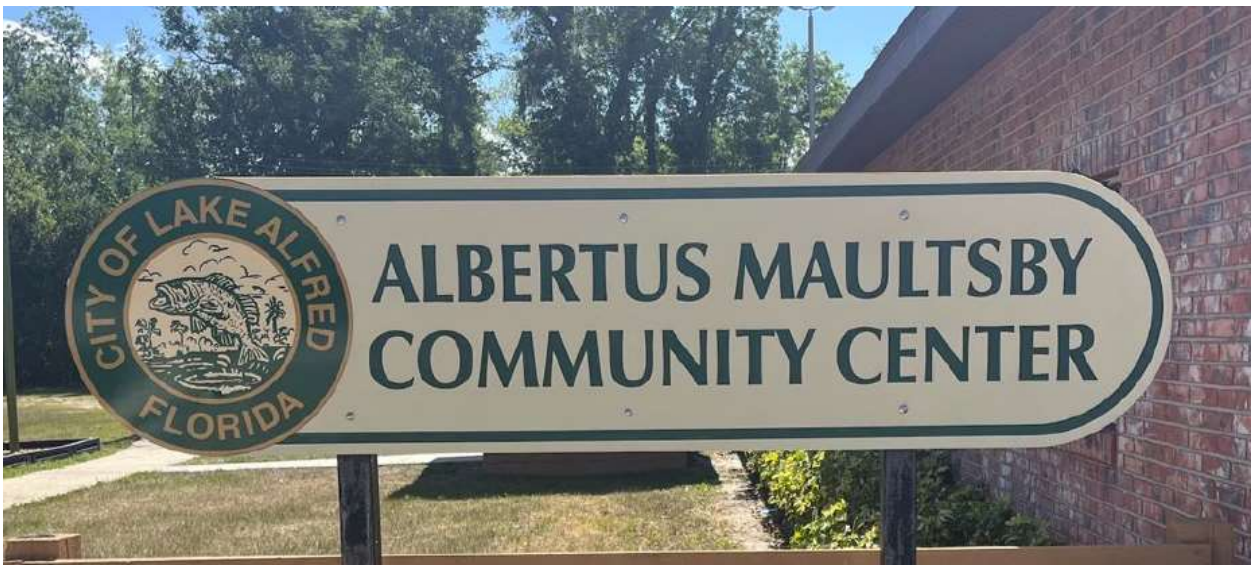


ANNUAL COMPREHENSIVE FINANCIAL REPORT
THE CITY OF LAKE ALFRED, FL
Year Ending September 30, 2023

Introductory Section



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

Annual Comprehensive Financial Report
For the City of Lake Alfred, Florida
For the fiscal year ending September 30, 2023
Prepared by the Finance Department of the
City of Lake Alfred

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INTRODUCTORY SECTION

City of Lake Alfred, Florida
Principal City Officials
September 30, 2023

City Commission

Mayor	Nancy Z. Daley
Vice Mayor	Brent Eden
Commissioners	Jack Dearmin
	Cassius Fuller
	Charles Lake

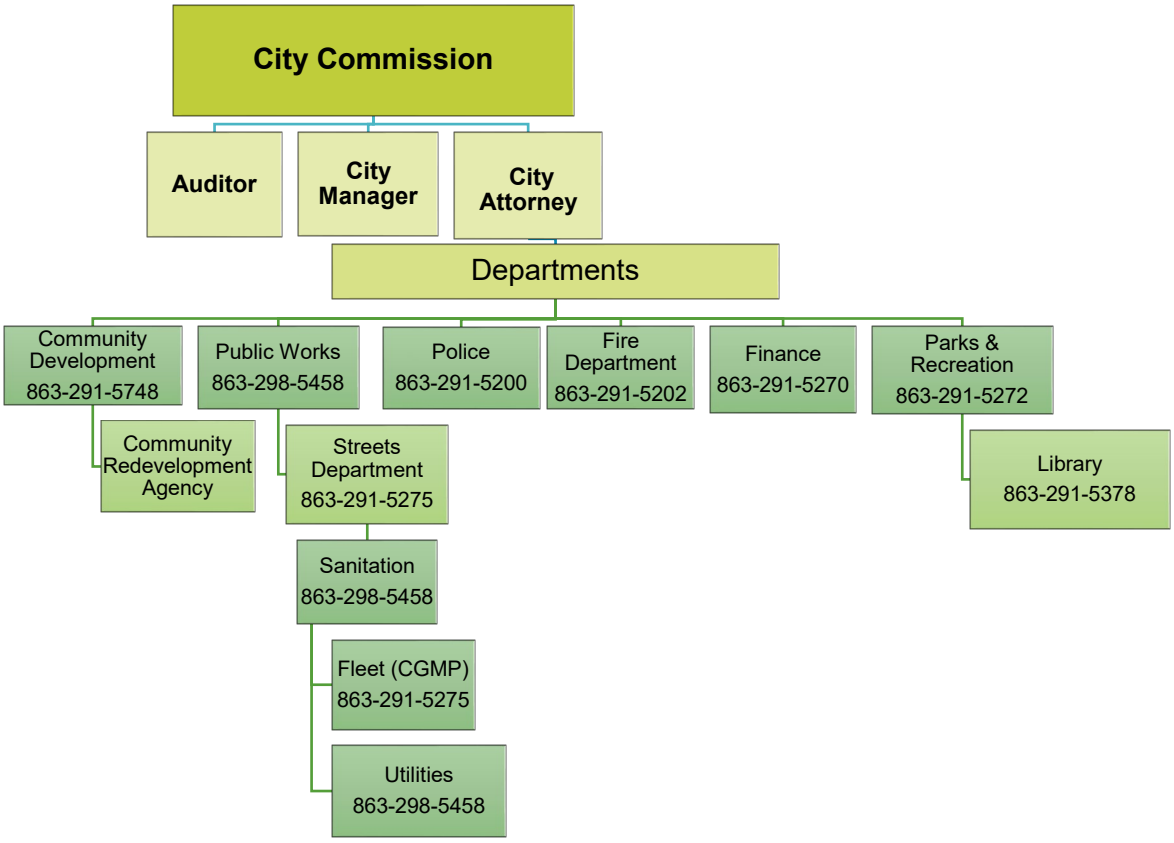
Administration

City Manager	Ryan Leavengood
City Attorney	John Murphy

Administration Staff

City Clerk	Linda Bourgeois
Community Development Director	Amee' Bailey
Finance Director	Amber Deaton
Fire Chief	Robert Turner
Parks & Recreation Director	Emily Deal
Police Chief	Art Bodenheimer
Public Works Director	John Deaton

ORGANIZATIONAL CHART



May 14, 2024

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

It is our pleasure to submit the Annual Comprehensive Financial Report for the City of Lake Alfred, Florida for the fiscal year end of September 30, 2023. The organization, form, and contents of this report, plus the accompanying financial statements and statistical tables, were prepared in accordance with the requirements of Governmental Accounting Standards Board, the American Institute of Certified Public Accountants, and the Governmental Finance Officers Association. In addition to meeting legal the requirements, this report also reflects the City's commitment to full financial disclosure. We encourage you to thoroughly read the report and the important items it addresses.

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

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

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

Profile of the Government

The City of Lake Alfred, Florida is a municipal corporation of the State, incorporated on June 30, 1915. Located in East Polk County, the 2023 population of Lake Alfred was estimated to be near 7,340. Encompassing approximately 19 miles, the City has been empowered to levy a property tax on real estate and personal property located within its boundaries. It has also been granted authority by State Statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the City Commission.

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

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

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

Local Economy

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

Long Term Financial Planning

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

Currently, the unassigned fund balance in the General fund is $4,569,803 which 49% of general fund expenditures, this is equal to the Government Finance Officers Association recommended minimum amount of 15%. The City Commission and City Manager continue to work on the needs of the community, while at the same time meeting the needs in a cost-effective and efficient manner. The following projects are planned for the next year and beyond:

- Fire Engine Replacement will be paid for with the assigned Fundbalance for capital outlay. Management is allocation $50,000 a year for this purchase.
- Community Redevelopment Area (CRA) improvement projects are Central Park phase 2 and phase 3. Phase 2 is approximately 50% completed.
- Construction plans for a new water plant will be completed in 2024. Construction should begin in 2025. Project being funded by the State Revolving loan program.
- Sewer Extension on County Road 557 will allow the city to serve the developments being built.
- Purchase and renovate bank building located at 155 Lake shore drive for offices.
- Wastewater plant expansion is being engineered. Project being funded by the State Revolving Loan Program.
- Increasing staffing levels to accommodate service level surge due to population growth.

Relevant Financial Policy

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

Major Initiatives

During the fiscal year 2023, the City of Lake Alfred achieved many significant accomplishments in furtherance of the goals and objectives established by the Commission without adding any debt.

- Closure of the General Employees' Pension and offering new hires a 401a.
- Annexation of Hilochee Wildlife management Area, a total of 6,054 acres.
- Purchased 20 acres for Northern Park Complex.
- Completed first residential façade grant program thru the Community Redevelopment Agency.
- Transportation plan completed establishing a transportation impact fee starting October 1,2023.

Awards and Acknowledgements

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

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

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

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

Respectfully submitted,



Ryan Leavengood
City Manager



Amber Deaton
Finance Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Lake Alfred
Florida

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2022

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lake Alfred, Florida (the City) as of and for the year ended September 30, 2023 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as provided in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining fund financial statements and nonmajor governmental fund budgetary comparison schedules are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements and nonmajor governmental fund budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

Other Information *(concluded)*

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

In accordance with *Chapter 10.550, Rules of the Auditor General,* we have also issued our report dated May 14, 2024, on our examination of compliance with requirements of Section 218.415, *Florida Statutes*. The purpose of this report is to describe the scope of our examination and the issuance of an opinion on the City's compliance with requirements of Section 218.415, *Florida Statutes*.

Brynjulfson CPA, P.A.

Brynjulfson CPA, P.A.
Auburndale, Florida
May 14, 2024

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

Financial Highlights

- The assets and deferred outflows of resources of the City of Lake Alfred exceeded its liabilities and deferred inflows of resources on September 30, 2023 by $46,596,037 (net position). Of this amount, $6,887,551 is reported as unrestricted net position which may be used to meet the City's ongoing obligations to citizen's and creditors.

- The City's total net position increased by $8,455,294 during the current year compared to an increase of $7,214,360 during the previous year. The current year activity increased the governmental activities' net position by 15% and increased the business-type activities by 33%.

- As of September 30, 2023, the City of Lake Alfred's governmental funds reported combined ending fund balances of $7,796,837, an increase of $313,183 in comparison with the prior year ending balance of $7,483,654. General fund balance increased by $3,024,305. Unassigned and assigned fund balance totaled $2,673,803 compared to $5,171,451 at the end of the previous fiscal year, a $2,497,648 (48%) decrease. Unassigned and assigned fund balance is available for spending at the City's discretion.

- The City of Lake Alfred's total net long-term debt decreased by $432,798 (26%) during the fiscal year.

UNDERSTANDING THE BASIC FINANCIAL STATEMENTS

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

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

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

Government-wide Financial Statements

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

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

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

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

The statement of net position presents information on all the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the residual measure reported as net position. The focus of the statement of net position is designed to be similar to bottom line results for the City and its governmental and business-type activities. This statement combines and consolidates governmental fund current resources (short-term spendable resources) with capital assets and long-term obligations. Over time, the increase or decrease in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year, focusing on both the gross and net cost of various activities, both governmental and business-type, that are supported by the government's general tax and other revenues. This is intended to summarize and simplify the user's analysis of cost of various governmental services and/or subsidy to various business-type activities.

Fund Financial Statements

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

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

Because the focus of governmental funds is narrower than that of the governmental-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the governmental-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions.

Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains four separate governmental funds – the general fund, American Rescue Plan Act special revenue fund, impact fee special revenue fund and the community redevelopment agency special revenue fund. Information is presented separately for each major governmental fund in the governmental fund balance sheet and the governmental fund statement of revenue, expenditures and change in fund balances. Budgetary comparison schedules for each major governmental fund with a legally adopted budget has been provided to demonstrate compliance with the budget in the required supplementary information section of this report and can be located by referencing the table of contents of this report. The basic governmental funds financial statements, governmental funds combining schedules and budgetary comparison schedules can be located by referencing the table of contents of this report.

Proprietary Funds - The City utilizes one type of proprietary fund, an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its water, sewer, and storm water departments. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements can be located by referencing the table of contents of this report.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government–wide financial statement because the resources of those funds are not available to support the City's own programs. While these funds represent trust responsibilities of the government, these assets are restricted in purpose and do not represent discretionary assets of the government. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statement can be located by referencing the table of contents of this report.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

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

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Current and other assets	$ 10,880,226	$ 11,432,881	$ 7,809,760	$ 5,171,880	$ 18,689,986	$ 16,604,761
Capital assets	17,362,559	14,247,225	15,462,062	13,336,955	32,824,621	27,584,180
Total assets	28,242,785	25,680,106	23,271,822	18,508,835	51,514,607	44,188,941
Deferred outflows	1,835,156	393,593	306,449	85,084	2,141,605	478,677
Current liabilities	708,219	398,036	1,419,535	1,439,852	2,127,754	1,837,888
Long-term liabilities	2,196,104	800,369	1,293,416	1,283,679	3,489,520	2,084,048
Total liabilities	2,904,323	1,198,405	2,712,951	2,723,531	5,617,274	3,921,936
Deferred inflows	1,433,999	2,441,290	8,902	163,649	1,442,901	2,604,939
Net position:						
Net investment in capital assets	17,115,352	14,225,811	14,149,600	11,464,661	31,264,952	25,690,472
Restricted	2,547,426	2,304,470	5,896,108	2,555,915	8,443,534	4,860,385
Unrestricted	6,076,841	5,903,723	810,710	1,686,163	6,887,551	7,589,886
Total net position	$ 25,739,619	$ 22,434,004	$ 20,856,418	$ 15,706,739	$ 46,596,037	$ 38,140,743

Sixty-seven percent (67%*)* of the City's net position reflects its investment in capital assets (e.g., land, buildings, sewer and water system, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (18%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (15%) may be used to meet the government's ongoing obligations to citizens and creditors.

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

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Revenues:						
Program Revenues:						
Charges for services	$ 2,900,223	$ 1,649,268	$ 3,825,566	$ 3,154,451	$ 6,725,789	$ 4,803,719
Operating grants/contrib.	395,184	317,752	-	-	395,184	317,752
Capital grants/contrib.	2,478,666	1,341,288	4,865,521	2,107,346	7,344,187	3,448,634
General revenues:						
Property taxes	2,345,738	1,963,624	-	-	2,345,738	1,963,624
Other taxes	1,945,080	1,727,060	-	-	1,945,080	1,727,060
State shared revenue	866,256	838,851	-	-	866,256	838,851
Other	335,454	3,443,514	226,589	(15,739)	562,043	3,427,775
Total revenues	11,266,601	11,281,357	8,917,676	5,246,058	20,184,277	16,527,415
Expenses:						
Governmental activities:						
General government	2,041,793	1,607,403	-	-	2,041,793	1,607,403
Community development	740,243	675,682	-	-	740,243	675,682
Police	1,718,251	1,277,605	-	-	1,718,251	1,277,605
Fire	928,177	661,647	-	-	928,177	661,647
Sanitation	781,393	647,788	-	-	781,393	647,788
Public works	129,756	92,345	-	-	129,756	92,345
Roads and streets	833,430	714,796	-	-	833,430	714,796
Library	258,883	225,993	-	-	258,883	225,993
Parks and recreation	1,021,378	689,192	-	-	1,021,378	689,192
Community redevelopment	183,828	111,165	-	-	183,828	111,165
Interest on long-term debt	5,902	2,775	-	-	5,902	2,775
Business-type activities:						
Water utility	-	-	1,164,965	972,570	1,164,965	972,570
Sewer utility	-	-	1,824,494	1,549,641	1,824,494	1,549,641
Stormwater utility	-	-	96,490	84,453	96,490	84,453
Total expenses	8,643,034	6,706,391	3,085,949	2,606,664	11,728,983	9,313,055
Increase (decrease) in net position before transfers	2,623,567	4,574,966	5,831,727	2,639,394	8,455,294	7,214,360
Transfers in (out)	682,048	602,434	(682,048)	(602,434)	-	-
Change in Net Position	3,305,615	5,177,400	5,149,679	2,036,960	8,455,294	7,214,360
Net position - Beginning	22,434,004	17,256,604	15,706,739	13,669,779	38,140,743	30,926,383
Net position - Ending	$ 25,739,619	$ 22,434,004	$ 20,856,418	$ 15,706,739	$ 46,596,037	$ 38,140,743

Governmental Activities - Governmental activities increased the City's net position by $3,305,615 for the current year compared to an increase of $5,177,400 in the prior year. The main reasons for the decrease are as follows:

- Total revenue decreased by approximately $15,000 (less than 1%).
    - Charges for services increased by approximately $1,250,000 (76%) and capital grants and contributions increased by approximately $1,137,000 (85%) mainly as a result of increased building permit fees and impact fees due to increased construction related activity within the City.
    - General revenue decreased by approximately $2,480,000 (31%) mainly driven by the recognition of $3,133,841 of U.S. Department of Treasury Coronavirus State and Local Fiscal Recovery Funds in the prior year that did not recur in 2023. The City utilized this program revenue to partially fund governmental services during 2022.
- Total expenses increased by approximately $1,936,000 or 29% mainly due to the following functions that experienced significant increases during 2023:
    - General government expenses increased by approximately $434,390 (27%) mainly due to increased personnel costs of approximately $189,500 (22%), increased legal expenses of approximately $77,000 (88%) and the remaining increase is due to a myriad of changes to a diverse set of expense categories.
    - Police expenses increased by approximately $440,000 (34%) mainly due to an approximate $393,100 (38%) increase in personnel costs including an approximate $188,000 increase in pension expense because of lower-than-expected investment returns on plan investments during the year ended September 30, 2022, which was the date at which the City's September 30, 2023 net pension elements were measured.
    - Fire expenses increased by approximately $266,000 (40%) mainly due to an approximate $242,000 (45%) increase in personnel costs including an approximate $166,000 increase in pension expense because of lower-than-expected investment returns on plan investments during the year ended September 30, 2022, which was the date at which the City's September 30, 2023 net pension elements were measured.
    - Parks and recreation expenses increased by approximately $332,000 (48%) mainly due to a $69,000 (38%) increase in personnel costs, $120,000 of noncapital related expenses related to a land purchase, $51,000 increase in repair and maintenance expenses, and an approximate $56,000 increase in depreciation expense as Central Park phase I improvements were placed in service in mid-2022 and realized a full year of depreciation expense in 2023.

Business-type activities - Business-type activities increased the City's net position by $5,149,679 for the current year compared to a $2,036,960 increase in the prior year. The main reasons for the increase are as follows:

- Total revenue increased by approximately $3,671,000 or 70% mainly due to the following:
    - Increased capital grants and contributions of $2,758,000 (131%) caused by an increase in impact fee revenue of $3,367,000 (520%) partially offset by a decrease in the amount of water and sewer infrastructure donated to the City by land developers in the current year ($601,000). Impact fees increased due to increased construction within the City.

- Charges for services increased by approximately $671,115 or 21%. These revenue increases were mainly due to increased utility customers as a result of increased residential home construction within the City in the current and prior year.

- Total expenses increased by $479,285 or 18% due to a myriad of changes across a broad range of expense accounts including an approximate $195,000 (22%) in personnel costs, an approximate increase of $48,000 (60%) in repair and maintenance expenses, and an approximate $49,000 increase in depreciation expense. Depreciation expense has increased as significant developer donated infrastructure has been placed into service over the last two years.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Governmental Funds - As of the close of the current year, the City's general fund had unrestricted cash and cash equivalents of $2,561,895 compared to $1,970,914 at the close of the prior year.

As of the end of the current fiscal year, the City's governmental funds reported ending fund balances of $7,796,837 an increase of $313,183 in comparison with the previously reported balance in the prior year. Of this total, $2,673,803 for the general fund constitutes unassigned and assigned fund balance which is available for spending at the government's discretion. The remainder of fund balance is nonspendable or restricted by enabling legislation or contract and can only be spent on the purposes for which it is intended.

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

- Fund balance in the general fund increased by $3,024,305 in the current year, mainly due to:
  - Total general fund revenue increased by $1,896,975 or 29%, mainly due to:
    - Tax revenue increased by approximately $490,000 (15%) mainly due to increased taxable value of property within the City and increased economic activity overall.
    - Licenses and permits increased by approximately $1,012,000 (184%) and charges for services increased by approximately $162,000 (17%) mainly attributable to increased building permits, fees and other charges caused by increased construction activity compared to the prior year.
  - Total general fund expenditures increased by approximately $2,529,000 or 38%, mainly due to:
    - Major changes between 2023 and 2022 are discussed above under the "governmental activities" heading.
    - In addition to the above changes and present due to reporting focus differences, fund level capital outlay expenditures increased by $1,446,458 (175%) mainly due to increased capital project and equipment expenditures when compared to the prior year.
  - Other financing sources increased by approximately $3,238,000 due to increased interfund transfers of $3,213,455 as the residual balance of the American Rescue Plan Grant special revenue fund was transferred to the general fund in 2023.

- The only other major governmental fund is the impact fee special revenue fund whose revenue increased by approximately $1,730,500 (639%) due to increased construction related activity within the City. Impact fee fund expenditures increased from zero in 2022 to $1,547,487 in 2023 as the City utilized these funds to pay for allowable capital outlay expenditures.

Proprietary Funds - The enterprise fund's unrestricted cash and investments totaled $3,142,721 compared to $1,488,746 at the close of the prior year, a $1,653,975 increase, mainly due to interfund borrowing from the general fund of $2,396,000 partially offset by other uses of unrestricted cash during the year. The City's proprietary fund provides the same information found in the government-wide financial statements, but in more detail. The major changes between 2023 and 2022 are discussed above under the "business-type activities" heading.

BUDGETARY HIGHLIGHTS

General Fund:

During the year there was a $1,754,365 or 19% net increase in the anticipated general fund revenue between the original and final amended budget. This increase was mainly due to the following items:

- Budgeted license and permit revenue as well as charges for services revenue were increased by $1,091,855 and $176,590, respectively, due to greater than anticipated construction activity within the City.
- Budgeted investment income was increased by $100,688 as interest earned on the City's cash deposits and investments during the year exceeded the amounts originally budgeted.
- Budgeted tax revenue was increased by $392,328 due to greater than expected collections.

During the year there was a $1,905,240 or 19% net increase in general fund expenditure appropriations between the original and final amended budget. These increases/decreases were mainly due to the general fund expenditures that varied from the original budget and for a myriad of reasons.

Actual revenue was more than the final budgeted amounts by $75,121 or 1% of the final budget, actual expenditures less than the final budgeted amounts by $1,623,406 or 14% of the final budget and other financing sources were $3,029,841 more than the final budgeted amounts for an overall unfavorable budgetary variance of $4,690,368.

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

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets - The City's investment in capital assets for its governmental and business type activities as of September 30, 2023, amounts to $32,824,621 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, sewer and water systems, machinery and equipment, and construction in progress.

Major capital assets placed into service (excludes construction in process) during the fiscal year included the following:

Governmental activities:

- (2) Ford Explorer - $82,059
- Standing mower - $13,100
- Radio - $5,070
- (1) Ford F-150 truck - $42,000
- Police equipment shed - $15,988
- (2) Gravely Pro-Turn mowers - $21,550
- Sanitation cans - $36,859
- Sidewalk improvements - $54,000
- Road resurfacing - $220,900
- (2) Golf carts - $26,600
- Recording system - $10,763
- 155 Lakeshore Way building and land - $1,614,882
- Future park land - $1,206,510
- Donated roadway network - $332,019
- Other land acquisitions - $32,664
- Central Park Phase 2 parking overlay - $53,000

Business-type activities:

- Land acquisitions - $405,595
- (3) Generators - $86,685
- New water meters - $247,961
- Lake George force main - $315,514
- Donated water infrastructure - $210,870
- Donated wastewater infrastructure - $552,289

Capital Assets Activity
(net of accumulated depreciation)
as of September 30,

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Land	$ 4,409,412	$ 2,999,648	$ 1,034,763	$ 628,168	$ 5,444,175	$ 3,627,816
Buildings and improvements	4,292,900	3,123,586	10,665,691	10,149,853	14,958,591	13,273,439
Leases	15,871	19,045	-	-	15,871	19,045
Equipment	1,285,669	1,392,575	1,006,252	791,771	2,291,921	2,184,346
Infrastructure	6,963,143	6,686,682	-	-	6,963,143	6,686,682
Construction in progress	395,564	25,689	2,755,356	1,767,163	3,150,920	1,792,852
Total	$ 17,362,559	$ 14,247,225	$ 15,462,062	$ 13,336,955	$ 32,824,621	$ 27,584,180

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

Long-term Debt – As shown in the table below, the City had total long-term debt outstanding of $1,217,822 which represents a net decrease of $432,798 or 26% over the prior year due to regular scheduled debt repayments.

Outstanding Debt
as of September 30,

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Bonds and notes payable	$ -	$ -	$ 1,217,822	$ 1,650,620	$ 1,217,822	$ 1,650,620
Total	$ -	$ -	$ 1,217,822	$ 1,650,620	$ 1,217,822	$ 1,650,620

Additional information on the City's long-term debt can be found in Note 7 of the notes to financial statement section of this report.

CURRENTLY KNOWN FACTS, DECISIONS AND CONDITIONS

Due to the unprecedented level of anticipated growth, we are set to receive, the city adopted a 10-year Facility Plan which includes over $120 million dollars in projects for a new water plant, a wastewater plant expansion, new city hall, additional fire and police stations, and recreation facilities among others. These facility needs are reflective of a maximum buildout of 6,000 residential units over the next 10 years which if realized would add approximately 15,000 to the population. For perspective, it took the city over 100 years to reach a 5,000 population and the city currently has approximately 6,500 residents. The facility plan accounts for an aggressive growth rate; if growth slows and those targets are not met the plan can stretch over a 15 to 20 year period as necessary based upon the growth we actually experience.

Substantial projects are generally split between implementation of the Parks and Recreation Master Plan and Utility Projects. Inflationary pressures combined with high project demand from other Cities have increased costs by approximately one third (33%) from previous estimates on most projects.

Our largest risk factors will be in the debt service tied to alternative water supply and the wastewater plant expansion as these commitments must be made on projections (i.e. before we receive the customers). Even if the larger economy goes into recession, we will likely be insulated from the worst effects of it as our region and City continue to grow albeit at a potentially slower pace.

Residential growth in the northern corridor along CR 557 should help increase the market demand for commercial and retail development in the downtown core. This will afford us better options as we look to develop the city owned downtown parcel which we will seek proposals on going into next year. Increases to homeowner's insurance premiums and higher interest rates should put downward pressure on home values but this is being offset by high demand and out of state buyers. A flattening of values in real terms although with inflation we still may see nominal increases to valuations. Long-term, this raises questions of affordability, especially with existing residents that will be priced out of their own market if they did not previously own a home. This trend will also further put pressure on compensation so that employees, both private sector and public, can afford to live in the communities they work in.

Overall, the City is in sound financial condition with strong investments in capital. Larger macroeconomic trends present several risk factors which the city is prepared to mitigate against by funding reserves; hiring additional personnel based on experienced need versus anticipated need; and maintaining/enhancing healthy margins in discretional spending/capital that can be pared down in the event of a downturn.

REQUESTS FOR INFORMATION

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

CITY OF LAKE ALFRED, FLORIDA
Statement of Net Position
September 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 2,561,895	$ 3,142,721	$ 5,704,616
Investment in real property	950,000	-	950,000
Receivables, current:			
Customer accounts, net	87,384	453,526	540,910
Intergovernmental	276,961	-	276,961
Franchise and utility service taxes	143,234	95,760	238,994
Other	51,978	-	51,978
Prepaid expenses	178,608	1,200	179,808
Deposits	1,000	-	1,000
Lease receivable	1,457,572	-	1,457,572
Internal balances	2,396,000	(2,396,000)	-
Restricted assets:			
Cash and cash equivalents	2,775,594	6,512,553	9,288,147
Capital assets:			
Non-depreciable	4,804,976	3,790,119	8,595,095
Depreciable, net	12,557,583	11,671,943	24,229,526
TOTAL ASSETS	28,242,785	23,271,822	51,514,607
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	1,835,156	306,449	2,141,605
LIABILITIES			
Accounts payable	346,127	304,931	651,058
Construction costs payable	228,168	94,640	322,808
Accrued payroll and employee benefits	56,482	9,618	66,100
Due to other governments	20,107	-	20,107
Deposits	57,335	-	57,335
Liabilities payable from restricted assets:			
Accrued interest payable	-	5,313	5,313
Utility customer deposits	-	611,132	611,132
Long-term obligations:			
Due within one year	48,472	393,901	442,373
Due in more than one year	2,147,632	1,293,416	3,441,048
TOTAL LIABILITIES	2,904,323	2,712,951	5,617,274
DEFERRED INFLOWS OF RESOURCES			
Leases	1,384,455	-	1,384,455
Deferred inflows related to pensions	49,544	8,902	58,446
TOTAL DEFERRED INFLOWS OF RESOURCES	1,433,999	8,902	1,442,901
NET POSITION			
Net investment in capital assets	17,115,352	14,149,600	31,264,952
Restricted for:			
Crime prevention	4,852	-	4,852
Recreation improvements	457,475	-	457,475
Facilities and equipment - police	242,204	-	242,204
Facilities and equipment - fire	353,735	-	353,735
General government improvements	242,234	-	242,234
Transportation infrastructure	9,603	-	9,603
Building and permitting	1,045,439	-	1,045,439
Community redevelopment	66,504	-	66,504
Debt service	-	52,987	52,987
Sanitation equipment and vehicles	125,380	-	125,380
Sewer system improvements	-	3,027,927	3,027,927
Stormwater system improvements	-	136,233	136,233
Water system improvements	-	2,678,961	2,678,961
Unrestricted	6,076,841	810,710	6,887,551
TOTAL NET POSITION	$ 25,739,619	$ 20,856,418	$ 46,596,037

See Accompanying Notes to Financial Statements

CITY OF LAKE ALFRED, FLORIDA
Statement of Activities
For the year ended September 30, 2023

FUNCTIONS/PROGRAMS	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grant and Contributions	Program Revenues: Capital Grant and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-Type Activities	Net (Expense) Revenue and Changes in Net Position: Total
PRIMARY GOVERNMENT:							
Governmental activities:							
General government	$ 2,041,793	$ 28,758	$ 58,456	$ 429,204	$ (1,525,375)	$ -	$ (1,525,375)
Community development	740,243	1,797,334	-	-	1,057,091	-	1,057,091
Police	1,718,251	32,324	296,241	264,614	(1,125,072)	-	(1,125,072)
Fire	928,177	-	35,360	256,395	(636,422)	-	(636,422)
Sanitation	781,393	836,283	-	-	54,890	-	54,890
Public works	129,756	-	-	-	(129,756)	-	(129,756)
Roads and streets	833,430	67,159	-	364,683	(401,588)	-	(401,588)
Library	258,883	65,004	-	-	(193,879)	-	(193,879)
Parks and recreation	1,021,378	73,361	5,127	1,163,770	220,880	-	220,880
Community redevelopment	183,828	-	-	-	(183,828)	-	(183,828)
Interest on long-term debt	5,902	-	-	-	(5,902)	-	(5,902)
Total governmental activities	8,643,034	2,900,223	395,184	2,478,666	(2,868,961)	-	(2,868,961)
Business-type activities							
Water utility	1,164,965	1,876,575	-	2,367,456	-	3,079,066	3,079,066
Sewer utility	1,824,494	1,876,184	-	2,498,065	-	2,549,755	2,549,755
Stormwater utility	96,490	72,807	-	-	-	(23,683)	(23,683)
Total business-type activities	3,085,949	3,825,566	-	4,865,521	-	5,605,138	5,605,138
TOTAL PRIMARY GOVERNMENT	$ 11,728,983	$ 6,725,789	$ 395,184	7,344,187	(2,868,961)	5,605,138	2,736,177
GENERAL REVENUES							
Taxes:							
Property taxes, levied for general purposes					1,964,952	-	1,964,952
Property taxes, levied for community redevelopment					380,786	-	380,786
Franchise taxes					668,021	-	668,021
Public service taxes					844,073	-	844,073
Fuel taxes levied for transportation purposes					432,986	-	432,986
State shared revenue					866,256	-	866,256
Investment income(loss), net					166,611	226,589	393,200
Miscellaneous					168,843	-	168,843
TRANSFERS					682,048	(682,048)	-
Total general revenues and transfers					6,174,576	(455,459)	5,719,117
CHANGE IN NET POSITION					3,305,615	5,149,679	8,455,294
NET POSITION, beginning of year					22,434,004	15,706,739	38,140,743
NET POSITION, end of year					$ 25,739,619	$ 20,856,418	$ 46,596,037

See Accompanying Notes to Financial Statements

CITY OF LAKE ALFRED, FLORIDA
Balance Sheet – Governmental Funds
September 30, 2023

	General Fund	Impact Fee Fund	Other Governmental Funds	Total
ASSETS				
Cash and cash equivalents	$ 2,561,895	$ 1,295,648	$ 294,672	$ 4,152,215
Receivables, net:				
Customer accounts	87,384	-	-	87,384
Intergovernmental	276,961	-	-	276,961
Franchise and utility service taxes	143,234	-	-	143,234
Other	51,978	-	-	51,978
Prepaid expenditures	178,608	-	-	178,608
Deposits	1,000	-	-	1,000
Lease receivable	1,457,572	-	-	1,457,572
Advance from other funds	2,396,000	-	-	2,396,000
Restricted assets:				
Cash and cash equivalents	1,185,274	-	-	1,185,274
Total assets	$ 8,339,906	$ 1,295,648	$ 294,672	$ 9,930,226
LIABILITIES				
Accounts payable and accrued expenditures	346,127	-	-	346,127
Construction costs payable	-	-	228,168	228,168
Accrued payroll and employee benefits	56,482	-	-	56,482
Due to other governments	20,107	-	-	20,107
Deposits	57,335	-	-	57,335
Total liabilities	480,051	-	228,168	708,219
DEFERRED INFLOWS OF RESOURCES				
Leases	1,384,455	-	-	1,384,455
Unavailable revenue	40,715	-	-	40,715
Total deferred inflows of resources	1,425,170	-	-	1,425,170
FUND BALANCE				
Nonspendable:				
Prepaid expenditures and deposits	179,608	-	-	179,608
Interfund advance	2,396,000	-	-	2,396,000
Restricted for:				
Crime prevention	4,852	-	-	4,852
Sanitation equipment and vehicles	125,380	-	-	125,380
Facilities and equipment - police (impact fees)	-	242,204	-	242,204
Facilities and equipment - fire (impact fees)	-	353,735	-	353,735
Recreation improvements (impact fees)	-	457,475	-	457,475
General government improvements (impact fees)	-	242,234	-	242,234
Transportation infrastructure	9,603	-	-	9,603
Building and permitting	1,045,439	-	-	1,045,439
Community redevelopment	-	-	66,504	66,504
Assigned for:				
Capital outlay	500,000	-	-	500,000
Subsequent year budget	578,587	-	-	578,587
Unassigned	1,595,216	-	-	1,595,216
Total fund balances	6,434,685	1,295,648	66,504	7,796,837
Total liabilities, deferred inflows of resources and fund balance	$ 8,339,906	$ 1,295,648	$ 294,672	$ 9,930,226

See Accompanying Notes to Financial Statements

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

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	$	7,796,837
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds except for deposits on capital asset acquisitions which are reported in the funds.		17,362,559
Real property held for investment is not a financial resource and not reported in the funds.		950,000
Revenues not received within the "availability" period are deferred at the fund level and recognized in the statement of activities.		40,715
Deferred outflows of resources represent an decrease in net position or fund balance that applies to a future period(s) and, therefore, are not reported in the governmental funds.		1,835,156
Deferred inflows of resources represent an increase in net position or fund balance that applies to a future period(s) and, therefore, are not reported in the governmental funds.		(49,544)
Long-term liabilities, including bonds and notes payable, compensated absences, OPEB liabilities and net pension liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		(2,196,104)
NET POSITION OF GOVERNMENTAL ACTIVITIES	$	25,739,619

CITY OF LAKE ALFRED, FLORIDA
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
For the year ended September 30, 2023

	General Fund	Impact Fee Fund	Other Governmental Funds	Total
REVENUES:				
Taxes	$ 3,817,426	$ -	$ 380,786	$ 4,198,212
Licenses and permits	1,563,344	2,001,415	-	3,564,759
Intergovernmental revenue	1,476,866	-	-	1,476,866
Charges for services	1,138,317	-	-	1,138,317
Fines and forfeitures	72,268	-	-	72,268
Investment income	146,611	-	-	146,611
Other	197,293	-	-	197,293
Total revenues	8,412,125	2,001,415	380,786	10,794,326
EXPENDITURES:				
Current:				
General government	1,813,105	-	-	1,813,105
Public safety	3,071,883	-	-	3,071,883
Physical environment	764,987	-	-	764,987
Economic environment	-	-	183,828	183,828
Transportation	495,275	-	-	495,275
Culture/recreation	825,124	-	-	825,124
Capital outlay	2,271,933	1,547,487	228,167	4,047,587
Debt service	8,277	-	-	8,277
Total expenditures	9,250,584	1,547,487	411,995	11,210,066
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(838,459)	453,928	(31,209)	(415,740)
OTHER FINANCING SOURCES (USES)				
Transfers in	3,815,889	-	-	3,815,889
Transfers out	-	-	(3,133,841)	(3,133,841)
Issuance of debt	46,875	-	-	46,875
TOTAL OTHER FINANCING SOURCES (USES)	3,862,764	-	(3,133,841)	728,923
NET CHANGE IN FUND BALANCE	3,024,305	453,928	(3,165,050)	313,183
FUND BALANCE, beginning of year	3,410,380	841,720	3,231,554	7,483,654
FUND BALANCE, end of year	$ 6,434,685	$ 1,295,648	$ 66,504	$ 7,796,837

See Accompanying Notes to Financial Statements

CITY OF LAKE ALFRED, FLORIDA
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities
For the year ended September 30, 2023

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	$	313,183
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.		
This is the amount of capital assets recorded in the current period.		4,137,829
This is the amount of depreciation expense recorded in the current period.		(1,022,495)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.		
This is the increase in the fair value of the City's investment in real property.		20,000
Revenue not received within the "availability" period are not reported as revenues at the fund level and are recognized as revenue in the statement of activities.		
This represents the change caused by the "availability" criterion.		40,715
Long-term obligations including bonds and notes payable, compensated absences and other postemployment benefit liabilities are reported as liabilities in the government-wide statement of net position but are not reported as liabilities in the governmental funds because they do not require the use of current financial resources:		
This is the principal paid on leases payable during the year.		2,375
This is the change in accrued compensated absences during the year.		(56,918)
This is the change in the total OPEB liability during the year.		48,692
Pension expense is reported in the statement of activities which differs from pension expenditures as reported in the governmental funds:		
This amount represents the change in the net pension asset.		(1,179,649)
This amount represents the change in deferred inflows related to pensions.		950,204
This amount represents the change in deferred outflows related to pensions.		1,441,563
This amount represents the change in the net pension liability.		(1,389,884)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$	3,305,615

See Accompanying Notes to Financial Statements

CITY OF LAKE ALFRED, FLORIDA
Statement of Net Position – Proprietary Fund
September 30, 2023

	Enterprise Fund
ASSETS	
Current assets:	
Cash and cash equivalents	$ 3,142,721
Accounts receivable:	
Customers, net	453,526
Intergovernmental	95,760
Prepaid expenses	1,200
Total current assets	3,693,207
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents	6,512,553
Capital assets:	
Non-depreciable	3,790,119
Depreciable, net	11,671,943
Total noncurrent assets	21,974,615
Total assets	25,667,822
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	306,449
LIABILITIES	
Current liabilities:	
Accounts payable	304,931
Construction costs payable	94,640
Accrued payroll and employee benefits	9,618
Compensated absences	9,137
Bonds and notes payable, current portion	384,764
Total current liabilities	803,090
Noncurrent liabilities:	
Liabilities payable from restricted assets:	
Customer deposits	611,132
Interest payable	5,313
Advance from other funds	2,396,000
Compensated absences	82,229
Other postemployment benefits payable	69,567
Net pension liability	308,562
Bonds and notes payable, noncurrent portion	833,058
Total noncurrent liabilities	4,305,861
Total liabilities	5,108,951
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	8,902
NET POSITION	
Net investment in capital assets	14,149,600
Restricted for:	
Debt retirement	52,987
Sewer system improvements	3,027,927
Stormwater system maintenance	136,233
Water system improvements	2,678,961
Unrestricted	810,710
Total net position	$ 20,856,418

See Accompanying Notes to Financial Statements

CITY OF LAKE ALFRED, FLORIDA
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund
For the year ended September 30, 2023

	Enterprise Fund
OPERATING REVENUES:	
Charges for services	$ 3,825,566
Total operating revenues	3,825,566
OPERATING EXPENSES:	
Personnel services	939,140
Operating expenses	1,390,721
Depreciation expense	682,999
Total operating expenses	3,012,860
OPERATING INCOME	812,706
NONOPERATING REVENUE (EXPENSE)	
Investment income, net	226,589
Interest expense	(78,002)
Other nonoperating revenue, net	4,913
Total nonoperating revenues (expense)	153,500
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	966,206
CAPITAL CONTRIBUTIONS	
Capital grants	87,572
Donated infrastructure	763,160
Impact fees	4,014,789
Total capital contributions	4,865,521
TRANSFERS OUT	(682,048)
CHANGE IN NET POSITION	5,149,679
NET POSITION, beginning of year	15,706,739
NET POSITION, end of year	$ 20,856,418

See Accompanying Notes to Financial Statements

CITY OF LAKE ALFRED, FLORIDA
Statement of Cash Flows – Proprietary Fund
For the year ended September 30, 2023

	Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	$ 3,813,638
Payments to suppliers	(1,206,605)
Payments for salaries and benefits	(903,631)
Net cash flows from operating activities	1,703,402
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfers to other funds	(682,048)
Interfund borrowing	2,396,000
Net cash flows from noncapital financing activities	1,713,952
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition and construction of capital assets, net of related payables	(2,171,980)
Principal paid on long-term debt	(521,175)
Interest paid on borrowings	(80,594)
Proceeds from long-term debt	88,377
Impact fees received	4,014,789
Capital grants received, net of change in related receivable	87,572
Net cash flows from capital and related financing activities	1,416,989
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on invested funds	226,589
Sale of investments	1,000,000
Net cash flows from investing activities	1,226,589
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,060,932
CASH AND CASH EQUIVALENTS, beginning of year	3,594,342
CASH AND CASH EQUIVALENTS, end of year	$ 9,655,274
As shown in the Accompanying Financial Statements	
Cash and cash equivalents	$ 3,142,721
Restricted cash and cash equivalents	6,512,553
Total cash and cash equivalents	$ 9,655,274
Noncash financing and investing activities:	
Donated infrastructure	$ 763,160

Continued…

See Accompanying Notes to Financial Statements

	Enterprise Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	$ 812,706
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	682,999
Nonoperating revenue reported as operating cash flows	4,913
(Increase) decrease in accounts receivable	(78,747)
(Increase) decrease in prepaid expenses	(1,200)
Increase (decrease) in customer deposits	61,906
Increase (decrease) in accounts payable	185,316
Increase (decrease) in accrued wages and compensated absences	12,821
Increase (decrease) in other postemployment benefits payable	(16,761)
(Increase) decrease in deferred outflows related to pensions	(221,365)
Increase (decrease) in deferred inflows related to pensions	(154,747)
Increase (decrease) in the net pension liability (asset)	415,561
Net cash flows from operating activities	$ 1,703,402

See Accompanying Notes to Financial Statements

CITY OF LAKE ALFRED, FLORIDA
Statement of Fiduciary Net Position – Fiduciary Funds
September 30, 2023

	Pension Trust Funds	Custodial Fund
ASSETS		
Cash and cash equivalents	$ -	$ 839,575
Receivables:		
Contributions receivable:		
Plan members	5,086	-
Accrued income	1,056	-
Total receivables	6,142	-
Investments, at fair value:		
Short-term money market funds	130,706	-
Fixed income external investment pools	3,352,614	-
Equity securities external investment pools	5,505,839	-
Individual common stocks	1,388,871	-
Real estate securities and investment pools	745,914	-
Total investments	11,123,944	-
Total assets	11,130,086	839,575
LIABILITIES		
Accounts payable	8,164	-
Member contribution refunds payable	22,464	-
Due to other governments	-	839,575
Total Liabilities	30,628	839,575
NET POSITION		
Restricted for pension benefits	$ 11,099,458	$ -

See Accompanying Notes to Financial Statements

CITY OF LAKE ALFRED, FLORIDA
Statement of Changes in Fiduciary Net Position – Fiduciary Funds
For the year ended September 30, 2023

	Pension Trust Funds	Custodial Trust Funds
ADDITIONS		
Contributions:		
City	$ 262,950	$ -
Plan members	156,444	-
State of Florida	102,141	-
Fees collected on behalf of other governments	-	3,934,696
Total contributions	521,535	3,934,696
Investment income	1,157,897	-
Less investment expenses:		
Performance evaluation	(14,000)	-
Custodial fees	(18,975)	-
Investment management fees	(8,963)	-
Total investment expenses	(41,938)	-
Net investment income	1,115,959	-
Total additions	1,637,494	3,934,696
DEDUCTIONS		
Administrative expenses:		
Legal	18,576	-
Administrator fee	3,000	-
Actuarial	58,815	-
Insurance, supplies and other	2,654	-
Audit	10,690	-
Total administrative expenses	93,735	-
Remittance of fees to other governments	-	3,934,696
Payments to retirees and participants	830,331	-
Total deductions	924,066	3,934,696
CHANGE IN NET POSITION	713,428	-
NET POSITION, beginning of year	10,386,030	-
NET POSITION, end of year	$ 11,099,458	$ -

See Accompanying Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

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

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

The City does not allocate the interest expense of governmental fund debt. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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

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

Major governmental funds:

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

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

- American Rescue Plan Grant Special Revenue Fund: This fund was established to account for the collection and expenditure of the Coronavirus State and Local Recovery funds, a part of the American Rescue Plan Act.
- Community Redevelopment Fund: The City of Lake Alfred Community Redevelopment Agency (the "CRA") was created by City Ordinance 1335-14 pursuant to Chapter 163, Florida Statutes. The CRA has the power to levy taxes or appropriate funds to preserve and enhance the designated CRA district. The CRA receives incremental ad valorem taxes generated in future years by the increase in property values in the redevelopment area. The CRA's property taxes are levied under the taxing authority of the City and are included as part of the City's total tax levy. The CRA's Board members consist of the City Commission and two appointed citizens.

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

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

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

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

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

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

- Custodial Fund: The custodial fund is to account for impact fees collected on behalf of Polk County, Florida (the “County”). These funds are collected on behalf of the County as new construction takes place within the City and remitted to the County monthly.

MEASUREMENT FOCUS, AND BASIS OF ACCOUNTING

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within 60 days of the end of the current fiscal period. Revenues received prior to meeting the available criterion are reported as deferred inflows. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

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

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

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

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

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

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

CUSTOMER ACCOUNTS RECEIVABLE - The City accrues the unbilled service of its enterprise fund which represents the estimated value of service from the last billing date to year end which totaled $71,466 on September 30, 2023. reserve for doubtful accounts is maintained in the enterprise fund equal to the value of the receivables at year end that are not expected to be collected. As of September 30, 2023, such reserves totaled $722.

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

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

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

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

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

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

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

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

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

LONG-TERM OBLIGATIONS - In the government-wide financial statements and proprietary fund types, fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the bonds outstanding method. Debt issuance costs are reported as expenses in the period incurred. Bond premiums and discounts are reported, net of amortization, in the related debt balances shown in the financial statements.

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

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

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

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

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

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

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

ON-BEHALF PAYMENTS FOR FRINGE BENEFITS - The City receives on-behalf payments from the State of Florida to be used for the Lake Alfred Police Officers' and Firefighters' Retirement System which totaled $102,141 for the year ended September 30, 2023. Such payments are recorded as operating grants for the police and fire programs and public safety expenses/expenditures in the government-wide and general fund financial statements.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item that qualifies for reporting as deferred outflows of resources which is the deferred outflows related to pensions.

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

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

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

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

EQUITY CLASSIFICATIONS -

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

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

	Governmental Activities	Business-type Activities
Capital assets, net	$ 17,362,559	$ 15,462,062
Less:		
Construction costs payable	(228,168)	(94,640)
Long-term debt related to capital assets	-	(1,217,822)
Leases payable	(19,039)	-
Net investment in capital assets	$ 17,115,352	$ 14,149,600

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

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

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

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

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

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

Committed - This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action (ordinance) of the City Commission. These amounts cannot be used for any other purpose unless the City Commission removes or changes the specified use by taking the same type of action (ordinance) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The City did not have any committed resources as of September 30, 2023.

Assigned - This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Commission or through the City Commission delegating this responsibility to the City Manager through the budgetary process. As of September 30, 2023, the City had assigned resources to be used for future capital outlay and the subsequent years' budget.

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

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

The City has established by resolution, a targeted minimum level of unassigned and assigned fund balance equal to 17% or more of the general fund's regular annual operating expenditures as reported in the City's subsequent year's budget. Under this resolution, regular operating expenditures are equal to total expenditures less capital outlay and debt service expenditures. Should unassigned and assigned fund balance fall below the targeted level, the City Manager shall implement a plan through the budgetary process to reach the targeted fund balance amounts in a reasonable timeframe not to exceed five fiscal years. The City met this requirement as of September 30, 2023.

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

LEASES:

Lessee: The City is a lessee for a noncancellable lease of equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of $5,000 or more.

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

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

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

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

Lessor: The City is a lessor for several noncancellable antenna placement leases. The City reports a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

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

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

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

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

NOTE 2 - PROPERTY TAX CALENDAR

Under Florida Law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The tax levy of the City is established by the City Commission prior to October 1 of each year and the Polk County Property Appraiser incorporates the millage into the total tax levy, which includes the municipalities, the County, independent districts and the County School Board tax requirements. State statutes permit cities to levy property taxes at a rate of up to 10 mills. The City's millage rate in effect for the fiscal year ended September 30, 2023 was 6.9890.

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

NOTE 3 - BUDGETARY LAW AND PRACTICE

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

Cash and cash equivalents:		
Cash on hand	$	600
Cash deposits in financial institutions:		
Insured or fully collateralized bank deposits		6,307,639
State Board of Administration - local government pool		4,563,419
FL SAFE Stable NAV Fund		4,121,105
Total cash and investments	$	14,992,763

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

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

As of September 30, 2023, there were no redemption fees, maximum transaction amounts or any other requirements that serve to limit the City's access to one hundred percent of their account value. The fair value of the City's position in the pools is the same as the value of the pool shares.

INVESTMENTS - FAIR VALUE - The City categorizes its fair value measurements within the fair value hierarchy established by GASB Cod. Sec. 3100. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

INVESTMENT IN REAL PROPERTY - The City owns land that is reported as an investment in accordance with GASB Cod. Sec. I50. The City's investment in real property is reported at a fair value of $950,000 on September 30, 2023. This value was determined by an analysis of the property by a real estate appraiser which is considered a Level 3 input based upon the fair value hierarchy.

The investment securities held by the City and the City's pension trust funds have the following carrying values as of September 30, 2023, based upon the measurement criteria as specified.

City:

	September 30, 2023	Level 1	Level 2	Level 3
Investments at fair value				
None	-	-	-	-
Total investments at fair value	-	-	-	-
Investments measured at amortized cost				
State Board of Administration				
Florida Prime	4,563,419			
FL SAFE Stable NAV Fund	4,121,105			
Total investments	$ 8,684,524			

Police Officers' and Firefighters' Pension Trust Fund:

	September 30, 2023	Level 1	Level 2	Level 3
Investments at fair value				
Fixed income mutual funds	$ 1,709,272	$ 1,709,272	$ -	$ -
Equity securities mutual funds	1,388,871	1,388,871	-	-
Individual common stocks	2,149,226	2,149,226	-	-
Total investments at fair value	5,247,369	$ 5,247,369	$ -	$ -
Investments measured at amortized cost				
Money market mutual funds	49,122			
Total investments	$ 5,296,491			

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

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

	September 30, 2023
Investments at fair value	
Cash and money market	$ 81,584
FMIvT Broad Market High Quality Bond	850,808
FMIvT Core Plus	792,534
FMIvT Large Cap Diversified Value	1,421,898
FMIvT Diversified Small to Mid Cap Equity	810,016
FMIvT International Equity	1,124,698
FMIvT Core Real Estate	745,915
Total investments at fair value	5,827,453
Total investments	$ 5,827,453

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

Investment Type	Fitch/ S&P Rating	Fair Value/ Amortized Cost	Weighted Average Maturity (WAM)/ Duration (WAD)
Primary government			
State Board of Administration			
Florida PRIME	S&P - AAAm	$ 4,563,419	WAM: 75 days
FL SAFE Stable NAV Fund	S&P - AAAm	4,121,105	WAM: 65 days
Total		$ 8,684,524	
General Employees Pension Trust Fund:			
Cash and money market fund	Not Rated	$ 81,584	N/A
FMIvT Broad Market High Quality Bond	Fitch - AAf/S4	850,808	WAD: 5.58
FMIvT Core Plus	Not Rated	792,534	WAD: 6.80
Total		$ 1,724,926	
Police Officers' and Firefighters' Pension Trust Fund:			
Short-term money market fund	S&P - AAAm	$ 49,122	N/A
Fixed income mutual funds:			
Dodge & Cox Income Fund	Not Rated	1,497,990	WAD: 5.70
Pimco Diversified Income Fund	Not Rated	211,282	WAD: 5.07
Total fixed income mutual funds		1,709,272	
Total		$ 1,758,394	

NOTE 5 - CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2023, is summarized below:

	Balance October 1, 2022	Transfers	Increases	Decreases	Balance September 30, 2023
Governmental Activities:					
Capital assets, not being depreciated:					
Land	$ 2,999,648	$ -	$ 1,409,764	$ -	$ 4,409,412
Construction in process	25,689	(15,988)	385,863	-	395,564
Total capital assets, not being depreciated	3,025,337	(15,988)	1,795,627	-	4,804,976
Capital assets, being depreciated:					
Buildings and improvements	6,090,212	(36,750)	1,510,946	-	7,564,408
Right to use leased equipment	22,219	-	-	-	22,219
Equipment	5,403,758	-	238,001	(54,279)	5,587,480
Infrastructure:					
Road network	5,784,522	-	539,255	-	6,323,777
Sidewalks	3,453,245	52,738	54,000	-	3,559,983
Total capital assets, being depreciated	20,753,956	15,988	2,342,202	(54,279)	23,057,867
Less accumulated depreciation for:					
Buildings and improvements	(2,966,626)	-	(304,882)	-	(3,271,508)
Right to use leased equipment	(3,174)	-	(3,174)	-	(6,348)
Equipment	(4,011,183)	-	(344,907)	54,279	(4,301,811)
Infrastructure:					
Road network	(1,714,198)	-	(260,174)	-	(1,974,372)
Sidewalks	(836,887)	-	(109,358)	-	(946,245)
Total accumulated depreciation	(9,532,068)	-	(1,022,495)	54,279	(10,500,284)
Total capital assets being depreciated, net	11,221,888	15,988	1,319,707	-	12,557,583
Governmental activities capital assets, net	$ 14,247,225	$ -	$ 3,115,334	$ -	$ 17,362,559
Business-type activities:					
Capital assets, not being depreciated:					
Land	$ 628,168	$ -	$ 406,595	$ -	$ 1,034,763
Construction-in-progress	1,767,163	-	988,193	-	2,755,356
Total capital assets, not being depreciated	2,395,331	-	1,394,788	-	3,790,119
Capital assets, being depreciated:					
Buildings and improvements	24,046,784	-	1,078,673	-	25,125,457
Equipment	1,745,565	-	334,645	(152,197)	1,928,013
Total capital assets, being depreciated	25,792,349	-	1,413,318	(152,197)	27,053,470
Less accumulated depreciation for:					
Buildings and improvements	(13,896,931)	-	(562,835)	-	(14,459,766)
Equipment	(953,794)	-	(120,164)	152,197	(921,761)
Total accumulated depreciation	(14,850,725)	-	(682,999)	152,197	(15,381,527)
Total capital assets being depreciated, net	10,941,624	-	730,319	-	11,671,943
Business-type activities capital assets, net	$ 13,336,955	$ -	$ 2,125,107	$ -	$ 15,462,062

NOTE 5 - CAPITAL ASSETS (cont…)

Depreciation expense was charged to the following programs and functions:

Governmental Activities:		
General government	$	98,861
Police		110,240
Fire		36,597
Community development		12,042
Sanitation		88,358
Public works		33,103
Roads and streets		376,524
Library		32,183
Parks and recreation		234,587
Total depreciation expense - governmental activities	$	1,022,495

Business-type Activities:		
Water utility	$	215,582
Sewer utility		439,673
Stormwater utility		27,744
Total depreciation expense - business-type activities	$	682,999

NOTE 6 – LEASES

Lease Receivable – The City reports two lease receivables related to antenna lease agreements originally executed in 2000. The lease terms were originally for an initial 5-year period with the option of 4 separate 5-year renewal periods thereafter. The lease term for each of these leases was originally 25 years ending in 2025 and one of the leases has been amended to extend the lease term to 2054. The City receives annual payments which are increased each year by 3% to 5% and the City recognized $57,087 in lease revenue and $35,922 in interest revenue during the fiscal year related to these two leases. On September 30, 2023, the City's receivable for lease payments was $1,457,572. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. On September 30, 2023, the balance of the deferred inflow of resources was $1,384,455.

Lease Payable – In 2022, the City entered into a 63-month agreement as lessee for the acquisition and use of several multifunction copiers. The City is required to make monthly principal and interest payments of $690 and maturing in July 2027. The City utilized the interest rate implicit in the lease agreement of 29% to determine the lease liability. The book value of this right-to-use asset as the end of the current fiscal year is $15,871 and is being amortized on a straight-line basis over a 63-month term from the lease origination date (45 months remaining on September 30, 2023).

The future principal and interest lease payments as of September 30, 2023, were as follows:

	Governmental Activities	
Fiscal Year Ending	Principal	Interest
2024	$ 3,161	$ 5,116
2025	4,209	4,068
2026	5,604	2,674
2027	6,065	834
Total	$ 19,039	$ 12,692

NOTE 7 - LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the year ended September 30, 2023:

	Balance October 1, 2022	Increases	Decreases	Balance September 30, 2023	Amounts Due within One Year
Governmental Activities:					
Long-term liabilities:					
Long-term debt:					
None	$ -	$ -	$ -	$ -	$ -
Total long-term debt	-	-	-	-	-
Other liabilities:					
Leases payable	21,414	-	(2,375)	19,039	3,162
Net pension liability	-	1,389,884	-	1,389,884	-
Total OPEB liability	382,776	-	(48,692)	334,084	-
Compensated absences	396,179	240,803	(183,885)	453,097	45,310
Total other liabilities	800,369	1,630,687	(234,952)	2,196,104	48,472
Total long-term liabilities	$ 800,369	$ 1,630,687	$ (234,952)	2,196,104	$ 48,472
Less amounts due in one year				(48,472)	
Net long-term liabilities in excess of one year				$ 2,147,632	
Business-type Activities:					
Long-term liabilities:					
Long-term debt:					
Notes payable:					
Series 2012 Revenue Refunding Note	$ 292,828	$ -	$ (233,569)	$ 59,259	$ 59,259
DW530510 installment note to FDEP	12,500	88,377	-	100,877	31,533
WW719090 installment note to FDEP	1,345,292	-	(287,606)	1,057,686	293,972
Total bonds and notes payable	1,650,620	88,377	(521,175)	1,217,822	384,764
Other liabilities:					
Net pension liability	-	308,562	-	308,562	-
Total OPEB liability	86,328	-	(16,761)	69,567	-
Compensated absences	76,965	50,766	(36,365)	91,366	9,137
Total other liabilities	163,293	359,328	(53,126)	469,495	9,137
Total long-term liabilities	$ 1,813,913	$ 447,705	$ (574,301)	1,687,317	$ 393,901
Less amounts due in one year				(393,901)	
Net long-term liabilities in excess of one year				$ 1,293,416	

NOTE 7 - LONG-TERM OBLIGATIONS (cont...)

Notes to Long-Term Obligations Table

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

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

Business-type Activities:

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

  In the event of default, the lender has the right to take whatever legal actions are necessary to collect the amounts due and may declare the entire indebtedness due and payable.

- Installment Notes to DEP:
  - Installment Note to DEP (WW 719090) - This note, in the original amount of $5,143,530, is secured by a subordinate lien on the water and sewer revenues and bears interest at 2.205%, with semi-annual principal and interest payments of $157,823 on July 15 and December 15 and continuing to maturity in January 2027. The note proceeds used to fund expansion of the wastewater treatment facility.
  - Installment Note to DEP (DW 530510) – The original note payable was for planning activities related to the design and construction of a new water production facility and totaled a maximum $27,500 loan. This loan has been amended to include the design phase of the water production facility which added an additional $603,438 to the maximum loan amount. This installment note includes an immediate principal forgiveness grant of 50% of the funds drawn by the City. The note is secured by a subordinate lien on the water and sewer revenues and bears interest at 1.33%, with semi-annual principal and interest payments beginning in the fiscal year ending September 30, 2024. As of September 30, 2023, $201,754 has been drawn on this loan and $100,877 has been forgiven resulting in a year-end balance due on this note of $100,877.

NOTE 7 - LONG-TERM OBLIGATIONS (cont...)

Notes to Long-Term Obligations Table (cont…)

- Installment Notes to DEP (continued)

  In the event of default and subject to the rights of superior liens on the pledged revenues, the lender may request a court to appoint a receiver to manage the water and sewer systems, intercept the delinquent amount from any unobligated funds due to the City under any revenue or tax sharing fund established by the State of Florida, impose a penalty in the amount not to exceed a rate of 18 percent per annum on the amount due, notify financial market credit rating agencies and potential creditors, sue for payment of amounts due and may accelerate the repayment schedule or increase the interest rate on the unpaid principal on the loan to as much as 1.667 times the loan interest rate.

Pledged Revenues:

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

Pledged Revenue	Revenue Pledged Through	Total Principal and Interest Outstanding	Current Year Principal and Interest Paid	Current Year Net Revenue	Percentage of Net Revenues to Principal and Interest Paid
Water and sewer revenue	1/15/2027	$ 1,269,681	$ 554,089	$ 1,820,060	328%

Maturities:

Annual requirements to repay all long-term bonds and notes payable as of September 30, 2023, were as follows:

	Business-type Activities	
Fiscal Year Ending	Principal	Interest
2024	$ 384,764	$ 25,286
2025	334,463	15,977
2026	341,568	8,872
2027	157,027	1,724
Total	$ 1,217,822	$ 51,859

NOTE 8 - INTERFUND TRANSACTIONS

Interfund transfers for the year ended September 30, 2023, consisted of:

Receiving Fund	Paying Fund	Amount
General Fund	Enterprise Fund	$ 682,048
General Fund	American Rescue Plan Grant Special Revenue Fund	3,133,841

The transfer from the enterprise fund to the general fund is a budgeted transfer. The transfer from the American Rescue Plan (ARPA) Grant Special Revenue Fund was in connection with the utilization of the ARPA State and Local Fiscal Recovery Funds to pay for governmental activities incurred in the general fund in the prior fiscal year.

NOTE 8 - INTERFUND TRANSACTIONS (cont…)

Interfund assets and liabilities on September 30, 2023 consisted of the following:

Receivable Fund	Payable Fund	Amount
General Fund	Enterprise Fund	$ 2,396,000

Effective on October 17, 2022, the City Commission passed Resolution 19-22 that authorized the enterprise to borrow $2,500,000 from the general fund to pay for utility infrastructure. The loan is to be repaid at an annual interest rate of 3.75% over a maximum of ten years with principal and interest due semiannually in November and May of each year. Annual requirements to repay this interfund loan as of September 30, 2023, were as follows:

Fiscal Year Ending	Principal	Interest
2024	$ 214,000	$ 87,863
2025	222,000	79,763
2026	231,000	71,363
2027	240,000	62,606
2028	248,000	53,531
2029-2033	1,241,000	119,213
Total	$ 2,396,000	$ 474,339

NOTE 9 - PENSION TRUST FUNDS

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

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

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

NOTE 9 – PENSION TRUST FUNDS (cont…)

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

Contributions – It is the City's policy to annually fund the actuarially determined required contributions representing the difference between the actuarially determined amount and the contributions of plan members and the State of Florida in the case of the Police Officers' and Firefighters' plan. Contribution rates and other information for the year ended September 30, 2023 is presented below:

	General Employees' Pension Trust Fund	Police Officers' and Firefighters' Pension Trust Fund
Contribution rates:		
City	11.0%	12.7%
Plan members	5.0%	5.0%
Actuarially determined contribution	$ 209,562	$ 133,424
Contributions made in relation to the Actuarially determined contribution	$ 209,562	$ 155,529

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

	as of October 1, 2022	
	General Employees' Pension Trust Fund	Police Officers' and Firefighters' Pension Trust Fund
Inactive plan members or beneficiaries currently receiving benefits	27	9
Inactive plan members entitled to but not yet receiving benefits	40	10
Active plan members	39	18
Total	106	37

Net Pension Liability (Asset) – The components of the changes in the net pension liability (asset) for both pension plans for the year ended September 30, 2022 is shown below. September 30, 2022 is the measurement date of the net pension liability (asset) reported in the City's September 30, 2023 financial statements. The net pension liability (asset) as of September 30, 2023, for City financial reporting purposes, was determined by actuarial valuations as of October 1, 2021 updated to September 30, 2022 (the measurement date).

NOTE 9 – PENSION TRUST FUNDS (cont…)

General Employees' Pension Trust Fund:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a)-(b)
Measurement date - September 30, 2021	$ 6,262,488	$ 6,619,151	$ (356,663)
Changes for the year:			
Service cost	216,884	-	216,884
Interest	456,882	-	456,882
Difference between actual and expected experience	28,582	-	28,582
Change in assumptions	82,236	-	82,236
Contributions - City	-	238,405	(238,405)
Contributions - employee	-	102,026	(102,026)
Employee buy-back contributions	39,821	39,821	-
Net investment income	-	(906,010)	906,010
Benefit payments, including refunds of employee contributions	(355,105)	(355,105)	-
Administrative expense	-	(35,039)	35,039
Net changes	469,300	(915,902)	1,385,202
Measurement date - September 30, 2022	$ 6,731,788	$ 5,703,249	$ 1,028,539

Police Officers' and Firefighters' Pension Trust Fund:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a)-(b)
Measurement date - September 30, 2021	$ 4,924,148	$ 5,854,133	$ (929,985)
Changes for the year:			
Service cost	134,317	-	134,317
Interest	347,607	-	347,607
Difference between actual and expected experience	131,930	-	131,930
Contributions - City	-	61,293	(61,293)
Contributions - State	-	86,036	(86,036)
Contributions - employee	-	52,379	(52,379)
Net investment income	-	(1,159,126)	1,159,126
Benefit payments, including refunds of employee contributions	(185,314)	(185,314)	-
Administrative expense	-	(26,620)	26,620
Net changes	428,540	(1,171,352)	1,599,892
Measurement date - September 30, 2022	$ 5,352,688	$ 4,682,781	$ 669,907

NOTE 9 - PENSION TRUST FUNDS (cont...)

Actuarial Assumptions – The actuarial valuation date and significant actuarial assumptions used to measure the total pension liability on September 30, 2022 were as follows:

	General Employees' Pension Trust Fund	Police Officers' and Firefighters' Pension Trust Fund
Actuarial valuation date	October 1, 2021 updated to September 30, 2022	October 1, 2021 updated to September 30, 2022
Inflation	3.00%	2.50%
Projected salary increases	Service Based	Service Based
Investment rate of return	7.15%	7.00%
Discount rate	7.15%	7.00%
Date of actuarial experience study	June 15, 2020	June 15, 2020

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

Long-term Expected Rate of Return on Pension Plan Investments - Best estimates of arithmetic real rates of return for each major asset and the pension plans' target asset allocations as of September 30, 2023, are summarized in the following table.

General Employees' Pension Trust Fund:

Asset Class	Long-term Expected Real Rates of Return	Target Asset Allocations
Core Bonds - Broad Market High Quality	2.50%	15.00%
Core Plus Fixed Income Fund	2.80%	15.00%
US Large Cap Equity	7.10%	25.00%
US Small Cap Equity	8.60%	14.00%
International Equity	8.20%	21.00%
Core Real Estate	6.50%	10.00%

Police Officers' and Firefighters' Pension Trust Fund:

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

NOTE 9 - PENSION TRUST FUNDS (cont...)

Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions - For the year ended September 30, 2023, the City recognized total pension expense of $581,204 consisting of pension expense for the General Employees' Retirement System of $339,954 and $241,250 for the Police Officers' and Firefighters' Retirement System. On September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions, combined and individually for both plans, was as follows:

Combined All Pension Trust Funds:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 148,594	$ 29,672
Change in assumptions	54,824	28,774
Net difference between expected and actual earnings on Plan investments	1,573,095	-
City contributions subsequent to the measurement date	365,092	-
Total Combined All Pension Trust Funds	$ 2,141,605	$ 58,446

General Employees' Pension Trust Fund:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 19,054	$ 29,672
Change in assumptions	54,824	-
Net difference between expected and actual earnings on Plan investments	738,056	-
City contributions subsequent to the measurement date	209,562	-
Total General Employees' Pension Trust Fund	$ 1,021,496	$ 29,672

Police Officers' and Firefighters' Pension Trust Fund:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 129,540	$ -
Change in assumptions	-	28,774
Net difference between expected and actual earnings on Plan investments	835,039	-
City contributions subsequent to the measurement date	155,530	-
Total Police Officers' and Firefighters' Pension Trust Fund	$ 1,120,109	$ 28,774

NOTE 9 - PENSION TRUST FUNDS (cont...)

Deferred outflows of resources related to City contributions subsequent to the measurement date of September 30, 2022 will be recognized as a reduction of the net pension liability in the year ended September 30, 2024. Other amounts reported as deferred inflows and outflows of resources will be recognized in pension expense in the years and amounts shown below:

Year ending September 30,	General Employees' Pension Trust fund	Police Officers' and Firefighters' Pension Trust fund	Total
2024	$ 179,364	$ 201,128	$ 380,492
2025	188,042	204,120	392,162
2026	138,461	216,860	355,321
2027	276,395	313,697	590,092
Total	$ 782,262	$ 935,805	$ 1,718,067

Discount Rate - A rate of 7.15% was used for the general employees' pension trust fund and a rate of 7.00% was used for the police and firefighters' pension trust fund to measure the total pension liability of each plan as of September 30, 2022, which is the measurement date for financial reporting purposes. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the actuarially determined contribution rate. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability(asset) of the City as of the measurement date (September 30, 2022), calculated using the discount rates discussed above for each plan, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate used by each plan.

	Current Discount Rate	Net Pension Liability (Asset) at Measurement Date		
		1% Decrease	Current Discount	1% Increase
General Employees'	7.15%	$ 1,955,507	$ 1,028,539	$ 275,032
Police Officers' and Firefighters'	7.00%	1,275,818	669,907	(499,493)
City's Net Pension Liability (Asset)		$ 3,231,325	$ 1,698,446	$ (224,461)

NOTE 9 - PENSION TRUST FUNDS (cont...)

The following presents the net pension liability (asset) of the City as of the financial reporting date (September 30, 2023), calculated using the current discount rates for each plan, as well as what the City's net pension liability(asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate used by each plan.

	Current Discount Rate	Net Pension Liability (Asset) at Financial Reporting Date		
		1% Decrease	Current Discount	1% Increase
General Employees'	7.05%	$ 2,417,977	$ 1,355,139	$ 471,973
Police Officers' and Firefighters'	7.00%	636,503	356,146	(159,478)
City's Net Pension Liability (Asset)		$ 3,054,480	$ 1,711,285	$ 312,495
Change in City's net pension liability between measurement date and reporting date		$ (176,845)	$ 12,839	$ 536,956

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS

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

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

There are currently 60 active plan members and 1 inactive plan members.

Funding Policy – OPEB Plan benefits are pursuant to the provisions of Section 112.0801, Florida Statutes. The City has not advance-funded or established a funding methodology for the annual other postemployment benefit (OPEB) costs or the OPEB obligation, and the OPEB Plan is financed on a pay-as-you-go basis.

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

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS (cont…)

Total OPEB Liability – The City's total OPEB liability as of September 30, 2023 was determined by an actuarial valuation as of September 30, 2022 (the measurement date). The actuarial assumptions used in the September 30, 2022 valuation were as follows:

Inflation	2.50%
Salary Increases	2.50%
Discount Rate	4.77%
Initial Trend Rate	7.50%
Ultimate Trend Rate	4.00%
Year to Ultimate Trend Rate	52

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

Discount Rate – The discount rate was based on a high-quality municipal bond rate of 4.77%, The high-quality bond rate was based on the measurement date of the S&P Municipal bond 20-year High Grade Rate Index as published by S&P Dow Jones Indices. The S&P Municipal 20-year High Grade Rate Index consists of bonds in the S&P Municipal bond Index with a maturity of 20 years. Eligible bonds must be rates at least AA by Standards and Poor's Ratings Services, As2 by Moody's or AA by Fitch. If there are multiple ratings, the lowest rating is used.

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

OPEB Expense – For the year ended September 30, 2023, the City recognized a negative OPEB expense of -$50,555.

Changes in Total OPEB Liability:

	Total OPEB Liability
Reporting period ending September 30, 2022	$ 469,104
Changes for the year:	
Service cost	61,406
Interest	12,743
Changes of assumptions	(127,354)
Benefit payments	(12,248)
Net changes	(65,453)
Reporting period ending September 30, 2023	$ 403,651

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS (concluded)

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

	1% Decrease (3.77%)	Discount Rate (4.77%)	1% Increase (5.77%)
Total OPEB liability	$ 451,821	$ 403,651	$ 362,775

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%)	Healthcare Cost Trend Rates (4.00% to 7.50%)	1% Increase (5.00% to 8.50%)
Total OPEB liability	$ 355,258	$ 403,651	$ 461,771

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NOTE 11 - SEGMENT INFORMATION FOR ENTERPRISE FUND

The City has outstanding debt secured by its water and sewer revenues. The water and sewer operations are accounted for in a single enterprise fund along with stormwater. Because many of the assets and liabilities of the enterprise fund are not separately identifiable with any one operating segment (e.g. cash, accounts receivable, accounts payable, etc.), it is not possible to present segment information disclosures for cash flows and some components of net position. Segment financial information that can be separately identified for the water and sewer operations as of and for the year ended September 30, 2023, is presented below:

	Water & Sewer System
Condensed statement of revenues, expenses and changes in net position:	
Charges for services	$ 3,752,759
Operating expenses	(2,261,115)
Depreciation	(655,255)
Operating income (loss)	836,389
Investment income (loss), net	226,589
Interest expense	(78,002)
Other nonoperating revenue, net	4,913
Impact fees and capital grants and contributions	4,865,521
Transfers out	(682,048)
Change in net position	$ 5,173,362
Condensed statement of net position:	
Capital assets, net	$ 15,002,103
Long-term notes payable	$ 1,217,822
Net investment in capital assets	$ 13,784,281

NOTE 12 - COMMITMENTS AND CONTINGENCIES

Risk Management - Commercial insurance protection with normal deductibles is in place to limit the City's exposure from losses arising from liability and property and equipment damages. There have been no significant reductions in coverage nor have settlement amounts exceeded the City's coverage during the year ended September 30, 2023 or the previous two years. The City's workers compensation coverage is provided through a non-assessable program; in the event the insurance company were declared insolvent, the City would only be responsible for its own claims and not the claims of other insured entities under the program.

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

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

Construction Commitments – The City has construction commitments of approximately $1,823,516 as of September 30, 2023 related to water and sewer projects ($1,604,028), general fund projects ($182,200) and CRA projects ($37,288)

NOTE 13 – JOINT VENTURE

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

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

Membership fees - The terms of the interlocal agreement require each Member Government to contribute their proportionate share of the PRWC’s annual working capital needs which are established annually by a resolution of the PRWC’s Board of Directors. For the year ended September 30, 2023, the total annual working capital needs of the PRWC was $235,000 of which the City’s proportionate share was $2,915.

Project Participation - The City has agreed to be a project participant in the Southeast Wellfield, a new lower Floridan aquifer public supply wellfield located in southeast Polk. Project participants agree to receive potable water from the Project once completed. The Project is being funded through the PRWC using a combination of grants and loans and the ultimate debt service and operating costs of the project will be passed through to the Project participants through the water service charges which have not been determined as of the date of this report.

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.

NOTE 14 – NEW ACCOUNTING GUIDANCE IMPLEMENTATION

During the fiscal year ended September 30, 2023, the City implemented the provisions of GASB Statement No. 96 – Subscription-Based Information Technology Arrangement. The objective of this Statement is to better meet the information needs of financial statement users by establishing uniform accounting and financial reporting requirements for subscription-based information technology arrangements (SBITAs), improving the comparability of financial statements among governments that have entered into SBITAs and to enhance the understandability, reliability, relevance and consistency of information about SBITAs. Under this Statement, a government generally should recognize a subscription liability and an intangible right-to-use subscription asset. Due to the immaterial nature of the City's SBITAs, adoption of the new guidance had no effect on the financial statements.



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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LAKE ALFRED, FLORIDA
Required Supplementary Information
Budgetary Comparison Schedule – General Fund (Unaudited)
For the year ended September 30, 2023

	Budgeted Amounts		Actual Amounts (GAAP basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	$ 3,425,096	$ 3,817,424	$ 3,817,426	$ 2
Licenses and permits	471,489	1,563,344	1,563,344	-
Intergovernmental revenue	1,475,862	1,399,598	1,476,866	77,268
Charges for services	1,005,080	1,181,670	1,138,317	(43,353)
Fines and forfeitures	37,000	67,433	72,268	4,835
Investment income	10,000	110,688	146,611	35,923
Other	205,800	196,847	197,293	446
Prior year surplus appropriated	2,478,594	2,526,282	-	na
Total revenues	9,108,921	10,863,286	8,412,125	75,121
EXPENDITURES:				
General government	1,606,287	1,828,918	1,813,105	15,813
Public safety	2,865,847	3,106,315	3,071,883	34,432
Physical environment	666,602	770,023	764,987	5,036
Transportation	461,880	497,450	495,275	2,175
Culture/recreation	833,004	831,527	825,124	6,403
Capital outlay	3,126,023	3,839,757	2,271,933	1,567,824
Debt service	-	-	8,277	(8,277)
Budgeted carryover reserve	231,326	822,219	-	na
Total expenditures	9,790,969	11,696,209	9,250,584	1,623,406
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(682,048)	(832,923)	(838,459)	1,698,527
OTHER FINANCING SOURCES				
Interfund transfers	682,048	682,048	3,815,889	3,133,841
Loan proceeds	-	150,875	46,875	(104,000)
NET CHANGE IN FUND BALANCE	$ -	$ -	$ 3,024,305	$ 4,728,368

Notes to Budgetary Comparison Schedule:

The budget is prepared on the GAAP basis of accounting.

CITY OF LAKE ALFRED, FLORIDA
Required Supplementary Information
Budgetary Comparison Schedule – Impact Fee Special Revenue Fund (Unaudited)
For the year ended September 30, 2023

	Budgeted Amounts		Actual Amounts (GAAP basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Licenses and permits	$ -	$ -	$ 2,001,415	$ 2,001,415
Total revenues	-	-	2,001,415	2,001,415
EXPENDITURES:				
Capital outlay	-	-	1,547,487	(1,547,487)
Total expenditures	-	-	1,547,487	(1,547,487)
NET CHANGE IN FUND BALANCE	$ -	$ -	$ 453,928	$ 453,928

Notes to Budgetary Comparison Schedule:

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

CITY OF LAKE ALFRED, FLORIDA
Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios - General Employees' Pension Plan

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

City reporting period date	9/29/2024	9/30/2023	9/30/2022	9/30/2021	9/29/2020
Measurement date	9/30/2023	9/30/2022	9/30/2021	9/29/2020	9/30/2019
Total pension liability					
Service cost	$ 234,395	$ 216,884	$ 205,075	$ 206,381	$ 211,276
Interest	475,945	456,882	441,055	429,229	403,077
Change in assumptions	95,375	82,236	-	(44,750)	-
Difference between expected and actual experience	253,322	28,582	(89,015)	135,621	93,660
Benefit payments, including refunds of of employee contributions	(619,218)	(355,105)	(346,143)	(383,278)	(348,831)
Employee buy-back	-	39,821	-	-	11,628
Net change in total pension liability	439,819	469,300	210,972	343,203	370,810
Total pension liability, beginning	6,731,788	6,262,488	6,051,516	5,708,313	5,337,503
Total pension liability, ending (a)	$ 7,171,607	$ 6,731,788	$ 6,262,488	$6,051,516	$5,708,313
Plan fiduciary net position					
Contributions - City	$ 209,562	$ 238,405	$ -	$ 493,651	$ 229,964
Contributions - Retroactive City	-	-	-	-	-
Contributions - Employee	95,013	102,026	93,431	86,546	79,133
Contributions - Employee buy-back	-	39,821	-	-	11,628
Net investment income (loss)	496,367	(906,010)	1,099,300	340,554	274,336
Benefit payments, including refunds Of employee contributions	(628,433)	(355,105)	(346,143)	(448,882)	(298,774)
Administrative expenses	(59,290)	(35,039)	(37,355)	(41,808)	(34,491)
Net change in plan fiduciary net position	113,219	(915,902)	809,233	430,061	261,796
Plan fiduciary net position, beginning	5,703,249	6,619,151	5,809,918	5,379,857	5,118,061
Plan fiduciary net position, ending (b)	$ 5,816,468	$ 5,703,249	$ 6,619,151	$5,809,918	$5,379,857
Net pension liability (asset) (a)-(b)	$ 1,355,139	$ 1,028,539	$ (356,663)	$ 241,598	$ 328,456
Plan fiduciary net position as a percentage of total pension liability	81.10%	84.72%	105.70%	96.01%	94.25%
Covered payroll	$ 1,900,261	$ 2,040,515	$ 1,868,615	$1,730,788	$1,582,655
Net pension liability as a percentage of covered payroll	71%	50%	-19%	14%	21%

Continued…

CITY OF LAKE ALFRED, FLORIDA

Required Supplementary Information

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

City reporting period date	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015
Measurement date	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Total pension liability					
Service cost	$ 193,994	$ 170,659	$ 154,686	$ 148,309	$ 134,677
Interest	380,720	349,574	320,365	318,656	303,446
Change in assumptions	-	-	164,833	-	-
Difference between expected and actual experience	18,610	(4,941)	12,782	(180,354)	-
Benefit payments, including refunds of of employee contributions	(300,164)	(278,261)	(280,105)	(260,308)	(237,593)
Employee buy-back	11,989	165,863	-	-	-
Net change in total pension liability	305,149	402,894	372,561	26,303	200,530
Total pension liability, beginning	5,032,354	4,629,460	4,256,899	4,230,596	4,030,066
Total pension liability, ending (a)	$ 5,337,503	$ 5,032,354	$ 4,629,460	$ 4,256,899	$ 4,230,596
Plan fiduciary net position					
Contributions - City	$ 216,098	$ 188,390	173,325	$ 177,969	$ 198,995
Contributions - Retroactive City	-	74,865	-	-	-
Contributions - Employee	77,075	71,966	58,327	56,377	56,427
Contributions - Employee buy-back	11,989	165,863	-	-	-
Net investment income (loss)	353,176	548,625	303,304	(3,845)	308,029
Benefit payments, including refunds Of employee contributions	(284,617)	(278,262)	(280,105)	(260,307)	(237,593)
Administrative expenses	(30,140)	(40,417)	(36,681)	(28,284)	(27,085)
Net change in plan fiduciary net position	343,581	731,030	218,170	(58,090)	298,773
Plan fiduciary net position, beginning	4,774,480	4,043,450	3,825,280	3,883,370	3,584,597
Plan fiduciary net position, ending (b)	$ 5,118,061	$ 4,774,480	$ 4,043,450	$ 3,825,280	$ 3,883,370
Net pension liability (asset) (a)-(b)	$ 219,442	$ 257,874	$ 586,010	$ 431,619	$ 347,226
Plan fiduciary net position as a percentage of total pension liability	95.89%	94.88%	87.34%	89.86%	91.79%
Covered payroll	$ 1,530,313	$ 1,454,094	$ 1,166,417	$ 1,126,891	$ 1,098,655
Net pension liability as a percentage of covered payroll	14%	18%	50%	38%	32%

Changes of Assumptions:

For the measurement date September 30, 2023:

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

For the measurement date September 30, 2022:

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

For the measurement date September 30, 2020:

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

For the measurement date September 30, 2016:

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

CITY OF LAKE ALFRED, FLORIDA
Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios - Police Officers' and Firefighters' Pension Trust Fund

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

City reporting period date	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020
Measurement date	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019
Total pension liability					
Service cost	$ 145,719	$ 134,317	$ 144,548	$ 182,194	$ 163,963
Interest	377,822	347,607	325,978	335,830	320,259
Change in excess State money	-	-	-	-	-
Change in benefit terms	-	-	-	-	39
Difference between expected and actual experience	(35,194)	131,929	53,809	14,759	(23,250)
Change of assumptions	-	-	-	(115,095)	-
Benefit payments, including refunds of of employee contributions	(201,899)	(185,314)	(224,932)	(485,770)	(43,100)
Net change in total pension liability	286,448	428,539	299,403	(68,082)	417,911
Total pension liability, beginning	5,352,688	4,924,149	4,624,746	4,692,828	4,274,917
Total pension liability, ending (a)	$ 5,639,136	$ 5,352,688	$ 4,924,149	$ 4,624,746	$ 4,692,828
Plan fiduciary net position					
Contributions - City	$ 53,388	$ 61,293	$ -	$ 163,385	$ 103,411
Contributions - State of Florida	102,141	86,036	80,036	77,169	70,945
Contributions - Employee	61,431	52,379	49,770	45,681	43,576
Net investment income (loss)	619,592	(1,159,126)	993,613	466,908	213,148
Benefit payments, including refunds of employee contributions	(201,898)	(185,314)	(224,932)	(485,770)	(43,100)
Administrative expenses	(34,445)	(26,620)	(27,314)	(35,973)	(25,145)
Net change in plan fiduciary net position	600,209	(1,171,352)	871,173	231,400	362,835
Plan fiduciary net position, beginning	4,682,781	5,854,133	4,982,960	4,751,560	4,388,725
Plan fiduciary net position, ending (b)	$ 5,282,990	$ 4,682,781	$ 5,854,133	$ 4,982,960	$ 4,751,560
Net pension liability (asset) (a)-(b)	$ 356,146	$ 669,907	$ (929,984)	$ (358,214)	$ (58,732)
Plan fiduciary net position as a percentage of total pension liability (asset)	93.68%	87.48%	118.89%	107.75%	101.25%
Covered payroll	$ 1,228,617	$ 1,047,584	$ 995,406	$ 913,614	$ 871,511
Net pension liability (asset) as a percentage of covered payroll	29%	64%	-93%	-39%	-7%

Continued…

CITY OF LAKE ALFRED, FLORIDA

Required Supplementary Information

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

City reporting period date	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015
Measurement date	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Total pension liability					
Service cost	$ 163,316	$ 122,315	$ 115,618	$ 121,228	$ 136,192
Interest	286,203	271,787	247,111	224,790	205,111
Change in excess State money	-	-	(5,582)	1,815	3,767
Change in benefit terms	-	-	166,204	-	-
Difference between expected and actual experience	70,462	(158,983)	(69,149)	(156,848)	-
Change of assumptions	-	107,014	85,378	-	-
Benefit payments, including refunds of of employee contributions	(58,762)	(59,891)	(53,403)	(50,886)	(77,030)
Net change in total pension liability	461,219	282,242	486,177	140,099	268,040
Total pension liability, beginning	3,813,698	3,531,456	3,045,279	2,905,180	2,637,140
Total pension liability, ending (a)	$ 4,274,917	$ 3,813,698	$ 3,531,456	$ 3,045,279	$ 2,905,180
Plan fiduciary net position					
Contributions - City	$ 13,327	$ 91,908	$ 61,125	$ 108,161	$ 89,875
Contributions - State of Florida	64,374	61,371	62,347	58,522	60,972
Contributions - Employee	38,798	37,000	29,016	36,721	36,260
Net investment income (loss)	299,677	476,615	199,227	(43,196)	318,977
Benefit payments, including refunds of employee contributions	(58,762)	(59,891)	(53,403)	(50,886)	(77,030)
Administrative expenses	(26,509)	(22,882)	(27,555)	(28,759)	(19,030)
Net change in plan fiduciary net position	330,905	584,121	270,757	80,563	410,024
Plan fiduciary net position, beginning	4,057,820	3,473,699	3,202,942	3,122,379	2,712,355
Plan fiduciary net position, ending (b)	$ 4,388,725	$ 4,057,820	$ 3,473,699	$ 3,202,942	$ 3,122,379
Net pension liability (asset) (a)-(b)	$ (113,808)	$ (244,122)	$ 57,757	$ (157,663)	$ (217,199)
Plan fiduciary net position as a percentage of total pension liability (asset)	102.66%	106.40%	98.36%	105.18%	107.48%
Covered payroll	$ 775,961	$ 739,995	$ 580,100	$ 761,837	$ 659,279
Net pension liability (asset) as a percentage of covered payroll	-15%	-33%	10%	-21%	-33%

Changes in Benefit Terms:

For measurement date September 30, 2019:

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

For measurement date September 30, 2016:

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

Changes of Assumptions:

For the measurement date September 30, 2020:

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

For measurement date September 30, 2017:

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

For measurement date September 30, 2016:

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

CITY OF LAKE ALFRED, FLORIDA
Required Supplementary Information
Schedule of Contributions - General Employees' Pension Plan

Fiscal year end	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess (Deficiency)	Covered Payroll	Contributions as a % of Covered Payroll
September 30, 2023	$ 209,562	$ 209,562	$ -	$ 1,900,261	11.03%
September 30, 2022	238,405	238,405	-	2,040,515	11.68%
September 30, 2021	247,802	-	(247,802)	1,868,615	0.00%
September 30, 2020	245,849	493,651	247,802	1,730,788	28.52%
September 30, 2019	229,964	229,964	-	1,582,655	14.53%
September 30, 2018	216,098	216,098	-	1,530,313	14.12%
September 30, 2017	170,830	188,390	17,560	1,454,094	12.96%
September 30, 2016	168,960	173,325	4,365	1,166,417	14.86%
September 30, 2015	172,875	177,969	5,094	1,126,891	15.79%
September 30, 2014	204,413	205,381	968	1,098,655	18.69%

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

- Valuation Date: October 1, 2021 for fiscal year 2023 contributions.
- Actuarial Cost Method: Entry age normal actuarial cost method.
- Asset Valuation Method: All assets were valued at market value with an adjustment to uniformly spread actuarial investment gains and losses over a four-year period.
- Salary Increases: Salary increase assumptions are based on a service-based scale with 0-4 years of service at 7.0%, 5-9 years of service at 6.0% and greater than 9 years of service at 5.5%.
- Investment Rate of Return: 7.25% per year compounded annually, net of investment related expenses.
- Payroll Growth: None.
- Retirement Age: The retirement age assumption is assumed at age 55 to 56 to be 5%, age 57-58 at 30%, age 59-64 at 50% and greater than age 64 at 100%.
- The assumed rate of mortality are mandated by Chapter 2015-157, Laws of Florida. The rates are those outlined in the July 1, 2018 Florida Retirement System actuarial valuation report for non-special risk lives.
- Disability assumptions: Members becoming disabled during a given year is assumed at the following rates: age 25 to 45 – 0.03%; 45-55 – 0.11%; 55-65 – 0.45%; 65 and over 1.40%.
- Termination assumption table:

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

CITY OF LAKE ALFRED, FLORIDA
Required Supplementary Information
Schedule of Contributions - Police Officers' and Firefighters' Pension Plan

Fiscal year end	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess (Deficiency)	Covered Payroll	Contributions as a % of Covered Payroll
September 30, 2023	$ 133,424	$ 155,529	$ 22,105	$ 1,228,617	12.66%
September 30, 2022	138,462	147,329	8,867	1,047,584	14.06%
September 30, 2021	168,075	80,036	(88,039)	995,406	8.04%
September 30, 2020	159,690	240,554	80,864	913,614	26.33%
September 30, 2019	164,806	174,356	9,550	871,511	20.01%
September 30, 2018	117,110	77,701	(39,409)	775,961	10.01%
September 30, 2017	124,930	153,279	28,349	739,995	20.71%
September 30, 2016	109,780	138,364	28,584	580,100	23.85%
September 30, 2015	154,952	154,952	-	761,837	20.34%
September 30, 2014	151,695	151,695	-	659,279	23.01%

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

- Valuation Date: October 1, 2021 for fiscal year 2023 contributions.
- Actuarial Cost Method: Entry age normal actuarial cost method.
- Asset Valuation Method: All assets were valued at market value with an adjustment to uniformly spread actuarial investment gains and losses over a four-year period.
- Salary Increases: Salary increase assumptions are based on a service-based scale with 0-4 years of service at 5.75%, 5-14 years of service at 5.00% and greater than 14 years of service at 4.25%.
- Investment Rate of Return: 7.00% per year compounded annually, net of investment related expenses.
- Payroll Growth: 0.00%
- Retirement Age: Normal retirement is the earlier of 1) age 55 with 10 years of credited service or 2) age 52 and 25 years of credited service. The assumed retirement rate once a member is eligible for normal retirement is 33.33% when first eligible for normal retirement, 50.00% second year of eligibility and 100% thereafter.
- The assumed rates of mortality are mandated by Chapter 2015-157, Laws of Florida. The rates are those outlined in the July 1, 2019 Florida Retirement System actuarial valuation report for special risk lives.
- Termination and disability rate tables:

Termination rate table

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

Disability rate table

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

CITY OF LAKE ALFRED, FLORIDA
Required Supplementary Information
Schedule of Changes in the Total OPEB Liability and Related Ratios

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

Notes to Schedule:

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

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

Changes of Assumptions:

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

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

OTHER SUPPLEMENTARY INFORMATION

CITY OF LAKE ALFRED, FLORIDA
Other Supplementary Information
Combining Balance Sheet – Nonmajor Governmental Funds
September 30, 2023

	Special Revenue Funds		
	American Rescue Plan Grant Special Revenue Fund	Community Redevelopment Fund	Total
ASSETS			
Cash and cash equivalents	$ -	$ 294,672	$ 294,672
Total assets	-	294,672	294,672
LIABILITIES			
Construction costs payable	-	228,168	228,168
Total liabilities	-	228,168	228,168
FUND BALANCE			
Restricted for:			
Community redevelopment	-	66,504	66,504
Total fund balances	-	66,504	66,504
Total liabilities and fund balance	$ -	$ 294,672	$ 294,672

CITY OF LAKE ALFRED, FLORIDA
Other Supplementary Information
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds
For the year ended September 30, 2023

	Special Revenue Funds		
	American Rescue Plan Grant Special Revenue Fund	Community Redevelopment Fund	Total
REVENUES:			
Taxes	$ -	$ 380,786	$ 380,786
Total revenues	-	380,786	380,786
EXPENDITURES:			
Current:			
Economic environment	-	183,828	183,828
Capital outlay	-	228,167	228,167
Total expenditures	-	411,995	411,995
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(31,209)	(31,209)
OTHER FINANCING SOURCES (USES)			
Transfers out	(3,133,841)	-	(3,133,841)
TOTAL OTHER FINANCING SOURCES (USES)	(3,133,841)	-	(3,133,841)
NET CHANGE IN FUND BALANCE	(3,133,841)	(31,209)	(3,165,050)
FUND BALANCE, beginning of year	3,133,841	97,713	3,231,554
FUND BALANCE, end of year	$ -	$ 66,504	$ 66,504

CITY OF LAKE ALFRED, FLORIDA
Other Supplementary Information
Combining Statement of Fiduciary Net Position – Pension Trust Funds
September 30, 2023

	General Employees' Pension Trust Fund	Police Officers' and Firefighters' Pension Trust Fund	Total
ASSETS			
Receivables:			
Contributions receivable:			
Plan members	$ 2,895	$ 2,191	$ 5,086
Accrued income	-	1,056	1,056
Total receivables	2,895	3,247	6,142
Investments, at fair value:			
Short-term money market funds	81,584	49,122	130,706
Fixed income external investment pools	1,643,342	1,709,272	3,352,614
Equity securities external investment pools	3,356,613	2,149,226	5,505,839
Individual common stocks	-	1,388,871	1,388,871
Real estate securities and investment pools	745,914	-	745,914
Total investments	5,827,453	5,296,491	11,123,944
Total assets	5,830,348	5,299,738	11,130,086
LIABILITIES			
Accounts payable	4,664	3,500	8,164
Member contribution refunds payable	9,216	13,248	22,464
Total Liabilities	13,880	16,748	30,628
NET POSITION			
Restricted for pension benefits	$ 5,816,468	$ 5,282,990	$ 11,099,458

CITY OF LAKE ALFRED, FLORIDA
Other Supplementary Information
Combining Statement of Changes in Fiduciary Net Position – Pension Trust Funds
For the year ended September 30, 2023

	General Employees' Pension Trust Fund	Police Officers' and Firefighters' Pension Trust Fund	Total
ADDITIONS			
Contributions:			
City	$ 209,562	$ 53,388	$ 262,950
Plan members	95,013	61,431	156,444
State of Florida	-	102,141	102,141
Total contributions	304,575	216,960	521,535
Investment income	509,842	648,055	1,157,897
Less investment expenses:			
Performance evaluation	-	(14,000)	(14,000)
Custodial fees	(13,475)	(5,500)	(18,975)
Investment management fees	-	(8,963)	(8,963)
Total investment expenses	(13,475)	(28,463)	(41,938)
Net investment income	496,367	619,592	1,115,959
Total additions	800,942	836,552	1,637,494
DEDUCTIONS			
Administrative expenses:			
Legal	8,465	10,111	18,576
Administration fees	3,000	-	3,000
Actuarial	40,937	17,878	58,815
Insurance	1,548	1,106	2,654
Audit	5,340	5,350	10,690
Total administrative expenses	59,290	34,445	93,735
Payments to retirees and participants	628,433	201,898	830,331
Total deductions	687,723	236,343	924,066
CHANGE IN NET POSITION	113,219	600,209	713,428
NET POSITION, beginning of year	5,703,249	4,682,781	10,386,030
NET POSITION, end of year	$ 5,816,468	$ 5,282,990	$ 11,099,458

CITY OF LAKE ALFRED, FLORIDA
Other Supplementary Information
Budgetary Comparison Schedule – American Rescue Plan Grant Special Revenue Fund (Unaudited)
For the year ended September 30, 2023

	Budgeted Amounts		Actual Amounts (GAAP basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
None	$ -	$ -	$ -	$ -
Total revenues	-	-	-	-
EXPENDITURES:				
None	-	-	-	-
Total expenditures	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	-
OTHER FINANCING SOURCES				
Interfund transfers	-	-	(3,133,841)	(3,133,841)
NET CHANGE IN FUND BALANCE	$ -	$ -	$ (3,133,841)	$ (3,133,841)

Notes to Budgetary Comparison Schedule:

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

CITY OF LAKE ALFRED, FLORIDA
Other Supplementary Information
Budgetary Comparison Schedule – Community Redevelopment Agency Special Revenue Fund (Unaudited)
For the year ended September 30, 2023

	Budgeted Amounts		Actual Amounts (GAAP basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	$ 395,786	$ 380,786	$ 380,786	$ -
Prior year surplus appropriated	100,000	97,713	-	na
Total revenues	495,786	478,499	380,786	-
EXPENDITURES:				
Economic environment	185,179	183,828	183,828	-
Capital outlay	300,000	228,167	228,167	-
Budgeted carryover reserve	10,607	66,504	-	n/a
Total expenditures	495,786	478,499	411,995	-
NET CHANGE IN FUND BALANCE	$ -	$ -	$ (31,209)	$ (31,209)

Notes to Budgetary Comparison Schedule:

The budget is prepared on the GAAP basis of accounting.



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STATISTICAL SECTION

Page

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.

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Fund Balances of Governmental Funds..... 77
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Revenue Capacity

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

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Principal Property Taxpayers..... 81
Property Tax Levies and Collections..... 82

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.

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Demographic and Economic Information

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

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

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

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental Activities										
Net investment in capital assets	$ 9,079,417	$ 9,190,078	$ 9,009,284	$ 11,301,070	$ 10,955,616	$ 12,304,702	$ 13,181,451	$ 13,257,511	$ 14,225,811	$ 17,115,352
Restricted	555,791	624,366	769,426	674,249	1,179,774	804,790	1,166,030	1,848,722	2,304,470	2,547,426
Unrestricted	1,519,177	1,638,237	2,461,461	1,988,336	1,861,272	1,719,317	1,487,030	2,150,371	5,903,723	6,076,841
Total governmental activities net position	$ 11,154,385	$ 11,452,681	$ 12,240,171	$ 13,963,655	$ 13,996,662	$ 14,828,809	$ 15,834,511	$ 17,256,604	$ 22,434,004	$ 25,739,619
Business-type activities										
Net investment in capital assets	$ 6,442,795	$ 6,554,998	$ 6,599,507	$ 6,650,029	$ 6,578,896	$ 7,477,333	$ 8,039,022	$ 8,665,853	$ 11,464,661	$ 14,149,600
Restricted	805,494	936,463	1,304,383	1,357,390	1,769,142	2,209,355	1,933,458	3,037,957	2,555,915	5,896,108
Unrestricted	2,554,578	2,525,196	2,605,795	2,538,538	2,314,633	2,050,039	2,050,252	1,965,969	1,686,163	810,710
Total Business-type activities net position	$ 9,802,867	$ 10,016,657	$ 10,509,685	$ 10,545,957	$ 10,662,671	$ 11,736,727	$ 12,022,732	$ 13,669,779	$ 15,706,739	$ 20,856,418
Primary Government										
Net investment in capital assets	$ 15,522,212	$ 15,745,076	$ 15,608,791	$ 17,951,099	$ 17,534,512	$ 19,782,035	$ 21,220,473	$ 21,923,364	$ 25,690,472	$ 31,264,952
Restricted	1,361,285	1,560,829	2,073,809	2,031,639	2,948,916	3,014,145	3,099,488	4,886,679	4,860,385	8,443,534
Unrestricted	4,073,755	4,163,433	5,067,256	4,526,874	4,175,905	3,769,356	3,537,282	4,116,340	7,589,886	6,887,551
Total primary government net position	$ 20,957,252	$ 21,469,338	$ 22,749,856	$ 24,509,612	$ 24,659,333	$ 26,565,536	$ 27,857,243	$ 30,926,383	$ 38,140,743	$ 46,596,037

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

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental Activities:										
General government	$ 860,296	$ 924,434	$ 942,096	$ 1,136,799	$ 1,351,350	$ 1,361,600	$ 1,353,291	$ 1,422,763	$ 1,607,403	$ 2,041,793
Community development	255,597	193,212	213,568	276,964	298,437	487,355	527,498	454,261	675,682	740,243
Police	940,496	945,253	868,641	1,167,239	1,108,327	1,250,339	1,343,241	1,462,957	1,277,605	1,718,251
Fire	678,182	635,691	536,885	671,908	579,922	619,784	647,016	669,469	661,647	928,177
Sanitation	407,304	464,978	465,357	480,427	572,951	504,133	628,669	570,321	647,788	781,393
Public works	-	-	86,043	84,122	69,981	88,542	84,363	94,933	92,345	129,756
Roads and streets	532,877	590,287	508,831	514,053	597,249	636,651	643,467	719,962	714,796	833,430
Library	-	-	-	192,263	197,344	201,493	204,990	241,371	225,993	258,883
Parks and recreation	592,818	577,686	621,740	499,560	565,403	601,341	603,831	659,042	689,192	1,021,378
Community redevelopment	-	-	973	14,615	8,849	22,947	19,342	50,468	111,165	183,828
Interest on long term debt	-	-	-	-	-	-	-	-	2,775	5,902
Total governmental activities expenses	4,267,570	4,331,541	4,244,134	5,037,950	5,349,813	5,774,185	6,055,708	6,345,547	6,706,391	8,643,034
Business-type activities:										
Water Utility	672,716	696,219	678,900	684,857	942,046	735,065	781,073	771,242	972,570	1,164,965
Sewer Utility	1,187,302	1,210,142	1,247,874	1,261,158	1,411,327	1,444,745	1,399,188	1,397,709	1,549,641	1,824,494
Stormwater Utility	70,545	104,900	61,380	75,235	73,530	90,409	96,645	89,682	84,453	96,490
Total business-type activities expenses	1,930,563	2,011,261	1,988,154	2,021,250	2,426,903	2,270,219	2,276,906	2,258,633	2,606,664	3,085,949
Total primary government expenses	$ 6,198,133	$ 6,342,802	$ 6,232,288	$ 7,059,200	$ 7,776,716	$ 8,044,404	$ 8,332,614	$ 8,604,180	$ 9,313,055	$ 11,728,983
Program revenues										
Governmental activities:										
Charges for services	$ 1,021,571	$ 1,143,811	$ 1,124,938	$ 1,011,427	$ 1,313,148	$ 1,147,798	$ 1,171,639	$ 1,772,932	$ 1,649,268	$ 2,900,223
Operating grants and contributions	156,609	161,941	180,490	190,598	274,760	296,412	327,013	299,330	317,752	395,184
Capital grants and contributions	483,533	127,041	131,418	1,934,036	123,220	806,336	1,256,786	819,966	1,341,288	2,478,666
Total governmental activities program rev.	1,661,713	1,432,793	1,436,846	3,136,061	1,711,128	2,250,546	2,755,438	2,892,228	3,308,308	5,774,073
Business-type activities:										
Charges for services	2,143,442	2,339,599	2,440,362	2,441,297	2,580,513	2,683,597	2,755,556	2,929,566	3,154,451	3,825,566
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	153,761	345,815	346,142	103,083	423,999	1,221,313	304,733	1,519,347	2,107,346	4,865,521
Total business-type program revenues	2,297,203	2,685,414	2,786,504	2,544,380	3,004,512	3,904,910	3,060,289	4,448,913	5,261,797	8,691,087
Total primary government program revenues	$ 3,958,916	$ 4,118,207	$ 4,223,350	$ 5,680,441	$ 4,715,640	$ 6,155,456	$ 5,815,727	$ 7,341,141	$ 8,570,105	$ 14,465,160
Net(expenses)/revenue										
Governmental activities	(2,605,857)	(2,898,748)	(2,807,288)	(1,901,889)	(3,638,685)	(3,523,639)	(3,300,270)	(3,453,319)	(3,398,083)	(2,868,961)
Business-type activities	366,640	674,153	798,350	523,130	577,609	1,634,691	783,383	2,190,280	2,655,133	5,605,138
Total primary government net expenses	$ (2,239,217)	$ (2,224,595)	$ (2,008,938)	$ (1,378,759)	$ (3,061,076)	$ (1,888,948)	$ (2,516,887)	$ (1,263,039)	$ (742,950)	$ 2,736,177

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

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes										
Property Taxes	$ 956,105	$ 986,370	$ 1,068,364	$ 1,155,060	$ 1,266,244	$ 1,392,879	$ 1,560,287	$ 1,758,386	$ 1,963,624	$ 2,345,738
Franchise Taxes	306,954	357,432	422,204	389,062	409,610	460,174	428,264	478,355	570,280	668,021
Public Service Taxes	481,847	522,661	554,930	559,301	588,241	612,635	629,434	645,074	740,905	844,073
Fuel Taxes	279,194	298,864	313,288	332,253	360,190	361,466	345,310	389,812	415,875	432,986
State shared revenue	412,098	439,968	473,840	505,869	558,835	616,588	595,341	715,534	838,851	866,256
Investment earnings	9,220	11,425	29,629	67,450	42,493	67,556	25,457	220,589	168,107	166,611
Grants not restricted to specific programs	-	-	-	-	-	-	-	-	3,133,841	-
Miscellaneous	154,137	141,510	127,191	93,218	168,866	202,063	176,178	115,241	141,566	168,843
Interfund transfer	329,265	475,335	332,370	523,160	461,809	642,425	545,701	552,421	602,434	682,048
Total governmental activities	2,928,820	3,233,565	3,321,816	3,625,373	3,856,288	4,355,786	4,305,972	4,875,412	8,575,483	6,174,576
Business-type Activities:										
Investment earnings (loss)	10,415	20,704	26,539	28,428	45,022	81,790	48,323	9,188	(15,739)	226,589
Miscellaneous	3,269	725	509	7,874	-	-	-	-	-	-
Interfund transfer	(329,265)	(475,335)	(332,370)	(523,160)	(461,809)	(642,425)	(545,701)	(552,421)	(602,434)	(682,048)
Total business-type activities	(315,581)	(453,906)	(305,322)	(486,858)	(416,787)	(560,635)	(497,378)	(543,233)	(618,173)	(455,459)
Total primary government	$ 2,613,239	$ 2,779,659	$ 3,016,494	$ 3,138,515	$ 3,439,501	$ 3,795,151	$ 3,808,594	$ 4,332,179	$ 7,957,310	$ 5,719,117
Change in Net Position										
Governmental activities	$ 939,946	$ 334,817	$ 514,528	$ 1,723,484	$ 217,603	$ 832,147	$ 1,005,702	$ 1,422,093	$ 5,177,400	$ 3,305,615
Business-type activities	(107,636)	220,247	493,028	36,272	160,822	1,074,056	286,005	1,647,047	2,036,960	5,149,679
Total Primary Government	$ 832,310	$ 555,064	$ 1,007,556	$ 1,759,756	$ 378,425	$ 1,906,203	$ 1,291,707	$ 3,069,140	$ 7,214,360	$ 8,455,294

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

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

	2014	2015	2016	2017	2018
General Fund					
Nonspendable	$ 43,204	$ -	$ 65,311	$ 39,450	$ 43,292
Restricted	555,791	624,366	927,756	612,879	1,051,739
Assigned	50,000	100,000	255,000	275,000	567,000
Unassigned	1,524,560	1,668,143	1,527,003	1,113,881	878,212
Total General Fund	$ 2,173,555	$ 2,392,509	$ 2,775,070	$ 2,041,210	$ 2,540,243
All Other Governmental Funds					
Nonspendable	$ -	$ -	$ -	$ -	$ -
Restricted	-	-	25,138	61,370	128,035
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total All Other Governmental Funds	$ -	$ -	$ 25,138	$ 61,370	$ 128,035

	2019	2020	2021	2022	2023
General Fund					
Nonspendable	$ 49,827	$ 367,127	$ 56,032	$ 7,733	$ 2,575,608
Restricted	783,978	1,044,018	1,241,484	1,365,037	1,185,274
Assigned	442,000	50,000	680,000	545,856	1,078,587
Unassigned	792,275	704,636	1,014,044	1,491,754	1,595,216
Total General Fund	$ 2,068,080	$ 2,165,781	$ 2,991,560	$ 3,410,380	$ 6,434,685
All Other Governmental Funds					
Nonspendable	$ -	$ -	$ 11,697	$ -	$ -
Restricted	20,812	122,012	607,238	939,433	1,362,152
Assigned	-	-	-	3,133,841	-
Unassigned	-	-	-	-	-
Total All Other Governmental Funds	$ 20,812	$ 122,012	$ 618,935	$ 4,073,274	$ 1,362,152

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Taxes	$ 1,975,110	$ 2,111,357	$ 2,302,194	$ 2,372,540	$ 2,554,968	$ 2,768,416	$ 2,910,708	$ 3,206,279	$ 3,604,598	$ 4,198,212
Licenses and Permits	116,518	215,034	274,727	179,844	488,266	359,637	384,642	1,039,208	822,043	3,564,759
Intergovernmental	683,494	676,383	748,244	766,509	865,399	1,064,768	1,085,555	1,174,359	4,482,577	1,476,866
Charges for services	804,534	834,686	735,664	773,060	819,957	807,331	795,940	950,095	976,401	1,138,317
Fines and forfeitures	33,290	32,482	28,474	14,579	29,488	19,627	11,083	44,660	44,093	72,268
Other	270,306	321,081	301,257	248,369	297,750	284,771	323,129	296,336	266,971	343,904
Total revenues	$ 3,883,252	$ 4,191,023	$ 4,390,560	$ 4,354,901	$ 5,055,828	$ 5,304,550	$ 5,511,057	$ 6,710,937	$ 10,196,683	$ 10,794,326
Expenditures										
Current:										
General Government	$ 850,293	$ 814,955	$ 915,025	$ 1,260,365	$ 1,282,374	$ 1,351,064	$ 1,235,606	$ 1,321,737	$ 1,508,255	$ 1,813,105
Public Safety	1,673,442	1,734,275	1,568,413	1,833,646	1,864,003	2,161,370	2,270,495	2,367,421	2,499,680	3,071,883
Physical environment	401,801	378,204	403,029	398,760	514,519	462,262	595,362	563,505	641,097	764,987
Economic environment	-	-	973	14,615	984	15,660	15,505	14,954	56,165	183,828
Transportation	335,978	370,903	359,150	598,400	443,182	612,857	417,562	349,749	442,675	495,275
Culture & Recreation	418,152	423,872	489,583	558,818	599,937	706,908	592,233	669,802	720,420	825,124
Debt Service:										
Principal retirement	-	-	-	-	-	-	-	-	80,605.00	2,375.00
Interest	-	-	-	-	-	-	-	-	2,776.00	5,902.00
Capital Outlay	692,193	580,375	604,196	885,947	246,940	1,216,240	731,094	733,288	996,504	4,047,587
Total expenditures	$ 4,371,859	$ 4,302,584	$ 4,340,369	$ 5,550,551	$ 4,951,939	$ 6,526,361	$ 5,857,857	$ 6,020,456	$ 6,948,177	$ 11,210,066
Excess(deficiency) of revenues over(under) expenditures	$ (488,607)	$ (111,561)	$ 50,191	$ (1,195,650)	$ 103,889	$ (1,221,811)	$ (346,800)	$ 690,481	$ 3,248,506	$ (415,740)
Other financing sources(uses)										
Transfers in, net	329,265	330,515	332,370	523,160	461,809	642,425	545,701	552,421	602,434	682,048
Leases	-	-	-	-	-	-	-	-	22,219	-
Proceeds from Borrowing	-	-	-	-	-	-	-	79,800	-	46,875
Total other financing sources (uses)	$ 329,265	$ 330,515	$ 332,370	$ 523,160	$ 461,809	$ 642,425	$ 545,701	$ 632,221	$ 624,653	$ 728,923
Net change in fund balance	$ (159,342)	$ 218,954	$ 382,561	$ (672,490)	$ 565,698	$ (579,386)	$ 198,901	$ 1,322,702	$ 3,873,159	$ 313,183
Debt service as percentage of non-capital expenditures (*)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.6%	0.1%

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

Fiscal Year	Real Property	Assessed Value of Personal Property	Centrally Assessed Property	Taxable Assessed Valuation	Total Direct Tax Rate
2014	$ 113,690,173	$ 19,681,167	$ 929,761	$ 134,301,101	7.589
2015	122,538,915	20,757,085	948,884	144,244,884	7.489
2016	139,131,303	22,571,088	1,012,647	162,715,038	7.239
2017	152,282,769	22,157,070	1,003,584	175,443,423	7.239
2018	167,253,403	19,973,352	1,040,655	188,267,410	7.239
2019	188,898,531	19,463,673	1,006,867	209,369,071	7.239
2020	207,143,585	27,953,448	1,117,040	236,214,073	7.239
2021	228,307,493	28,172,258	1,138,857	257,618,608	7.239
2022	277,864,084	31,520,900	1,220,154	310,605,138	6.989
2023	393,909,601	31,599,888	1,235,018	426,744,507	6.85

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

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

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

Fiscal Year	Lake Alfred [(1)]	Polk County (BOCC)	Polk County School Board	Lakes Management	Southwest Florida Water Management District	Total
2014	7.5890	7.7393	7.2080	0.4924	0.3658	23.3945
2015	7.4890	7.6543	7.1490	0.4715	0.3488	23.1126
2016	7.2390	7.6543	6.7970	0.4512	0.3317	22.4732
2017	7.2390	7.6543	6.5140	0.4214	0.3131	22.1418
2018	7.2390	7.1565	6.2510	0.4214	0.1209	21.1888
2019	7.2390	7.1565	6.0860	0.4214	0.1152	21.0181
2020	7.2390	6.8990	5.9350	0.4100	0.2669	20.7499
2021	7.2390	6.8990	5.8290	0.4100	0.1061	20.4831
2022	6.9890	6.6920	5.5190	0.4100	0.0948	19.7048
2023	6.8500	6.6852	5.4080	0.3691	0.0948	19.4071

Source: Polk County Property Appraiser

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

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

	2023		2013	
Taxpayer	**Taxable Assessed Valuation**	**Percentage of Total Taxable Assessed Value**	**Taxable Assessed Valuation**	**Percentage of Total Taxable Assessed Value**
Mizkan Americas Inc	$ 17,341,481	4.06%	$ 8,355,203	6.57%
Pulte Home Company LLC	$ 15,330,683	3.59%	*	*
CAX Cyperss Greens LLC	11,756,378	2.75%	6,951,562	5.47%
Tampa Electric	9,394,720	2.20%	3,833,854	3.01%
D R Horton Inc	8,807,318	2.06%	*	*
LGI Homes Florida LLC	5,524,760	1.29%	*	*
JMBI Development LLC	5,022,000	1.18%	*	*
Carribbean Distillers	3,795,766	0.89%	4,426,196	3.48%
Meritage Homes of Florida	3,243,116	0.76%	*	*
Lake Alfred Lots	3,240,000	0.76%	1,511,667	1.19%
	$ 83,456,222	19.56%		

* Data not available
Source: Polk County Tax Collector

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

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Prior Year Tax Collections	Total Tax Collections	Ratio of Levy to Collections
2014	$ 1,019,211	$ 978,201	95.98%	$ 8,574	$ 986,775	96.82%
2015	1,087,254	1,047,359	96.33%	4,377	1,051,736	96.73%
2016	1,171,058	1,126,395	96.19%	4,490	1,130,885	96.57%
2017	1,263,741	1,223,373	96.81%	746	1,224,119	96.86%
2018	1,362,868	1,324,056	97.15%	1,490	1,325,546	97.26%
2019	1,515,623	1,470,820	97.04%	3,499	1,470,820	97.04%
2020	1,709,954	1,640,754	95.95%	1,931	1,640,754	95.95%
2021	1,864,901	1,828,762	98.06%	-	1,828,762	98.06%
2022	2,170,819	2,108,086	97.11%	52,521	2,160,606	99.53%
2023	2,777,040	*	*	*	*	*

* Data not available

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

Fiscal Year	Governmental Activities		Business - Type Activities			Total Primary Government	Lake Alfred Personal Income	Percentage of Income	Per Capita
	Notes Payable	Leases Payable	Notes Payable	State Revolving Loans	Leases Payable				
2014	$ -	$ -	$ 1,975,351	$ 3,432,899	$ -	$ 5,408,250	$ 176,332,911	3.07%	$ 1,055
2015	-	-	1,782,014	3,191,500	-	4,973,514	181,027,830	2.75%	935
2016	-	-	1,584,052	2,944,758	-	4,528,810	195,891,872	2.31%	791
2017	-	-	1,381,358	2,692,556	-	4,073,914	212,773,635	1.91%	690
2018	-	-	1,173,817	2,434,771	-	3,608,588	211,004,850	1.71%	606
2019	-	-	961,314	2,171,279	-	3,132,593	230,497,417	1.36%	505
2020	-	-	743,729	1,901,956	-	2,645,685	252,515,760	1.05%	417
2021	79,800	-	520,942	1,626,671	-	2,227,413	313,656,921	0.71%	342
2022	-	21,414	292,828	1,357,792	-	1,672,034	406,828,488	0.41%	255
2023	-	19,039	59,259	1,158,563	-	1,236,861	*	*	169

* Information not available

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

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

General Bonded Debt Outstanding

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

Source: City of Lake Alfred Finance Department

Lake Alfred, Florida
Schedule of
Direct and Overlapping Governmental Activities Debt
9/30/2023

Jurisdiction	Total Governmental Activities Debt Outstanding	Percentage Applicable to Lake Alfred		Amount Applicable to Lake Alfred
District School Board of Polk County	$ 320,616,066	0.61%	(1)	$ 1,968,869
Polk County Board of County Commissioners	162,298,738	0.61%	(2)	996,659
Total Overlapping Debt				2,965,528
Total Direct Debt				19,039
Total Direct and Overlapping Debt				$ 2,984,567

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

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

Sources:

(1) School Board of Polk County June 30, 2022 Annual Comprehensive Financial Report (latest available)

(2) Polk County, Florida September 30, 2022 Annual Comprehensive Financial Report (latest available)

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

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

Source: City of Lake Alfred Finance Department

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

Fiscal Year	Gross Water and Sewer Revenue (1)	Less: Operating Expenses (2)	Net Revenues (3)	Senior Bond service Requirements (4)	Senior Debt Svc Coverage Test 1 (5)	Required Debt Svc Coverage Test 1 (6)	Net Revenues Less: Senior Bond Service Requirements	Junior Bond Service Requirements	Debt Svc Coverage Test 2	Required Debt Svc Coverage Test 2
2014	$ 2,058,478	$ 1,187,794	$ 870,684	$ 236,171	3.69	1.20	$ 634,513	$ 315,646	2.01	1.15
2015	2,649,933	1,272,771	1,377,162	236,171	5.83	1.20	1,140,991	315,646	3.61	1.15
2016	2,440,362	1,325,237	1,115,125	236,171	4.72	1.20	878,954	315,646	2.78	1.15
2017	2,380,624	1,311,149	1,069,475	236,171	4.53	1.20	833,304	315,646	2.64	1.15
2018	2,564,160	1,527,205	1,036,955	236,171	4.39	1.20	800,784	315,646	2.54	1.15
2019	2,701,552	1,554,877	1,146,675	236,171	4.86	1.20	910,504	315,646	2.88	1.15
2020	2,685,528	1,551,525	1,134,003	236,171	4.80	1.20	897,832	315,646	2.84	1.15
2021	2,871,631	1,521,856	1,349,775	238,443	5.66	1.20	1,111,332	315,646	3.52	1.15
2022	3,084,786	1,896,447	1,188,339	238,443	4.98	1.20	949,896	315,646	3.01	1.15
2023	3,752,759	2,261,115	1,491,644	238,443	6.26	1.20	1,253,201	315,646	3.97	1.15

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

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

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

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

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

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

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

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

Fiscal Year	Population (1)	Per Capita Personal Income (2)	Personal Income	Median Age (2)	School Enrollment (3)	Unemployment Rate for Polk County (2)
2023	7,340	*	*	*	*	*
2022	6,568	61,941	406,828,488	39.8	3,650	3.2
2021	6,507	48,203	313,656,921	40.3	3,516	3.1
2020	6,351	39,760	252,515,760	40.2	3,557	7.8
2019	6,199	37,183	230,497,417	40.2	3,535	5.7
2018	5,950	35,463	211,004,850	40.2	2,870	3.9
2017	5,903	36,045	212,773,635	40.2	2,913	4.6
2016	5,728	34,199	195,891,872	40.3	2,651	5.8
2015	5,322	34,015	181,027,830	40.3	2,760	5.8
2014	5,127	34,393	176,332,911	40.5	2,717	8.2

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

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

		2023			2013		
Employer	**Type of Business**	**Employees**	**Rank**	**Percentage of Total City Employment**	**Employees**	**Rank**	**Percentage of Total City Employment**
Polk County School Board	Education	501	1	56%	206	2	23%
IFAS/ Univerty of Florida	Research Center	235	2	26%	246	1	27%
City of Lake Alfred	Government	100	3	11%	75	3	8%
Mizkan	Manufacturer	70	4	8%	45	6	5%
Southern Gardens	Assisted Living	48	6	5%	42	7	5%
Florida Distillers	Manufacturer	37	5	4%	50	4	6%
Dunkin Donuts	Resturant	21	7	2%	0	*	0%
Hardee's	Resturant	20	8	2%	0	*	0%
Lake Alfred Assisted Living	Assisted Living	15	9	2%	25	8	3%
Lake Alfred Animal Hospital	Vet	10	10	1%	*	*	*
Total		556			483		

Estimated Total City Employment 900

(1) Source: Survey of Employers
2013 Data from - 2013 Comprehensive Annual Financial Report, page 64

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
GENERAL FUND										
City Commission	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
City Administration	2.0	2.0	2.0	2.5	2.5	2.5	2.5	2.5	4.0	4.5
Finance	4.0	4.0	4.0	4.0	4.5	4.5	4.5	4.5	5.0	5.5
Public Safety										
Police	16.0	16.0	16.0	16.0	16.0	20.0	21.0	21.0	21.0	19.5
Fire	14.0	15.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	15.0
Building & Zoning	3.0	3.0	3.0	3.0	3.0	4.0	4.5	4.5	4.5	6.5
Library	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	3.0
Parks & Recreation	5.5	6.5	6.5	7.0	8.5	9.0	9.0	9.0	9.0	12.5
DPW Administration	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Building Maintenance	1.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5
CGMP	1.0	1.0	1.0	1.0	1.5	1.5	1.5	1.5	1.5	2.0
Sanitation	4.0	3.0	3.0	3.0	3.0	3.0	3.0	4.0	4.0	4.0
Roads & Streets	5.0	5.0	5.0	4.0	5.0	5.0	5.0	4.0	4.0	5.5
Total General Fund	**61.5**	**62.5**	**58.5**	**58.5**	**62.0**	**67.5**	**69.0**	**69.0**	**71.0**	**82.0**
ENTERPRISE FUND										
Utilities (Water & Wastewater)	9.5	10.0	10.0	11.0	11.0	10.0	10.0	11.0	11.0	12.0
Stormwater	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Enterprise Fund	**9.5**	**10.0**	**10.0**	**11.0**	**11.0**	**10.0**	**10.0**	**11.0**	**11.0**	**12.0**
TOTAL STAFF	**71.0**	**72.5**	**68.5**	**69.5**	**73.0**	**77.5**	**79.0**	**80.0**	**82.0**	**94.0**

(1) Source: City of Lake Alfred payroll

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public Safety										
Calls for Service	4,437	4,769	5,331	8,302	8,619	9,144	8,586	8,755	8,300	9,319
Traffic Crashes	125	147	166	202	193	226	177	231	249	260
Traffic Violations	408	411	339	971	937	1,105	1,102	2,539	1,679	2,518
Fire Control										
Number of Calls	1,115	1,142	744	723	767	743	739	1,193	1,404	1,442
Building Department										
Permits Issued	292	313	309	362	617	439	407	598	652	1,156
Code Enforcement Compl.	220	240	82	165	31	101	165	229	120	50
Inspections	936	1,936	1,599	1,843	1,845	1,996	1,004	1,659	3,435	7,900
Leisure Services										
Summer Attendees	40	53	45	62	54	55	-	33	35	55
Library Visitations	34,816	36,649	37,660	36,885	36,709	34,650	24,616	29,578	29,578	29,035
Circulation	30,860	29,304	31,806	36,999	35,980	35,484	39,568	34,938	33,276	37,036
Facility Rentals	77	117	102	111	115	95	76	80	85	60
Human Services										
Cemetery plots sold	25	14	19	12	16	10	26	29	6	9
Business Tax Receipts	243	240	220	219	200	217	226	188	212	219
Solid Waste										
Refuse collected (Tons)	1,920	2,159	2,211	2,572	3,146	4,197	5,321	4,467	4,401	4,906
Brush collected (Tons)	1,102	1,195	1,247	1,469	1,297	*	*	501	267	185
Commercial Customers	68	61	77	72	72	83	88	70	86	67
Residential Customers	1,797	1,894	2,087	2,099	2,147	2,246	2,323	2,399	2,560	2,675
Public Works										
Street Resurfacing (Miles)	-	-	-	0.50	0.25	-	-	0.75	-	1.00
Water										
New Connections	32	5	73	26	90	46	30	80	100	171
Number of Customers	2,804	2,891	2,877	3,133	3,223	3,337	3,467	3,525	3,561	3,732
Wastewater										
New Connections	27	5	71	24	49	46	30	80	100	81
Number of Customers	2,264	2,354	2,335	2,567	2,616	2,729	2,759	2,834	2,928	3,009
Avg Daily Sewage Treatment	375,000	375,000	412,500	412,500	481,000	494,000	520,000	437,000	467,000	520,000

* : Information not available

Source - City Departments

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public Safety										
Station	1	1	1	1	1	1	1	1	1	1
Patrol Cars	8	8	10	11	11	12	13	13	13	13
Fire Trucks	4	4	4	4	4	4	4	4	4	4
Solid Waste										
Collection Trucks	3	3	4	4	4	4	4	4	5	5
Transportation										
Street Miles	48.00	48.00	48.00	48.00	48.25	49.79	52.02	52.82	52.82	52.82
Traffic Signals	3	3	3	3	3	3	3	3	3	3
Leisure Services										
Parks	10	10	10	10	10	10	10	10	10	10
Parks Acreage	166	166	166	166	166	166	166	166	166	186
Rental Facilities	3	3	3	3	3	3	3	3	3	3
Playgrounds	4	4	4	4	4	4	4	4	4	4
Boat Ramps	6	6	6	6	6	6	6	6	6	6
Library	1	1	1	1	1	1	1	1	1	1
Tennis Courts	2	2	2	2	2	2	2	2	2	2
Baseball Fields	3	3	3	3	3	3	3	3	3	3
Basketball Courts	2	2	2	2	2	2	2	2	2	2
Football Field	1	1	1	1	1	1	1	1	1	1
General Government										
Number of Buildings	6	7	8	9	9	10	10	10	10	11
Cemeteries	2	2	2	2	2	2	2	2	2	2
Water										
Water Treatment Plants	2	2	2	2	2	2	2	2	2	2
Fire Hydrants	190	190	190	190	190	190	195	201	209	213
Water Main Miles	30	31	31	31	31	31	32	33	33	33
Wastewater										
Waster Treatment Plant	1	1	1	1	1	1	1	1	1	1
Lift Stations	30	30	30	30	30	30	30	30	31	32
Sanitary Sewer Miles	19	20	20	20	20	20	21	22	22	22

* : Information not available

Source - City Departments



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OTHER REPORTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Lake Alfred, Florida as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise City of Lake Alfred, Florida's basic financial statements, and have issued our report thereon dated May 14, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Lake Alfred, Florida's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Lake Alfred, Florida's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Lake Alfred, Florida's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and recommendations as item 2023-001 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and recommendations as item 2023-002 to be a significant deficiency.

Report on Compliance and Other Matters

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

City Response to Findings

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

Purpose of this Report

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

Brynjulfson CPA, P.A.

Brynjulfson CPA, P.A.
Auburndale, Florida
May 14, 2024

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

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

We have examined the City of Lake Alfred, Florida's compliance with Section 218.415, Florida Statutes for the year ended September 30, 2023. Management is responsible for City of Lake Alfred, Florida's compliance with those specified requirements. Our responsibility is to express an opinion on City of Lake Alfred, Florida's compliance based on our examination.

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

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

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

In our opinion, City of Lake Alfred, Florida complied, in all material respects, with the aforementioned requirements of Section 218.415, Florida Statutes for the year ended September 30, 2023.

Brynjulfson CPA, P.A.

Brynjulfson CPA, P.A.
Auburndale, Florida
May 14, 2024

MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the City of Lake Alfred, Florida as of and for the fiscal year ended September 30, 2023 and have issued our report thereon dated May 14, 2024.

Auditor's Responsibility

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

Other Reports

We have issued the following reports and schedule in accordance with our audit.

- Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*.
- Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards,* AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General.

Disclosures in those reports, which are dated May 14, 2024, 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. There were no findings or recommendations made in the preceding annual financial report.

Official Title and Legal Authority

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

Financial Condition and Management

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

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

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

Other Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address 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 which warrants the attention of those charged with governance. In connection with our audit, we have no such findings.

Specific Information

Management has provided the specific information required by Section 218.39(3)(c), Florida Statutes in the separately published annual financial report of the City of Lake Alfred Community Redevelopment Agency for the year ended September 30, 2023.

Purpose of this Letter

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

Brynjulfson CPA, P.A.

Brynjulfson CPA, P.A.
Auburndale, Florida
May 14, 2024

2023-001: Bank Reconciliations

Criteria – Good internal control requires that a proper reconciliation between the City's bank statements and the related general ledger balances be performed monthly.

Condition - During our current audit we noted that the City bank accounts are not being reconciled properly and as a result, we identified several errors resulting in audit adjustments. Furthermore, the bank reconciliations being prepared were not being done in a timely manner and were often prepared months after the bank statement was first available.

Cause – Staff shortages.

Effect - Without a proper reconciliation between the City's bank statements and the related general ledger balances, there is no assurance that all cash transactions have been recorded nor any assurance that errors are identified and corrected in a timely manner.

Recommendation: We recommend that the activity posted to the City's bank accounts be monitored and reconciled monthly to provide assurance that the activity posted to the bank accounts and the related general ledger balances are correct.

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

2023-002: Procurement

Criteria – Effective procurement processes require preapproval of certain contracts and purchases that exceed an established dollar amount to ensure purchases are consistent with management's expectations and payments are within available resources. Per section 2-189(m) of the Code of Ordinances the City Manager shall issue rules and regulations that govern procurement, and these rules and regulations require written quotations for purchases greater than $10,000.

Furthermore, good internal control over vendor disbursements should include a combination of segregation of duties, authorization, review and reconciliation procedures and these procedures should be documented and filed with evidence to support the payment. Proper documentation provides evidence of the legitimacy and accuracy of transactions and facilitates audit trials for review and verification.

Condition – During our audit we noted the following:

- Three vehicle purchases, one vehicle repair, and one sidewalk repair, all exceeding $10,000, would be required to be supported by three written quotations, though no written quotations were provided.
- The internal control over internally generated disbursements (for instance contributions to City pension plans or payment of payroll taxes) are not being documented.
- A payment for materials exceeding $25,000 lacked support from any quotations, and insufficient documentation was provided to ascertain the reasonableness of the payment.

Cause – Unknown.

2023-002: Procurement (cont…)

Effect – Without proper internal controls there is a higher risk of fraud, waste and abuse in the procurement process.

Recommendation: The City should enhance procedures to ensure that purchases of goods and services are made in accordance with the City's purchasing policy. Such procedures should require that, for every contract or purchase, quotations and bids are obtained as required and examined and the approval is documented. We further recommend the City document their internal controls over internally generated disbursements and enhance procedures to ensure no payment is made before adequate evidence and approval is obtained to support each purchase.

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

OTHER INFORMATION

120 E. Pomelo Street
Lake Alfred, FL 33850-2135

CITY OF LAKE ALFRED

Ph.: (863) 291-5270
Fax: (863) 291-5317

Management's Response Letter to Auditor's Findings:

2023-001: Bank reconciliations

The city is actively searching for qualified individuals to work in the finance department. A significant investment has been made in new software that was brought online on December 4,2023. The software allows for transactions to be uploaded from the bank and can match transactions. The software implementation team is currently working with staff to set up a pooled cash system. Pooled cash will offer advantages in terms of efficiency, liquidity management, and cost management services, with sweep accounts to facilitate fund transfers and optimize liquidity. A bank reconciliation policy will be developed outlining the procedures to follow, roles and responsibilities, and protocols for resolving discrepancies.

2023-002: Procurement

As part of the City's search for qualified staff for the finance department. Finding someone with procurement experience is a priority. Finance will work with the departments to ensure there is a clear understanding of the policy and procedures regarding ordering supplies, receipt of goods, invoice processing and proper documentation for payment. Purchasing vehicles has become a challenge due to low inventory and long lead times creating an environment where vendors are slow or unwilling to respond with a verbal quote let alone a written one. As a result, staff has been writing in the verbal quotes and obtaining the written material from the selected vendor. Correction of this issue will simply be to mark vendors that only provide verbal quotes as nonresponsive or to provide a copy of the state contract that we are piggybacking. Regarding the documentation for pension and payroll taxes, the documentation is with the payroll documentation and not currently scanned into Laserfiche. In regard to the unsupported documentation on the purchase, this was a unique anomaly on the force main project wherein approval was given by the City Commission on a piggyback but this was later flagged by the City Attorney as being above the threshold to be piggybacked; we rebid the project but the first vendor had already purchased materials for job from the previous approval thereby creating a bifurcated project.

Respectfully submitted,

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