

City of Lake Wales, Florida

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For Fiscal Year Ended
September 30, 2023

City of Lake Wales, Florida

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2023

Prepared By:
Department of Finance

City of Lake Wales, Florida

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INTRODUCTORY SECTION

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Lake Wales
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May 13, 2024

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

The Annual Comprehensive Financial Report (ACFR) of the City of Lake Wales, for the fiscal year ended September 30, 2023, is hereby submitted pursuant to the City Charter, Florida Statutes, and Chapter 10.550, Rules of the Auditor General of the State of Florida.

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

Carr, Riggs & Ingram, Certified Public Accountants, have issued unmodified opinions on the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Lake Wales for the year ended September 30, 2023. The Report of Independent Auditor is located at the front of the financial section of this report.

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

Profile of the Government

The City of Lake Wales, Florida was granted its municipal charter in 1921. The City is located in the geographical center of the Florida peninsula, and is accessible by U.S. Hwy. 27 (north/south) and State Road 60 (east/west). Interstate 4 crosses the state 25 miles north of Lake Wales, and both the Tampa and Orlando International Airports are approximately one hour's drive away. It currently occupies 21 square miles and serves a population of 17,384.

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

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

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

Local Economy

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

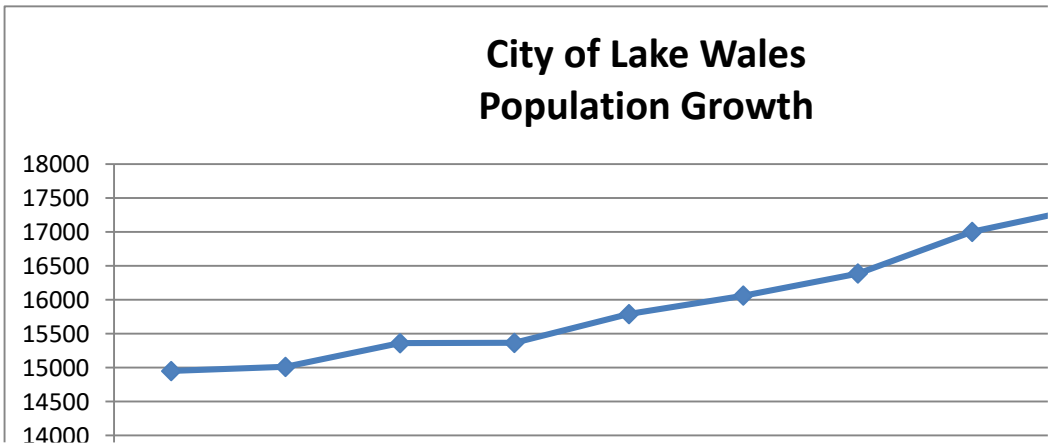
The City's major challenges are to provide the infrastructure and services needed to maintain the quality of life, while continuing to realize growth within our community. History has proven that significant emphasis on support systems such as transportation, potable (drinking) water, wastewater, and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

The opening of the CSX Inter-Modal facility just west of the City on State Route 60 is generating an increase in transportation and distribution activity in the area. The expansion of the main runway at the municipally owned Lake Wales airport and the City's assumption of responsibility for its operations has already led to an increase in activity there, with future growth of ancillary businesses expected. Significant residential growth is occurring in all areas of the City as several multi-family development and several single-family developments have applied for initial development permits, totaling over fifteen thousand new housing units expected over the next several years. This residential expansion should also lead to new commercial development in this area. A new mixed-use development on the largest undeveloped parcel within the City (1800 acres) has begun the process of obtaining the necessary approvals for a signature project that will add additional residential and commercial properties.
One large majoring manufacturing company, Advanced Drainage Systems, is investing over $250M in a new facility in Lake Wales, creating over 250 new jobs paying will above the Area Median Income. Construction is already underway. Two new restaurants have opened recently and at least four more have submitted for development approval. Finally, the city continues to expand its utility system service area leading to future annexation and tax base expansion and supporting new economic development.

In the past few years the City also has invested in revitalizing its Downtown by entering into a partnership with Lake Wales Main Street and undertaking an update of its Community Redevelopment plan. It is expected that public infrastructure investment by the City and CRA will lead to significant private sector investment and additional redevelopment in the traditional downtown area, the NW Neighborhood, as well as additional projects throughout the CRA area. The increased emphasis on Downtown has already led to the renovation of existing structures and the opening of additional businesses. The NW community has realized significant infill development, with over 27 new homes constructed over the past two years.

Growth

Over a ten-year period from 2014 to 2023, the City has experienced an average annual population growth rate of 1.66%. The City currently has several large residential developments which are expected to begin construction within the next eighteen months. Significant population growth is expected from these new development areas.



2014	14,916	-
2015	15,011	0.64%
2016	15,362	2.34%
2017	15,365	0.02%
2018	15,791	2.77%
2019	16,062	1.72%
2020	16,386	2.02%
2021	17,001	3.75%
2022	17,362	2.12%
2023	17,384	0.13%

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

The City's economic outlook is largely impacted by the state and regional economy with a great deal of reliance placed on surrounding communities for work, shopping and entertainment. Area employment consists predominately of service-related activities, retail trade, manufacturing, government and construction. The Lakeland/Winter Haven Metro Area and the State of Florida unemployment rate as of September 2023 were reported at 3.8% and 3.0 %, respectively, while the national unemployment rate was 3.8%.

In 2006, Florida voters adopted a constitutional amendment that requires the State of Florida to development a Long-Range Financial Outlook, setting out recommended fiscal strategies for the state and its departments in order to assist the legislature in making budget decisions. The Legislative Budget Commission is required to issue the Outlook by September 15th of each year. The 2023 Outlook provided the following economic projections:

Following the pandemic, stability has increased, increasing confidence in future growth. This economic result is best demonstrated by the quarterly change in real State Gross Domestic Product (GDP), which is all goods and services produced or exchanged within the state. Florida's GDP movements have nearly matched the nation as a whole. The Conference anticipates that the state's economy expanded at a healthy 3.0 percent in Fiscal Year 2022-23, but will drop to a more characteristic 2.5 percent (Fiscal Year 2023-24) as economic imbalances continue to weigh on the economy. Thereafter, the economy will grow from 1.7 percent in Fiscal Year 2024-25 to 2.4 percent in Fiscal Year 2026-27.

Normally, personal income growth is another important gauge of the state's economic health; however, its changes have been in stark contrast to GDP, driven largely by the ebb and flow of federal dollars into Florida households and businesses. Because of these infusions, Florida's personal income grew 6.6 percent in Fiscal Year 2019-20 and grew another 8.0 percent in Fiscal Year 2020-21. Fiscal Year 2021-22 saw moderately lower growth of 4.9 percent as the benefit from workers returning to their jobs or leveraging the tight labor market into better paying opportunities competed with the end of federal relief measures. The Conference anticipates that the state's income expanded at a strong 7.8 percent in Fiscal Year 2022-23, largely on the continuing strength of salary growth. Thereafter, personal income growth will step down to 5.6 percent in Fiscal Year 2023-24 and 5.9 percent in Fiscal Year 2024-25, before gradually declining to a more characteristic 4.2 percent per year.

The key measures of employment are typically **job growth** and the **unemployment rate**. Along with the nation and the world, the job market in Florida experienced an unprecedented contraction in the second quarter of 2020 when a large part of the Florida economy either shut down or sent workers home to slow the spread of the Coronavirus. Employment dropped by almost 1.3 million jobs from February 2020 to April 2020, a loss of 14.1 percent of the pre-pandemic level. Three years later, the lost jobs have largely been restored. In July 2023, Florida exceeded the overall pre-pandemic level by 704,000 jobs, a gain of 7.8 percent. This growth rate is expected to fall from last year's 4.7 percent to 2.0 percent in Fiscal Year 2023-24 and 0.7 percent in Fiscal Year 2024-25, before stabilizing at an annual average of around 1.0 percent throughout the remainder of the forecast.

Two areas of the state's economy indirectly benefited from the Federal Reserve's actions to protect the wider economy from the worst of the pandemic effects, albeit with a future payback: real estate and construction. Throughout the worst of the crisis, these economic sectors thrived as the federal funds rate neared zero and pushed interest rates to historic lows. Growing for the second year at a double-digit rate, total private housing starts reached a 16-year high of 251,800 units in Fiscal Year 2021-22, yet they were still far from the housing boom peak of over 272,000 units in Fiscal Year 2004-05. Since then, the 30-year mortgage fixed rate soared to 6.5 percent during the second quarter of the 2023 calendar year. Given the Federal Reserve's most probable series of interest rate hikes, the Mortgage Bankers Association anticipates the 30-year mortgage fixed rate will move still higher in this quarter to 6.8 percent. Moving in step, starts are projected to slump by 18.6 percent this year, after already falling 17.2 percent in Fiscal Year 2022-23. Weak or negative growth is expected throughout the remainder of the forecast. At the end of the ten-year forecast period, total private housing starts achieve only 60.7 percent of the peak in Fiscal Year 2004-05, aligning with similar projections in the pre-pandemic forecast. Construction employment finally surpasses its prior peak in Fiscal Year 2032-33.

Florida's tourism-sensitive economy is particularly vulnerable to negative shocks. After the onset of the pandemic, the total number of tourists declined nearly -70.0 percent from the prior year in the second quarter of 2020. After that dramatic drop, tourism managed to recover gradually, buttressed by the increased number of domestic visitors travelling to Florida by air or car. It took two years to reach recovery from this pandemic in domestic visitors, while international visitors are still at depressed levels. The Conference estimates that total visitors, growing by 39.0 percent, surpassed the pre-pandemic peak by the end of Fiscal Year 2021-22, albeit with a different composition. Slowly returning to a more normal mix of visitors, the 2022-23 fiscal year saw growth of 4.5 percent, with additional strength expected in 2023-24 (5.5 percent growth). The annual growth rates moderate thereafter, gradually declining from 4.4 percent in 2024-25 to 3.0 percent in 2032-33; however, the new forecast levels never exceed the prepandemic forecast levels for those years.

Long-term Financial Planning

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

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

Acknowledgements

The City of Lake Wales will be submitting the Annual Comprehensive Financial Report, for the fiscal year ending September 30, 2023, to the Government Finance Officers Association (GFOA) to be reviewed under the Certificate of Achievement for Excellence in Financial Reporting program. In order to be awarded a Certificate of Achievement, the City has to publish an easily readable and efficiently organized ACFR that satisfied both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,

James Slaton,
City Manager

Dorothy Abbott, CPA
Finance Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Lake Wales
Florida

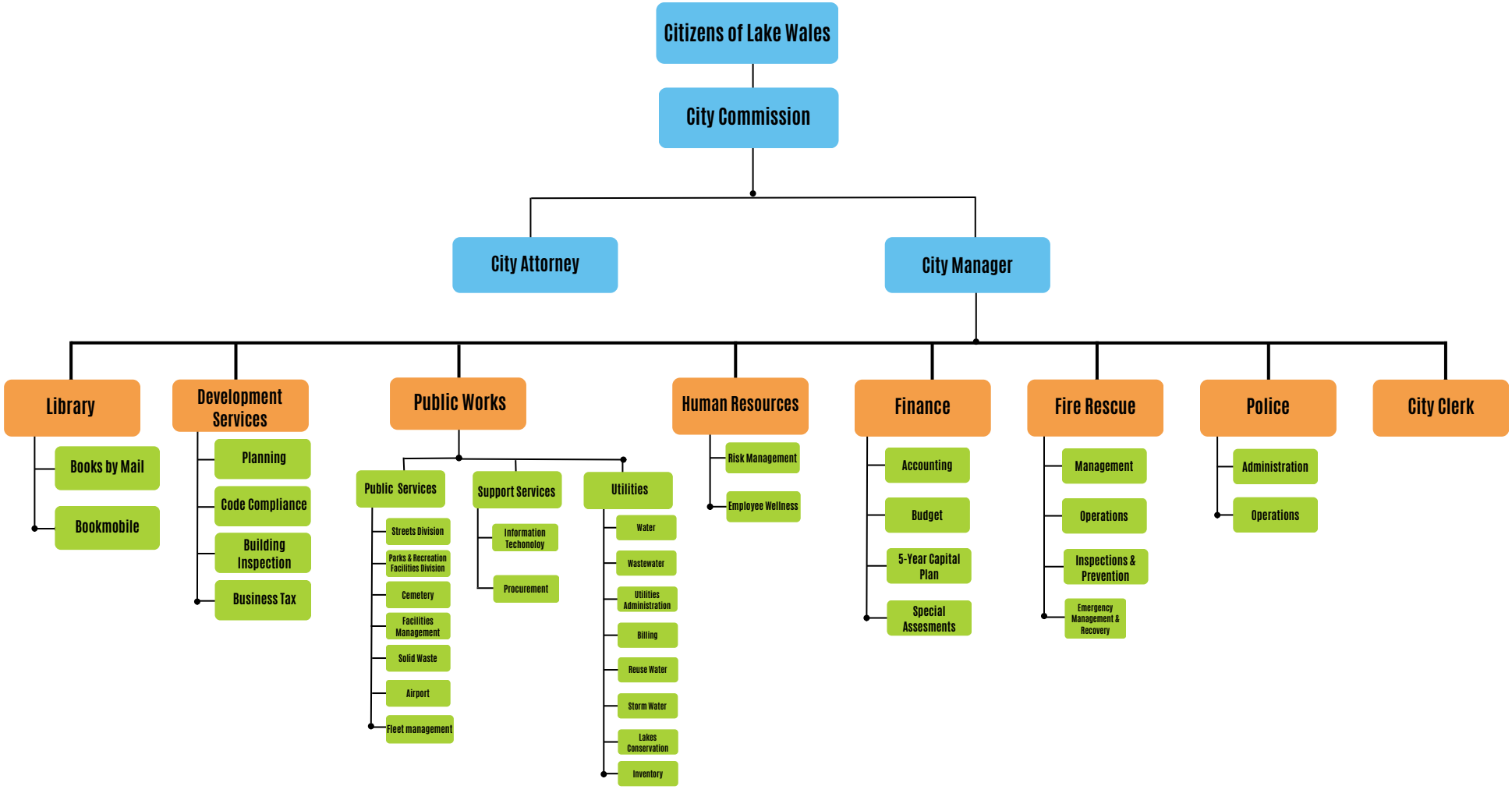
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2022

Christopher P. Morrill

Executive Director/CEO

CITY OF LAKE WALES
ORGANIZATIONAL CHART



City of Lakes Wales, Florida
Principal Officials

Elected Officials

Mayor ---------- Jack Hilligoss

Deputy Mayor ---------- Robin Gibson

Commissioner ---------- Keith Thompson

Commissioner ---------- Daniel Williams

Commissioner ---------- Daniel Krueger

City Officials

City Manager ---------- James Slaton

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



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FINANCIAL SECTION

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CPAs and Advisors

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INDEPENDENT AUDITOR'S REPORT

To the City Commission
City of Lake Wales, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lake Wales, Florida (the "City"), as of and for the year ended September 30, 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, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lake Wales, Florida, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Lake Wales, Florida, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Lake Wales, Florida's basic financial statements. The combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards and state financial assistance, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Chapter 10.550, *Rules of the Auditor General*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

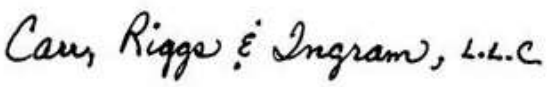
Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 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.



CARR, RIGGS & INGRAM, LLC

Orlando, Florida
May 13, 2024

As management of the City of Lake Wales (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found by referencing the table of contents of this report.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $70,891,272 (*net position*). As of September 30, 2023, the City reports an unrestricted net position of $3,673,127, as compared to $3,953,301 in the prior year.
- The City's total net position increased by $4,213,082 during the current year compared to an increase of $2,913,165 in the prior year. The governmental activities and business-type activities increased their net position by 8% (7% in prior year) and 6% (3% in prior year), respectively.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $24,739,017; an increase of $14,331,647 for the year. Approximately 14% of total fund balance is *available for spending* at the government's discretion (unassigned) compared to 42% in the prior year.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $70,891,272 at the close of the most recent fiscal year.

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

City of Lake Wales
Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	$ 35,741,293	$ 20,457,784	$ 15,728,143	$ 15,199,426	$ 51,469,436	$ 35,657,210
Capital assets, net of depreciation	32,857,451	25,589,987	61,374,804	55,652,048	94,232,255	81,242,035
Total assets	68,598,744	46,047,771	77,102,947	70,851,474	145,701,691	116,899,245
Deferred Outflows	7,602,494	2,148,168	816,806	248,089	8,419,300	2,396,257
Current and other liabilities	10,474,058	9,640,680	3,533,717	2,171,679	14,007,775	11,812,359
Long-term liabilities	38,890,620	11,804,726	26,547,714	23,120,542	65,438,334	34,925,268
Total liabilities	49,364,678	21,445,406	30,081,431	25,292,221	79,446,109	46,737,627
Deferred Inflows	997,633	2,761,817	2,785,977	3,117,868	3,783,610	5,879,685
Net Position:						
Net investment in capital assets	19,452,205	19,153,353	35,751,848	33,420,945	55,204,053	52,574,298
Restricted	5,170,765	4,457,940	6,843,327	5,692,651	12,014,092	10,150,591
Unrestricted	1,215,957	377,423	2,457,170	3,575,878	3,673,127	3,953,301
Total net position	$ 25,838,927	$ 23,988,716	$ 45,052,345	$ 42,689,474	$ 70,891,272	$ 66,678,190

By far the largest portion of the City's net position, $55,204,053 (78%), reflects its investment in capital assets (e.g., land, buildings, improvements, infrastructure and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should still be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, $12,014,092 (17%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, $3,673,127 (5%), may be used to meet the government's ongoing obligations to the citizens and creditors.

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

The following schedule is a summary of the Statement of Activities on page 18 of this report.

City of Lake Wales
Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program Revenues:						
Charges for services	$ 6,559,135	$ 4,510,983	$ 12,432,574	$ 11,189,301	$ 18,991,709	$ 15,700,284
Operating grants and contributions	1,607,815	1,535,986	-	-	1,607,815	1,535,986
Capital grants and contributions	1,079,832	566,632	1,681,295	420,798	2,761,127	987,430
General Revenues:						
Property taxes	7,980,425	7,249,859	-	-	7,980,425	7,249,859
Other taxes	3,930,770	3,811,753	-	-	3,930,770	3,811,753
Franchise fees	1,711,295	1,594,076	-	-	1,711,295	1,594,076
Other	2,797,939	2,285,566	301,056	222,753	3,098,995	2,508,319
Total Revenues	25,667,211	21,554,855	14,414,925	11,832,852	40,082,136	33,387,707
Expenses:						
Governmental Activities:						
General government	2,519,761	2,391,433	-	-	2,519,761	2,391,433
Public safety	12,140,342	10,183,503	-	-	12,140,342	10,183,503
Physical environment	1,468,411	1,544,932	-	-	1,468,411	1,544,932
Transportation	1,809,687	1,614,964	-	-	1,809,687	1,614,964
Economic environment	2,706,848	2,098,925	-	-	2,706,848	2,098,925
Human services	10,174	10,174	-	-	10,174	10,174
Culture and recreation	3,949,097	3,378,402	-	-	3,949,097	3,378,402
Interest on long-term debt	739,680	223,980	-	-	739,680	223,980
Business-type Activities:						
Water and sewer utility	-	-	9,945,824	8,560,087	9,945,824	8,560,087
Cemetery	-	-	132,046	118,147	132,046	118,147
Stormwater	-	-	447,184	349,995	447,184	349,995
Total Expenses	25,344,000	21,446,313	10,525,054	9,028,229	35,869,054	30,474,542
Increase (decrease) in net position before transfers	323,211	108,542	3,889,871	2,804,623	4,213,082	2,913,165
Transfers	1,527,000	1,514,000	(1,527,000)	(1,514,000)	-	-
Change in net position	1,850,211	1,622,542	2,362,871	1,290,623	4,213,082	2,913,165
Beginning net position	23,988,716	22,366,174	42,689,474	41,398,851	66,678,190	63,765,025
Ending net position	$ 25,838,927	$ 23,988,716	$ 45,052,345	$ 42,689,474	$ 70,891,272	$ 66,678,190

Governmental activities: Governmental activities increased the City's net position by $1,850,211, as compared to an increase of $1,622,542 in the prior year. Key elements of changes in results of activities are as follows:

Total revenue increased by $78,303 or 7% mainly due to the following:

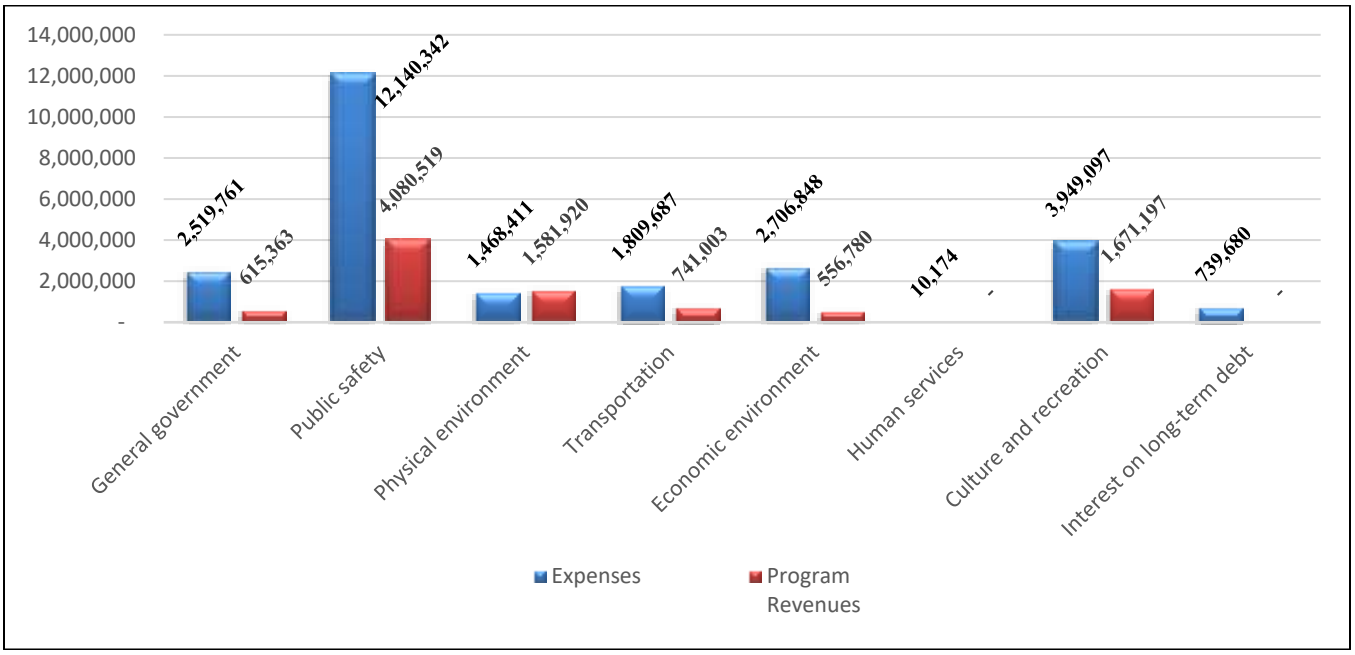
- Charges for services increased by approximately $2,048,100 (45%) from 2022. This change is mainly due to increased impact fee, building permit fee and planning/zoning fee revenue ($1,869,200) due to increased construction activity within the City.
- Capital grants and contributions increased by approximately $513,200 (91%) from 2022 mainly due to the recognition of $517,105 of Community Development Block Grant (CDBG) revenue in 2023.
- General revenues increased by $1,479,175 (10%) from 2022 mainly due to increased property taxes ($730,566) increased other tax revenue ($119,017), increased franchise fee revenue ($117,219) and increased miscellaneous revenue ($512,373). Tax and franchise fee revenue increases are due to increased property values and economic activity within the City. Miscellaneous revenues increased mainly due to increased shared revenues from the State of Florida due to increased sales tax collections driven by increased economic activity within the State as well as increased earnings on the governmental activities surplus funds.

Total expenses increased by approximately $3,897,700 or 18% mainly due to the following:

- Public safety expenses increased by $1,956,839 (19%) from 2022 mainly due to general cost increases and increased personnel costs of approximately $1,566,000 (20%) which includes wages, payroll taxes, health insurance and pension expenses.
- Culture and recreation expenses increased by approximately $570,700 (29%) from 2022 mainly due increased personnel costs of $273,350 (17%) which includes wages, payroll taxes and pension expenses. The remainder of the increase is due to a myriad of changes in a diverse set of expense accounts within this function, none of which are individually significant.
- Economic environment expenses increased by approximately $607,900 (17%) from 2022 mainly due to increased housing redevelopment expenses of approximately $665,800 which are not capital assets of the City and therefore are recorded as expenses of the economic environment function.
- Interest expense on long term debt increased by approximately $512,300 or 22% mainly due to increased interest expense and bond closing costs of the Lake Wales Community Redevelopment Agency Redevelopment Revenue Bonds, Series 2023 which was new in 2023.

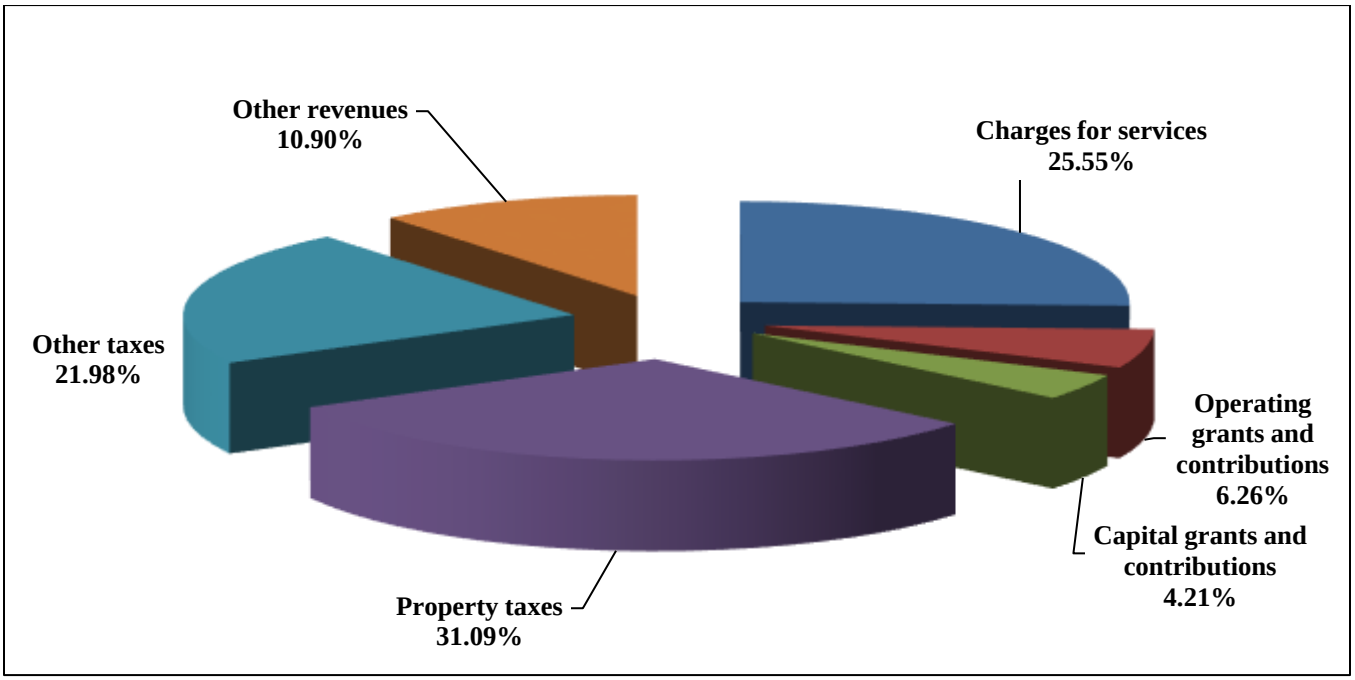
The following chart compares expenses with program revenues for the City's governmental activities:

Expenses and Program Revenues – Governmental Activities



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

Revenues by Source – Governmental Activities



Business-type Activities

Business-type activities increased the City's net position by $2,362,871 which is $1,072,248 (83%) more than the prior year increase in net position. Key elements of this change are as follows:

- Charges for services increased in 2023 by approximately $1,243,200 (11%). This change is mainly due to an increase in water and sewer rates for FY 2023 and an increase in utility customers given the increase in construction related activities within the City.

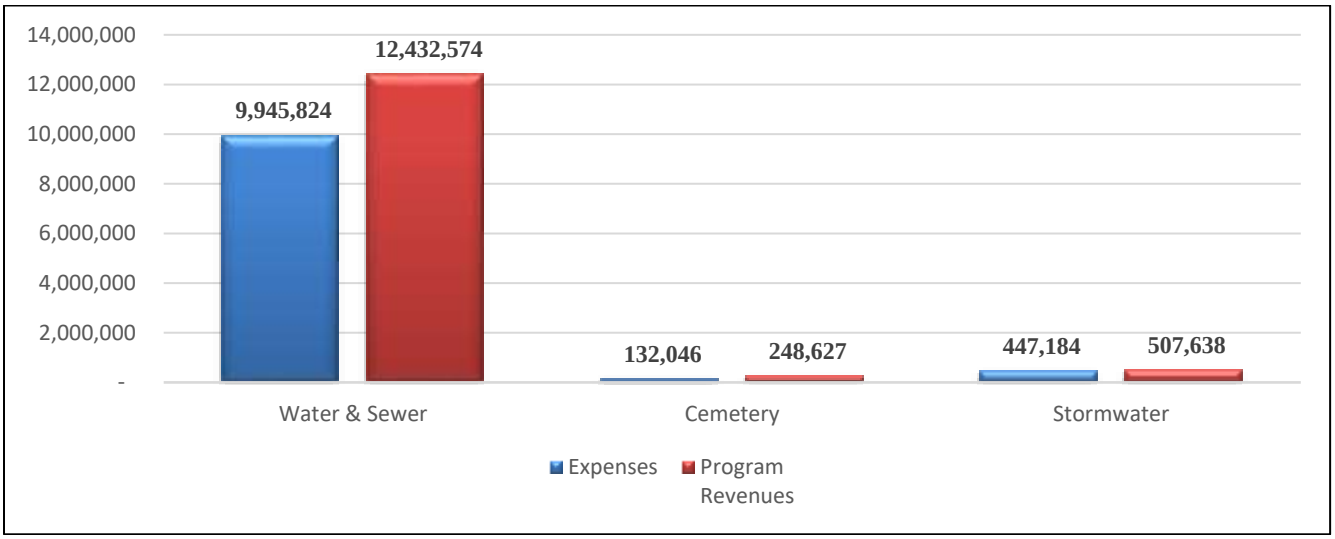
- Capital grants and contributions increased by approximately $1,260,500 (300%) due to increased impact fee revenue ($855,000) and increased grant revenue ($396,180). Impact fees increased due to increased construction within the City and grant revenue increased as no grant revenue was reported in 2022.

- Overall business-type expenses increased by approximately $1,496,825 mainly driven by increased water and sewer expenses of $1,385,700 (16%) due to the following:
    - Increased repair and maintenance costs of $671,040 (45%) caused by a wide-ranging series of major repairs and non-capital improvements.
    - Increased personnel expenses of approximately $454,000 or 19%.
    - Increased general administrative expenses allocated from the governmental activities of $90,700 or 10% due to a reassessment of the business-type activities burden on general governmental activities.
- During 2023, $1,527,000 was transferred out to the governmental activities, as compared to $1,514,000 transferred out in the prior year. This is an increase of $13,000 (1%).

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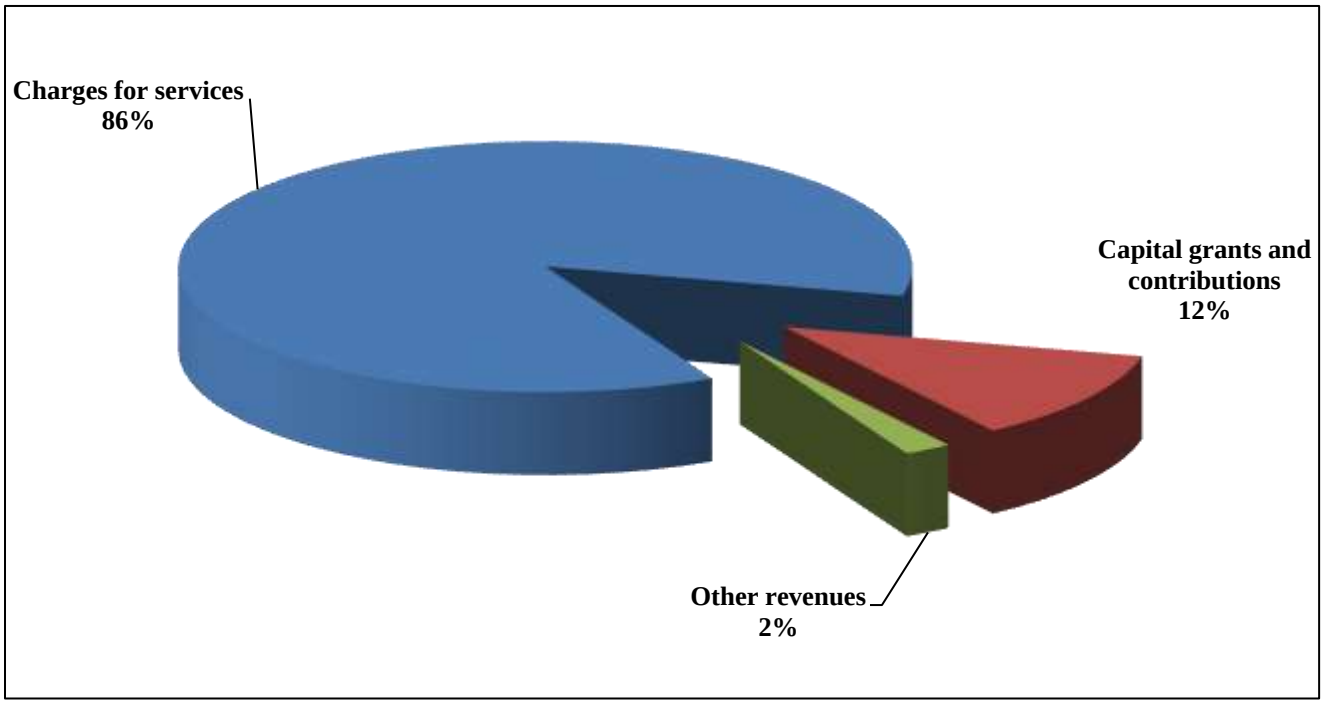
The following chart compares expenses with program revenues for the City's business-type activities:

Expenses and Program Revenues – Business-type Activities



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

Revenues by Source – Business-type Activities



Financial Analysis of the Government's Funds

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

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $24,739,017, an increase of $14,331,647 for the year. Approximately 14% of this amount ($3,534,514) constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The remainder of the fund balance ($21,204,503) is classified as non-spendable ($677,738), restricted ($18,744,162) and assigned ($1,782,603).

The general fund is the chief operating fund for the City. At the end of the current fiscal year, unassigned fund balance of the general fund was $3,534,514 while total fund balance reached $5,980,936. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. In 2011, the City established a reserve policy for the general fund equal to 15% - 20% of total operating costs. As of September 30, 2023, the general fund's unassigned and assigned fund balance represents 25% of total general fund expenditures, while total fund balance represents 28% of the same amount.

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

Fund balance of the City's general fund increased by $36,313 during the current fiscal year. Expenditures ($21,081,457) exceeded revenue ($17,356,229) and the net transfer ($1,577,406) from other funds. The general fund also reported $2,036,692 in debt proceeds, $98,844 of insurance settlements and $48,599 from the sale of capital assets. Total revenue increased by $1,345,711 (8%) mainly due to a $562,309 (9%) increase in taxes due and $516,238 (19%) increase in licenses and permit revenue, both caused by increased economic activity within the City, including increased residential construction. Total expenditures increased $3,938,337 or 23% led by the public safety function which increased $2,385,459 (23%) due mainly to increased personnel costs, including pension expenditures.

Fund balance of the City's community redevelopment fund increased by $13,639,091 during the current fiscal year. Revenue and other sources within the CRA ($21,007,467) exceeded debt service requirements ($1,250,280) and operating costs ($7,368,376). The main driver of the increase in fund balance of the CRA was the issuance of the Lake Wales Community Redevelopment Agency Redevelopment Revenue Bonds, Series 2023 for $18,804,365 (face plus issuance premium).

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

Unrestricted net position of the Public Utilities Fund at the end of the year amounted to $1,541,045, a decrease of $1,302,054 or 46%. As of September 30, 2023, the utility system had $5,722,677 restricted for capital projects and $1,120,650 restricted for debt service. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

During the year there was a net $2,338,500 increase in general fund expenditure appropriations between the original and final amended budget. This increase was mainly due to the following significant amendments:

- The Police department's budgeted expenditures increased by $440,000 mainly due to capital outlay expenditures ($180,000) and retirement expenditures ($139,455) that exceeded their original estimates for the year.
- The Fire department's budgeted expenditures increased by $495,000 mainly due to capital outlay expenditures ($100,000), retirement expenditures ($90,000) and wages ($140,000) that exceeded their original estimates for the year.
- The parks division department's budgeted expenditures increased by $275,000 mainly due to capital outlay expenditures ($100,000), fuel costs ($50,000) and wages ($65,000) that exceeded their original estimates for the year.
- The recreational facilities department's budgeted expenditures increased by $310,000 mainly due to gym management expenditures ($81,000), YMCA rehabilitation expenditures ($110,000) and wages ($75,000) that exceeded their original estimates for the year.

During the year there was a net $2,121,500 increase in general fund revenues between the original and final amended budget. All revenue categories were increased and these increases were due to greater than anticipated economic activity within the City as well as greater than expected grant revenues.

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 is $94,232,255 (net of accumulated depreciation). This investment in capital assets includes land, construction-in-progress, buildings and improvements, machinery and equipment, and infrastructure (roads, right-of-ways, stormwater and utility). The net increase (additions less retirements and depreciation) in the City's investment in capital assets was $12,990,220, an increase of 16%. This consisted of a 28% increase for governmental activities and 10% increase for business-type activities. Information on the City's capital assets as of September 30 of the current and prior year is summarized in the following table:

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	$ 4,847,561	$ 4,847,561	$ 850,497	$ 850,497	$ 5,698,058	$ 5,698,058
Construction in progress	8,345,491	1,601,518	5,706,382	1,188,864	14,051,873	2,790,382
Buildings	15,719,394	15,719,394	6,370,870	6,370,870	22,090,264	22,090,264
Improvements other than buildings	9,624,478	9,518,265	73,304,287	70,314,063	82,928,765	79,832,328
Machinery & equipment	12,561,603	12,165,565	7,234,895	7,062,350	19,796,498	19,227,915
Right-to-use leased equipment	5,731,485	4,586,362	464,916	375,906	6,196,401	4,962,268
Infrastructure	21,551,408	20,971,277	-	-	21,551,408	20,971,277
Total	78,381,420	69,409,942	93,931,847	86,162,550	172,313,267	155,572,492
Less: accumulated depreciation	(45,523,969)	(43,819,955)	(32,557,043)	(30,510,502)	(78,081,012)	(74,330,457)
Capital assets, net	$ 32,857,451	$ 25,589,987	$ 61,374,804	$ 55,652,048	$ 94,232,255	$ 81,242,035

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

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

Governmental Activities:

- CWIP – Downtown Improvements Plan - $14,733 - (total capitalized costs - $223,158)
- CWIP – Grove Manor design - $0 (total capitalized costs - $12,680)
- CWIP - Lake Wales connector trail - $670,688 (total capitalized costs - $1,594,464)
- CWIP – Recreation master plan - $0 (total capitalized costs - $206,130)
- CWIP – Park Avenue – design/construction - $4,570,756 (total capitalized costs - $4,619,078)
- CWIP – First Street – design/construction - $47,050 (total capitalized costs - $223,378)
- CWIP – Sidewalks – design/construction - $32,117 (total capitalized costs - $35,817)
- CWIP - Alternative water source project - $438 (total capitalized costs - $22,594)
- CWIP – Fire Truck Purchase - $729,000 (total capitalized costs - $729,000)
- CWIP – Stuart House Rehabilitation - $8,375 (total capitalized costs - $8,375)
- CWIP – Orange Street – design/construction - $7,461 (total capitalized costs - $7,461)
- CWIP – Lake Wales Envision Plan - $661,106 (total capitalized costs - $661,106)
- CWIP – Fire Station expansion - $2,250 (total capitalized costs - $2,250)
- (18) Police vehicles - $987,736
- (1) Parks and Recreation vehicle - $28,543
- (2) John Deere Utility Tractors - $93,248
- Air conditioning unit - $5,400
- Resurface tennis court - $79,900
- Resurface pool - $213,645
- Mower - $19,916
- Christmas decorations - $3,099
- Golf Cart - $26,116
- YMCA Gym equipment - $310,083
- Television – conference room - $1,543
- City Hall carpet replacement - $104,027
- Audio visual equipment – Commission chambers - $71,752
- Road resurfacing - $580,131
- Library books and materials - $70,480

Business-Type Activities

- CWIP - NW water main - $1,871,871 (total capitalized costs - $2,133,974)
- CWIP – Water system modeling - $6,829 (total capitalized costs - $487,624)
- CWIP – Metal building - $98,167 (total capitalized cost - $98,167)
- CWIP – Buckmore Road sewer expansion - $2,547,260 (total capitalized cost - $2,547,260)
- CWIP – Reuse transmission lines - $40,500 (total capitalized cost - $40,500)
- Stormwater improvements - $210,126
- (4) Vehicles - $166,768
- Phone system - $62,129
- Chlorination system - $116,374
- Diesel Pump - $69,798
- (2) 400 W Light Towers - $21,674
- (1) Pump - $13,406
- Lift station rehabilitation - $77,168
- Water and system expansion and improvements - $198,534 ($10,636 from CIP placed in service in 2023)
- Galvanized pipe replacement - $2,086,835
- Infiltration and intrusion study - $306,761 (total cost is from CIP placed in service in 2023)

Debt. At the end of the current fiscal year the City had total debt outstanding of $50,571,577, including the addition of $23,289,773 in notes payable during fiscal year 2023 to fund construction projects and equipment purchases, and $1,893,377 of additions to leases payable to acquire the right to use vehicles and equipment. The debt obligations are secured by the equipment acquired, a covenant to budget, or a pledge of revenue sources. Information on the City's notes and leases payable as of September 30 of the current and prior year is summarized in the following table:

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Notes payable	$ 23,341,466	$ 5,043,531	$ 24,658,410	$ 22,037,072	$ 47,999,876	$ 27,080,603
Leases payable	2,356,645	1,343,246	215,056	148,672	2,571,701	1,491,918
Total debt obligations	$ 25,698,111	$ 6,386,777	$ 24,873,466	$ 22,185,744	$ 50,571,577	$ 28,572,521

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

Economic Factors and Next Year's Budget and Rates

The unemployment rate at the end of fiscal year 2023 for Lakeland/Winter Haven Metro Area was 3.5%. The following is a summary of the applicable unemployment rates for Lakeland/Winter Haven Metro Area, the State of Florida, and United States:

Region Name	Current Year Sept. 2023	Previous Year Sept. 2022
Lakeland/Winter Haven Metro Area	3.8%	3.5%
State of Florida	3.0%	2.9%
United States	3.8%	3.6%

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

The tax base for the City is composed of real property, personal property and centrally assessed property. The taxable value of such property increased 8.96% from 2022 to 2023.

The estimated City's population increased from 17,359 in 2022 to 17,384 in 2023, a less than 1% increase.

All of these factors were considered in preparing the City of Lake Wales's budget for the 2023'24 fiscal year.

Requests for Information

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

City of Lake Wales, Florida

Statement of Net Position
September 30, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Airport Authority
Assets				
Cash and cash equivalents	$ 29,962,550	$ 2,164,453	$ 32,127,003	$ 175,322
Receivable, net	697,334	4,668,338	5,365,672	6,710
Due from component unit	1,142,780	-	1,142,780	-
Intergovernmental receivables	691,210	-	691,210	368,943
Restricted assets:				
Cash and cash equivalents	1,973,555	8,437,938	10,411,493	299,935
Inventories	301,289	450,583	751,872	29,670
Note receivable	488,750	-	488,750	-
Prepaid items	483,825	6,831	490,656	-
Capital assets:				
Nondepreciable	13,193,052	6,556,879	19,749,931	2,051,808
Depreciable, net	19,664,399	54,817,925	74,482,324	13,961,965
Total assets	68,598,744	77,102,947	145,701,691	16,894,353
Deferred outflows of resources				
Deferred outflows related to OPEB	93,582	22,347	115,929	-
Deferred outflows related to pensions	7,508,912	794,459	8,303,371	-
Total deferred outflows of resources	7,602,494	816,806	8,419,300	-
Liabilities				
Accounts payable	643,569	655,268	1,298,837	2,955
Construction payable	1,280,532	749,490	2,030,022	40,145
Accrued liabilities	471,625	84,446	556,071	6,040
Accrued interest	179,213	85,623	264,836	10,431
Due to primary government	-	-	-	1,142,780
Deposits	26,847	1,512,871	1,539,718	6,682
Unearned revenues	7,872,272	446,019	8,318,291	-
Noncurrent liabilities:				
Due within one year	1,539,517	1,749,948	3,289,465	105,374
Due in more than one year	37,351,103	24,797,766	62,148,869	1,366,652
Total liabilities	49,364,678	30,081,431	79,446,109	2,681,059
Deferred inflows of resources				
Deferred inflows related to OPEB	144,335	32,337	176,672	-
Deferred inflows related to pensions	853,298	-	853,298	-
Deferred inflows related to leases	-	2,753,640	2,753,640	
Total deferred inflows of resources	997,633	2,785,977	3,783,610	-
Net position				
Net investment in capital assets	19,452,205	35,751,848	55,204,053	14,707,985
Restricted for:				
Law enforcement	61,609	-	61,609	-
Library	575,683	-	575,683	-
Transportation	843,345	-	843,345	-
Community redevelopment	1,942,728	-	1,942,728	-
Street lighting	4,682	-	4,682	-
Debt service	532,872	1,120,650	1,653,522	91,387
Capital projects	1,107,428	5,722,677	6,830,105	-
Government services	102,418	-	102,418	-
Unrestricted (deficit)	1,215,957	2,457,170	3,673,127	(586,078)
Total net position	$ 25,838,927	$ 45,052,345	$ 70,891,272	$ 14,213,294

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

City of Lake Wales, Florida

Statement of Activities for the Year Ending September 30, 2023

Functions/Programs	Expenses	Program Revenues: Charges For Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Unit: Airport Authority
Primary government:								
Governmental activities:								
General government	$ 2,519,761	$ 91,830	$ 748	$ 522,785	$ (1,904,398)	$ -	$ (1,904,398)	
Public safety	12,140,342	3,518,472	532,742	29,305	(8,059,823)	-	(8,059,823)	
Physical environment	1,468,411	1,581,920	-	-	113,509	-	113,509	
Transportation	1,809,687	542,170	198,833	-	(1,068,684)	-	(1,068,684)	
Economic environment	2,706,848	-	39,675	517,105	(2,150,068)	-	(2,150,068)	
Human services	10,174	-	-	-	(10,174)	-	(10,174)	
Culture and recreation	3,949,097	824,743	835,817	10,637	(2,277,900)	-	(2,277,900)	
Interest on long-term debt	739,680	-	-	-	(739,680)	-	(739,680)	
Total governmental activities	25,344,000	6,559,135	1,607,815	1,079,832	(16,097,218)	-	(16,097,218)	
Business-type activities:								
Water and sewer utility	9,945,824	11,676,309	-	1,681,295	-	3,411,780	3,411,780	
Cemetery	132,046	248,627	-	-	-	116,581	116,581	
Stormwater	447,184	507,638	-	-	-	60,454	60,454	
Total business-type activities	10,525,054	12,432,574	-	1,681,295	-	3,588,815	3,588,815	
Total primary government	35,869,054	18,991,709	1,607,815	2,761,127	(16,097,218)	3,588,815	(12,508,403)	
Component unit:								
Airport Authority	$ 1,949,741	$ 428,465	$ -	$ 631,058				$ (890,218)
General revenues								
Taxes:								
Property taxes					7,980,425	-	7,980,425	-
Franchise fees					1,711,295	-	1,711,295	-
Public service taxes					2,469,402	-	2,469,402	-
Communication service taxes					500,565	-	500,565	-
Fuel taxes					902,027	-	902,027	-
Local business tax					58,776	-	58,776	-
State and county shared revenues					2,198,390	-	2,198,390	-
Investment earnings					391,867	156,164	548,031	4,289
Insurance recoveries					98,844	-	98,844	-
Gain on disposal of capital assets					-	3,238	3,238	-
Miscellaneous revenues					108,838	141,654	250,492	-
Transfers					1,527,000	(1,527,000)	-	-
Total general revenues and transfers					17,947,429	(1,225,944)	16,721,485	4,289
Change in net position					1,850,211	2,362,871	4,213,082	(885,929)
Net position, beginning of year					23,988,716	42,689,474	66,678,190	15,099,223
Net position, end of year					$ 25,838,927	$ 45,052,345	$ 70,891,272	$ 14,213,294

City of Lake Wales, Florida
Balance Sheet - All Governmental Funds
September 30, 2023

	General	Community Redevelopment	American Rescue Plan Act Special Revenue Fund	Other Governmental Funds	Total
Assets					
Cash and cash equivalents	$ 4,086,281	$ 16,662,157	$ 7,974,586	$ 1,239,526	$ 29,962,550
Receivable, net	680,244	17,090	-	-	697,334
Due from other funds	472,263	-	-	-	472,263
Due from component unit	1,142,780	-	-	-	1,142,780
Inventories	301,289	-	-	-	301,289
Intergovernmental receivables	363,526	148,805	-	178,879	691,210
Restricted cash and cash equivalents:					
Impact fees	-	-	-	1,973,555	1,973,555
Note receivable	-	488,750	-	-	488,750
Prepaid items	362,530	37,500	-	13,919	413,949
Total assets	$ 7,408,913	$ 17,354,302	$ 7,974,586	$ 3,405,879	$ 36,143,680
Liabilities and fund balances					
Liabilities					
Accounts payable	$ 599,187	$ 22,679	$ -	$ 21,703	$ 643,569
Accrued liabilities	421,489	5,810	-	44,326	471,625
Construction payable	-	1,152,045	-	128,487	1,280,532
Due to other funds	-	-	400,438	71,825	472,263
Deposits	26,847	-	-	-	26,847
Unearned revenues	380,454	20,088	7,471,730	-	7,872,272
Total liabilities	1,427,977	1,200,622	7,872,168	266,341	10,767,108
Deferred inflows of resources					
Unavailable revenue	-	637,555	-	-	637,555
Total deferred inflows of resources	-	637,555	-	-	637,555
Fund balances					
Nonspendable:					
Inventories and prepaid items	663,819	-	-	13,919	677,738
Restricted for:					
Law enforcement expenditures	-	-	-	61,609	61,609
Library expenditures	-	-	-	575,683	575,683
Transportation expenditures	-	-	-	843,345	843,345
Community redevelopment expenditures	-	15,516,125	-	-	15,516,125
Street lighting expenditures	-	-	-	4,682	4,682
Debt service	-	-	-	532,872	532,872
Capital projects	-	-	-	1,107,428	1,107,428
Government services			102,418	-	102,418
Assigned for:					
Subsequent years' expenditure	1,782,603	-	-	-	1,782,603
Unassigned	3,534,514	-	-	-	3,534,514
Total fund balance	5,980,936	15,516,125	102,418	3,139,538	24,739,017
Total liabilities, deferred inflows of resources and fund balances	$ 7,408,913	$ 17,354,302	$ 7,974,586	$ 3,405,879	$ 36,143,680

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

City of Lake Wales, Florida

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2023

Total fund balances of governmental funds	$	24,739,017
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.		32,857,451
Prepaid bond insurance is a long-term asset that is not available to pay for current period expenditures and, therefore, are not reported in the governmental funds.		69,876
Revenues not received within the "availability" period are deferred at the fund level and recognized in the statement of activities.		637,555
Interest payable on long-term debt does not require current financial resources and, therefore, interest payable is not reported as a liability in the governmental funds balance sheet.		(179,213)
Long-term liabilities (including certain accounts payable, compensated absences and OPEB liabilities) are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.		(38,890,620)
Deferred outflows of resources represent a consumption of net position or fund balance that applies to future periods and, therefore, are not reported in the governmental funds		7,602,494
Deferred inflows of resources represent an acquisition of net position or fund balance that applies to future periods and, therefore, are not reported in the governmental funds		(997,633)
Net position of governmental activities	$	25,838,927

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

City of Lake Wales, Florida

Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Funds
For the Year Ended September 30, 2023

	General	Community Redevelopment	American Rescue Plan Act Special Revenue Fund	Other Governmental Funds	Total
Revenues					
Taxes	$ 6,840,831	$ 1,362,546	$ -	$ 2,285,015	$ 10,488,392
Special assessment	-	-	-	12,421	12,421
Licenses and permits	3,181,264	-	-	-	3,181,264
Intergovernmental	2,834,297	1,827,046	400,438	1,074,722	6,136,503
Charges for services	4,064,026	-	-	179,725	4,243,751
Fines and forfeits	212,478	-	-	5,304	217,782
Investment earnings	117,228	156,835	102,418	28,519	405,000
Impact fees	-	-	-	1,585,337	1,585,337
Miscellaneous	106,105	39,675	-	32,916	178,696
Total revenues	17,356,229	3,386,102	502,856	5,203,959	26,449,146
Expenditures					
Current:					
General government	3,596,379	-	-	-	3,596,379
Public safety	12,629,322	-	-	74,942	12,704,264
Physical environment	1,327,976	-	438	12,406	1,340,820
Transportation	358,182	-	-	1,437,951	1,796,133
Economic environment	175,000	7,368,376	400,000	-	7,943,376
Human services	40,000	-	-	-	40,000
Culture and recreation	2,954,598	-	-	1,263,744	4,218,342
Debt Service:					
Principal	-	-	-	1,529,723	1,529,723
Interest and fiscal charges	-	-	-	738,110	738,110
Capital outlay	-	-	-	793,132	793,132
Total expenditures	21,081,457	7,368,376	400,438	5,850,008	34,700,279
Excess (deficiency) of revenues over (under) expenditures	(3,725,228)	(3,982,274)	102,418	(646,049)	(8,251,133)
Other financing sources (uses)					
Transfers in	1,780,522	-	-	1,253,396	3,033,918
Transfers out	(203,116)	(1,250,280)	-	(53,522)	(1,506,918)
Insurance recoveries	98,844	-	-	-	98,844
Issuance of debt	2,036,692	17,595,000	-	-	19,631,692
Premium on debt issuance	-	1,209,365	-	-	1,209,365
Sale of capital assets	48,599	67,280	-	-	115,879
Total other financing (uses) sources	3,761,541	17,621,365	-	1,199,874	22,582,780
Net change in fund balances	36,313	13,639,091	102,418	553,825	14,331,647
Fund balances, beginning of year	5,944,623	1,877,034	-	2,585,713	10,407,370
Fund balances, end of year	$ 5,980,936	$ 15,516,125	$ 102,418	$ 3,139,538	$ 24,739,017

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

City of Lake Wales, Florida

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of the Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2023

Net change in fund balances of the governmental funds		$ 14,331,647
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is depreciated over their estimated useful lives.		
Capital asset additions	$ 9,339,592	
Capital asset disposals	(55,081)	
Depreciation expense	(2,017,047)	7,267,464
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but are instead deferred. This item represents the change caused by the "available" revenue recognition criteria.		120,055
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes resources of the governmental funds. Neither transaction, however, has any effect on the change in net position.		
New debt	(20,841,057)	
Principal paid	1,529,723	(19,311,334)
Governmental funds report the effect of prepaid bond insurance when the debt is frst issued, whereas these amounts are reported as a prepaid asset on the statement of net position and amortized in the statement of activities.		
This is the amount of bond insurance expenditures incurred in the current year	73,768	
This is the bond insurance costs amortized in the statement of activities in the current year	(3,892)	69,876
Other long-term obligations are reported in the government-wide statement of net position as liabilities, but not at the fund level as they do not require the use of current financial resources and therefore are reported as revenues when received and expenditures when paid:		
(Increase) in compensated absences liability	46,935	
(Increase) in interest accrued on bonds	(71,447)	(24,512)
Pension expense is reported in the statement of activities which differs from pension expenditures as reported in governmental funds:		
Increase in deferred outflows related to pensions	5,493,953	
(Increase) in deferred inflows related to pensions	1,864,857	
(Increase) in the net pension liability	(7,904,736)	(545,926)
Other postemployment benefit (OPEB) expense is reported in the statement of activities which differs from OPEB expenditures as reported in governmental funds:		
(Decrease) in deferred outflows related to OPEB	(39,627)	
(Increase) in deferred inflows related to OPEB	(100,673)	
(Increase) decrease in the total OPEB liability	83,241	(57,059)
Change in net position of governmental activities		$ 1,850,211

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

City of Lake Wales, Florida

Statement of Net Position - Proprietary Funds

September 30, 2023

	Business-type Activities - Enterprise Funds		
	Public Utilities Fund	Nonmajor Enterprise Funds	Total Enterprise Funds
Assets			
Current assets			
Cash and cash equivalents	$ 1,219,246	$ 945,207	$ 2,164,453
Receivables, net	1,691,279	133,316	1,824,595
Intergovernmental receivables	-	96,925	96,925
Lease receivable, current	137,746	-	137,746
Restricted cash and cash equivalents:			
Debt reserve accounts	168,026	-	168,026
Escrow - C street project	8,610	-	8,610
Impact fees	5,284,798	-	5,284,798
Customer deposits	1,512,871	-	1,512,871
Debt reserve accounts	1,034,364	-	1,034,364
Impact fees	429,269	-	429,269
Inventories	450,583	-	450,583
Due from other funds	115,312	-	115,312
Prepaid items	6,831	-	6,831
Total current assets	12,058,935	1,175,448	13,234,383
Noncurrent assets			
Lease receivable, noncurrent	2,609,072	-	2,609,072
Capital assets:			
Nondepreciable	5,953,453	603,426	6,556,879
Depreciable, net	54,238,267	579,658	54,817,925
Total noncurrent assets	62,800,792	1,183,084	63,983,876
Total assets	74,859,727	2,358,532	77,218,259
Deferred outflows of resources			
Deferred outflows related to OPEB	22,347	-	22,347
Deferred outflows related to pensions	794,459	-	794,459
Total deferred outflows of resources	816,806	-	816,806
Total assets and deferred outflows of resources	$ 75,676,533	$ 2,358,532	$ 78,035,065

Continued …

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

	Business-type Activities - Enterprise Funds		
	Public Utilities Fund	**Nonmajor Enterprise Funds**	**Total Enterprise Funds**
Liabilities			
Current liabilities			
Accounts payable	$ 515,140	$ 140,128	$ 655,268
Construction payable	640,919	108,571	749,490
Accrued liabilities	84,446	-	84,446
Accrued interest	81,740	3,883	85,623
Due to other funds	-	115,312	115,312
Customer deposits	1,512,871	-	1,512,871
Unearned revenues	446,019	-	446,019
Accrued compensated absences	18,816	-	18,816
Current portion of long-term debt	1,671,646	59,486	1,731,132
Total current liabilities	4,971,597	427,380	5,398,977
Noncurrent liabilities			
Notes and lease obligations payable - noncurrent	22,744,564	397,770	23,142,334
Accrued compensated absences	169,343	-	169,343
Total OPEB liability	102,338	-	102,338
Net pension liability	1,074,732	-	1,074,732
Joint venture loan guarantee	309,019	-	309,019
Total noncurrent liabilities	24,399,996	397,770	24,797,766
Total liabilities	29,371,593	825,150	30,196,743
Deferred inflows of resources			
Deferred inflows related to OPEB	32,337	-	32,337
Deferred inflows related to leases	2,753,640	-	2,753,640
Total deferred inflows of resources	2,785,977	-	2,785,977
Net position			
Net investment in capital assets	35,134,591	617,257	35,751,848
Restricted for capital projects	5,722,677	-	5,722,677
Restricted for debt service	1,120,650	-	1,120,650
Unrestricted	1,541,045	916,125	2,457,170
Total net position	$ 43,518,963	$ 1,533,382	$ 45,052,345

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

City of Lake Wales, Florida

Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds
For the Year Ended September 30, 2023

	Business-type Activities - Enterprise Funds		
	Public Utilities Fund	Nonmajor Enterprise Funds	Total Enterprise Funds
Operating revenues:			
Charges for services	$ 11,676,309	$ 756,265	$ 12,432,574
Other income	141,654	-	141,654
Total operating revenues	11,817,963	756,265	12,574,228
Operating expenses:			
Personnel services	2,794,236	-	2,794,236
Contractual services	576,973	54,902	631,875
Repairs and maintenance	2,024,010	134,040	2,158,050
Materials and supplies	357,290	-	357,290
General and administrative	1,984,737	335,306	2,320,043
Depreciation	2,082,522	41,811	2,124,333
Total operating expenses	9,819,768	566,059	10,385,827
Operating income (loss)	1,998,195	190,206	2,188,401
Nonoperating revenues (expenses)			
Interest income	149,982	6,182	156,164
Interest expense and fiscal charges	(232,223)	(13,171)	(245,394)
Other nonoperating expense	106,167	-	106,167
Gain (loss) on sale of capital assets	3,238	-	3,238
Total nonoperating revenues (expenses)	27,164	(6,989)	20,175
Income (loss) before contributions and transfers	2,025,359	183,217	2,208,576
Capital contributions			
Grants	396,180	-	396,180
Impact fees	1,285,115	-	1,285,115
Total capital contributions	1,681,295	-	1,681,295
Transfers			
Transfers in	-	200,000	200,000
Transfers out	(1,727,000)	-	(1,727,000)
Total transfers	(1,727,000)	200,000	(1,527,000)
Change in net position	1,979,654	383,217	2,362,871
Net position, beginning of year	41,539,309	1,150,165	42,689,474
Net position, end of year	$ 43,518,963	$ 1,533,382	$ 45,052,345

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

City of Lake Wales, Florida

Statement of Cash Flows - Proprietary Funds
For the Year Ended September 30, 2023

	Business-type Activities - Enterprise Funds		
	Public Utilities Fund	Nonmajor Enterprise Funds	Total Enterprise Funds
Cash flows from operating activities			
Cash received from customers	$ 12,233,016	$ 698,077	$ 12,931,093
Cash payments to suppliers for goods and services	(4,788,050)	(425,443)	(5,213,493)
Cash payments for employee services	(2,708,290)	-	(2,708,290)
Net cash provided by (used in) operating activities	4,736,676	272,634	5,009,310
Cash flows from noncapital financing activities			
Loans (to) from other funds	(115,312)	115,312	-
Transfer to (from) other funds	(1,727,000)	200,000	(1,527,000)
Net cash used in noncapital financing activities	(1,842,312)	315,312	(1,527,000)
Cash flows from capital and related financing activities			
Acquisition and construction of capital assets	(7,088,514)	(371,841)	(7,460,355)
Impact fees	1,285,115	-	1,285,115
Capital grants	396,180	-	396,180
Debt issuance proceeds	4,148,248	96,920	4,245,168
Principal payments on long-term debt	(1,590,685)	(63,686)	(1,654,371)
Interest paid	(231,841)	(13,817)	(245,658)
Proceeds from sale of equipment	320,635	-	320,635
Net cash used in capital and related financing activities	(2,760,862)	(352,424)	(3,113,286)
Cash flows from investing activities			
Sale of investments	1,453,262	-	1,453,262
Interest income	149,982	6,182	156,164
Net cash provided by investing activities	1,603,244	6,182	1,609,426
Net increase (decrease) in cash and cash equivalents	1,736,746	241,704	1,978,450
Cash and cash equivalents, beginning of year	7,920,438	703,503	8,623,941
Cash and cash equivalents, end of year	$ 9,657,184	$ 945,207	$ 10,602,391

continued…

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

	Business-type Activities - Enterprise Funds		
	Public Utilities Fund	**Nonmajor Enterprise Funds**	**Total Enterprise Funds**
Reconciliation of cash and cash equivalents to statement of net position:			
Cash and cash equivalents	$ 1,219,246	$ 945,207	$ 2,164,453
Restricted cash and cash equivalents	8,437,938	-	8,437,938
Cash and cash equivalents, end of year	$ 9,657,184	$ 945,207	$ 10,602,391
Reconciliation of operating income to net cash provided by operating activities			
Operating income (loss)	$ 1,998,195	$ 190,206	$ 2,188,401
Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities:			
Depreciation	2,082,522	41,811	2,124,333
(Increase) decrease in assets and deferred outflows:			
Accounts receivable	62,959	(58,188)	4,771
Inventories	(49,739)	-	(49,739)
Prepaid	(2,965)	-	(2,965)
Lease receivables	141,329	-	141,329
Deferred outflows related to pensions	(577,561)	-	(577,561)
Deferred outflows related to OPEB	8,844	-	8,844
Increase (decrease) in liabilities and deferred inflows:			
Accounts payable	207,664	98,805	306,469
Accrued liabilities	(7,157)	-	(7,157)
Customer deposits	102,868	-	102,868
Unearned revenue	255,991	-	255,991
Compensated absences	(6,000)	-	(6,000)
Total OPEB liability	(20,268)	-	(20,268)
Net pension liability	871,885	-	871,885
Deferred inflows related to OPEB	22,467	-	22,467
Deferred inflows related to pensions	(206,264)	-	(206,264)
Deferred inflows related to leases	(148,094)		(148,094)
Net cash provided by operating activities	$ 4,736,676	$ 272,634	$ 5,009,310

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

City of Lake Wales, Florida

Statement of Net Position - Fiduciary Funds
September 30, 2023

	Pension Trust Funds	Custodial Fund
Assets		
Cash and cash equivalent	$ -	$ 132,404
Investments, at fair value:		
Money market funds	1,428,791	-
Government bonds	1,350,064	-
Government assets backed/CMO securities	5,479,190	-
Taxable municipal bonds	487,941	-
Foreign bonds	159,004	-
Corporate bonds and notes	1,967,746	-
Common and preferred stock	27,579,857	-
Real estate investment fund	2,876,910	-
Total investments	41,329,503	-
Receivable (net):		
Interest and dividends	121,821	-
Total receivable	121,821	-
Total assets	41,451,324	132,404
Liabilities		
Accounts payable	4,405	-
Due to other governments	-	132,404
Total liabilities	4,405	132,404
Net position		
Net position restricted for pension benefits	$ 41,446,919	$ -

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

City of Lake Wales, Florida

Statement of Changes in Fiduciary Net Position - Fiduciary Funds
For the Year Ended September 30, 2023

	Pension Trust Funds	Custodial Fund
Additions		
Contributions:		
Employer	$ 1,567,842	$ -
State of Florida	339,141	-
Employee	542,084	-
Fees collected on behalf of other governments	-	3,304,466
Total contributions	2,449,067	3,304,466
Interest and dividends	827,431	-
Net decrease in the fair value of investments	3,664,965	-
Investment gain	4,492,396	-
Investment expense	(201,096)	-
Investment gain, less investment expense	4,291,300	-
Total additions	6,740,367	3,304,466
Deductions		
Benefit payments, including refunds of employee contributions	2,627,454	-
Administration	216,216	-
Remittance of fees to other governments	-	3,304,466
Total deductions	2,843,670	3,304,466
Change in net position	3,896,697	-
Total net position - beginning of year	37,550,222	-
Total net position - end of year	$ 41,446,919	$ -

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

I. Summary of significant accounting policies

A. Reporting entity

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

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

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

- The Lake Wales Community Redevelopment Agency (CRA) was created pursuant to Chapter 163, Florida Statutes, and is governed by Sections 2-71 through 2-74 of the City Code of Ordinances. In accordance with Section 2-72, the City Commission serves as the CRA governing board. In addition, the City and CRA have the same management team. In evaluating this potential component unit, it was determined that the CRA is a separate legal entity but should be treated as a blended component unit and included as part of the primary government for reporting purposes. The CRA is presented in the financial statements of the City as a special revenue fund and issued separate stand-alone audited financial statements for fiscal year ending September 30, 2023.

- The Lake Wales Library Board (Library Board) was created pursuant to Chapter 57-1488, Laws of Florida, and is governed by Section 2-116 of the Code of Ordinances. The City Commission appoints the Board of Directors. Chapter 57-1488, Laws of Florida, authorizes the City Commission to levy up to one mil in property taxes to establish, maintain, and operate a public municipal library. The City Commission approves the Library Board's budget, levies the ad valorem property tax for the library operations, appoints the Library Board of Directors and has operational responsibility for the library. In evaluating this potential component unit, it was determined that the Library Board is a separate legal entity but should be treated as a blended component unit and included as part of the primary government for reporting purposes. Accordingly, the Library Board's operations are reported in a non-major special revenue fund and its capital assets are included under governmental activities in the statement of net position.

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

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

The Airport Authority meets the criteria provided by Florida Statute 189-403(2) of a dependent special district of the City of Lake Wales. Florida Statute 218.39(3) provides that a dependent special district may make provision for an annual financial audit by being included within the audit of another local governmental entity upon which it is dependent. The Airport Authority and the City of Lake Wales have made this election. The Lake Wales Airport Authority did not issue separate audited financial statements for fiscal year ending September 30, 2023.

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

- **Lake Wales Housing Authority (the Housing Authority)** - The Housing Authority was created by Resolution No. 68-3 pursuant to Chapter 421, Florida Statutes. The Housing Authority members are appointed by the City Commission; however, the City's accountability for the Housing Authority does not extend beyond making these appointments. Accordingly, the Housing Authority is considered to be a related organization only and is not included in the financial reporting entity.

- **Lake Wales Library Association, Inc. (the Association)** - The Association is a separate legal entity established as a direct support organization for the Lake Wales Public Library. The City Commission does not appoint a voting majority of the Association's Board of Directors, nor can it impose its will on the Association. Accordingly, the Association is not considered to be a component unit of the City.

B. Government-wide and fund financial statements

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

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

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.
Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

The City reports the following major governmental funds:

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

The City reports the following major proprietary fund:

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

Additionally, the City reports the following fund types:

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

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

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

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

D. Assets, liabilities, and net position or equity

1. Deposits and investments

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

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

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

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

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

2. Receivables

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

3. Inventories and prepaid items

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

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

4. Restricted assets

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

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

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

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

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

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

5. Interest Costs

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

6. Capital assets

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

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

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

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

7. Deferred outflows/inflows of resources

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

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

8. Compensated absences

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

9. Long-term obligations

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

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

10. Leases

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

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

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

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

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

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

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

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

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

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

11. Fund Balances

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

- **Nonspendable** – This component of fund balance consists of amounts that cannot be spent because (a) they are not expected to be converted to cash or (b) they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund.

- **Restricted** - This component of fund balances consists of amounts that are constrained either (a) externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments), or (b) by law through constitutional provisions or enabling legislation.

- **Committed** - This component of fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by ordinance of the organization's governing authority (the City Commission). These committed amounts cannot be used for any other purpose unless the City Commission removes or changes the specified use by taking the same type of action (ordinance) employed to constrain those amounts.

- **Assigned** -This component of fund balance consists of amounts that are constrained by a less-than-formal action of the organization's governing authority, or by an individual or body to whom the governing authority has delegated this responsibility. At fiscal year end, the Commission has not delegated this responsibility. In addition, residual balances in special revenue, capital projects, and debt service funds are considered assigned for the general purpose of the respective fund.

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

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

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

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

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

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

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

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

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

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12. Revenue Recognition

Utility revenues are recognized when customers are billed, unless there has been a significant change in meter reading dates. In that event, unbilled or unearned revenues are recorded for consistency. Included in accounts receivable on September 30, 2023, are unbilled amounts totaling $839,863 ($688,006 enterprise funds and $151,857 general fund).

13. Property Taxes

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the Polk County Property Appraiser and the Polk County Tax Collector. The laws of the state regulating tax assessments are also designed to assure a consistent property valuation method state-wide. Florida Statutes permit municipalities to levy property taxes at a rate of up to 10.00 mills. The City's millage rate for the 2023 fiscal year was 6.3626 mills.

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

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

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

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

14. Pension Plans

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

II. Stewardship, compliance, and accountability

A. Budgetary information

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

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

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

- On or before September 1 of each year, the City Manager is to submit to the City Commission a budget for the ensuing fiscal year and an accompanying budget report.

- The budget is to provide a financial plan of municipal funds and activities for the ensuing fiscal year, with the expenditures classified for the main functional divisions and departments of the City.

- The City Commission is to adopt the budget by ordinance after two public hearings.

- Supplemental appropriations are to be made by the City Commission by ordinance when the City Manager certifies that there are revenues in excess of those estimated in the budget available for appropriation. At any time during the fiscal year, the City Manager may transfer part or all of any unencumbered appropriation balance among programs within a department, office, or agency. Upon written request by the City Manager, the City Commission may, by ordinance, transfer part or all of any unencumbered appropriation balance from one department, office, or agency to another. This policy effectively establishes the legal level of budgetary control at the department level.

- Appropriations, except those for capital expenditures, lapse at year-end to the extent that they have not been expended or encumbered. Appropriations for capital expenditures continue in force until the purposes for which they were made have been accomplished or abandoned.

- Appropriations are controlled at the object level within each department or function. Budgetary information is integrated into the accounting system and, to facilitate budget control, budget balances are encumbered when purchase orders are issued.

III. Detailed notes on all funds

A. Deposits and investments

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

On September 30, 2023, the carrying amount of cash on hand and on deposit with banks, including interest-bearing deposits was $42,670,900, and the related bank balance was $43,631,918.

Investments – City
On September 30, 2023, the carrying amount of investments was zero. The City began the year with $1,453,262 in investments of nonparticipating certificates of deposit and were presented at amortized cost. The certificates of deposit matured during the year ended September 30, 2023, and those funds were moved to bank accounts. The City seeks to optimize return on investments within the constraints of safety and liquidity.

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

On September 30, 2023, pension trust funds' investments are valued at fair value, with the exception of money market mutual funds, which are presented at amortized cost, and the fire and police pension plans' pooled real estate investments which are presented at net asset value (NAV).

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Investments – Fair Value

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

The City's pension trust funds have the following carrying values as of September 30, 2023, based on measurement criteria as specified:

General Employees' Pension Trust Fund:

	September 30, 2023	Level 1	Level 2	Amortized Cost
Investments at fair value				
Money market mutual funds	$ 413,965	$ -	$ -	$ 413,965
Government bonds	411,519	39,463	372,056	-
Government asset-backed/ CMO securities	2,052,323	-	2,052,323	-
Taxable municipal bonds	185,590	-	185,590	-
Foreign bonds	71,212	-	71,212	-
Corporate bonds and notes	818,352	53,236	765,116	-
Common and preferred stock	8,926,310	8,285,775	640,535	-
Total investments measured at fair value	$ 12,879,271	$ 8,378,474	$ 4,086,832	$ 413,965

Firefighters' Pension Trust Fund:

	September 30, 2023	Level 1	Level 2	Amortized Cost
Investments at fair value				
Money market mutual funds	$ 446,841	$ -	$ -	$ 446,841
Government bonds	353,697	39,414	314,283	-
Government asset-backed/ CMO securities	1,204,907	-	1,204,907	-
Taxable municipal bonds	126,519	-	126,519	-
Foreign bonds	32,346	-	32,346	-
Corporate bonds and notes	524,273	29,576	494,697	-
Common and preferred stock	6,995,912	6,533,561	462,351	-
Total investments measured at fair value	9,684,495	$ 6,602,551	$ 2,635,103	$ 446,841
Investments measured at net asset value (NAV)				
Real estate investment fund	1,054,020			
Total investments	$ 10,738,515			

Police Officers' Pension Trust Fund:

	September 30, 2023	Level 1	Level 2	Amortized Cost
Investments at fair value				
Money market mutual funds	$ 567,985	$ -	$ -	$ 567,985
Government bonds	584,848	91,508	493,340	-
Government asset-backed/ CMO securities	2,221,960	-	2,221,960	-
Taxable municipal bonds	175,832	-	175,832	-
Foreign bonds	55,446	-	55,446	-
Corporate bonds and notes	625,121	75,911	549,210	-
Common and preferred stock	11,657,635	10,711,157	946,478	-
Total investments measured at fair value	15,888,827	$ 10,878,576	$ 4,442,266	$ 567,985
Investments measured at net asset value (NAV)				
Real estate investment fund	1,822,890			
Total investments	$ 17,711,717			

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

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

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

	General Employees	**Fire Fighters**	**Police Officers**
Domestic Equity Securities	50%	50%	50%
Fixed Income Securities	35%	25%	25%
International Equity	15%	15%	15%
Private Real Estate	0%	10%	10%

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

Information related to interest rate and credit risk for the pension trust funds' fixed income investments on September 30, 2023 is summarized below:

General Employees' Pension Trust Fund:

Investment Type	Credit Rating (S&P's)	Fair Value/ Amortized Cost	Weighted Average Maturity (years)
Money Market Funds	N/R	$ 413,965	<1
Corporate Bonds	*	818,352	12.95
Government Bonds	AA+	411,519	9.13
Government asset-backed/CMO Sec.	AA+	2,052,323	12.27
Foreign Bonds	**	71,212	7.09
Taxable Municipal Bonds	***	185,590	12.42
Equities	N/R	8,926,310	na
Total Fair Value		$ 12,879,271	

Firefighters' Pension Trust Fund:

Investment Type	Credit Rating (Moody)	Fair Value/ Amortized Cost	Weighted Average Maturity
Money Market Funds	N/R	$ 446,841	<1
Corporate Bonds	*	524,273	13.45
Government Bonds	AA+	353,697	8.63
Government asset-backed/CMO Sec.	AA+	1,204,907	13.16
Foreign Bonds	**	32,346	5.53
Taxable Municipal Bonds	***	126,519	15.00
Real estate investment fund	N/R	1,054,020	na
Equities	N/R	6,995,912	na
Total Fair Value		$ 10,738,515	

Police Officers' Pension Trust Fund:

Investment Type	Credit Rating (S&P's)	Fair Value/ Amortized Cost	Weighted Average Maturity
Money Market Funds	N/R	$ 567,985	<1
Corporate Bonds	*	625,121	16.40
Government Bonds	AA+	584,848	9.19
Government asset-backed/CMO Sec.	AA+	2,221,960	12.85
Foreign Bonds	**	55,446	6.00
Municipal Bonds	***	175,832	18.17
Real estate investment fund	N/R	1,822,890	na
Equities	N/R	11,657,635	na
Total Fair Value		$ 17,711,717	

*Credit rating on the above bonds that were rated varied from AA to BBB+
**Credit rating on the above bonds varied from A+ to A-
***Credit rating on the above bonds that were rated varied from AAA to A
N/R = Not rated

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

Interest rate risk

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

Concentration of credit risk

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

Custodial credit risk - deposits

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of September 30, 2023, the City's cash deposits were entirely covered by federal depository insurance or by the banking network provided by Chapter 280 of the Florida Statutes. Florida Statutes provide for collateral pooling by banks and savings and loans and limit local government deposits to "qualified public depositories."

Custodial credit risk - investments

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

B. Receivables

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

	General	Community Redevelopment	Other Governmental Funds	Total Governmental Funds	Enterprise - Business Type	Total
Receivable:						
Taxes	$ 222,520	$ -	$ -	$ 222,520	$ -	$ 222,520
Franchise fees	174,616	-	-	174,616	-	174,616
Accounts	244,651	17,090	-	261,741	2,305,834	2,567,575
Unbilled amounts	151,857	-	-	151,857	688,006	839,863
Gross receivables	793,644	17,090	-	810,734	2,993,840	3,804,574
Less: allowance for uncollectibles	(113,400)	-	-	(113,400)	(1,169,245)	(1,282,645)
Net total receivable	$ 680,244	$ 17,090	$ -	$ 697,334	$ 1,824,595	$ 2,521,929
Intergovernmental Receivables	$ 363,526	$ 148,805	$ 178,879	$ 691,210	$ -	$ 691,210
Lease receivables	$ -	$ -	$ -	$ -	$ 2,746,818	$ 2,746,818

Governmental funds delay revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unearned revenue* reported in the governmental funds consisted of $380,454 of unearned revenue in the general fund and $7,471,730 of unearned American Rescue Plan Coronavirus State and Local Fiscal Recovery Funds in the American Rescue Plan special revenue fund, which are reported as unearned as these funds have not been used on allowable expenditures as of September 30, 2023.

C. Capital assets

Capital asset activity for the year ended September 30, 2023 was as follows:

	Beginning Balance	Additions	Reclassification	Disposals	Ending Balance
Governmental activities:					
Capital assets not being depreciated					
Land	$ 4,847,561	$ -	$ -	$ -	$ 4,847,561
Construction in progress	1,601,518	6,743,973	-	-	8,345,491
Total capital assets, not being depreciated	6,449,079	6,743,973	-	-	13,193,052
Capital assets being depreciated:					
Buildings	15,719,394	-	-	-	15,719,394
Improvements other than buildings	9,518,265	400,671	-	(294,458)	9,624,478
Machinery and equipment	12,165,565	371,373	98,321	(73,656)	12,561,603
Infrastructure	20,971,277	580,131	-	-	21,551,408
Right to use leased equipment	4,586,362	1,243,444	(98,321)	-	5,731,485
Total depreciable capital assets	62,960,863	2,595,619	-	(368,114)	65,188,368
Total all capital assets	69,409,942	9,339,592	-	(368,114)	78,381,420
Less accumulated depreciation for:					
Buildings	(6,340,260)	(367,891)	-	-	(6,708,151)
Improvements other than buildings	(6,488,704)	(294,298)	-	284,184	(6,498,818)
Machinery and equipment	(10,980,039)	(304,249)	(41,509)	28,849	(11,296,948)
Infrastructure	(17,758,756)	(496,710)	-	-	(18,255,466)
Right to use leased equipment	(2,252,196)	(553,899)	41,509	-	(2,764,586)
Total accumulated depreciation	(43,819,955)	(2,017,047)	-	313,033	(45,523,969)
Depreciable capital assets, net	19,140,908	578,572	-	(55,081)	19,664,399
Total governmental activities capital assets, net	$ 25,589,987	$ 7,322,545	$ -	$ (55,081)	$ 32,857,451

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

Governmental activities:	
General government	$ 99,921
Public safety	666,248
Physical environment	121,566
Transportation	605,645
Economic environment	11,394
Human services	10,174
Culture and recreation	502,099
Total governmental activities depreciation expense	$ 2,017,047

	Beginning Balance	Additions	Reclassification	Disposals	Ending Balance
Business-type activities					
Capital assets not being depreciated					
Land	$ 850,497	$ -	$ -	$ -	$ 850,497
Construction in progress	1,188,864	4,834,914	-	(317,396)	5,706,382
Total capital assets, not being depreciated	2,039,361	4,834,914	-	(317,396)	6,556,879
Capital assets being depreciated:					
Buildings	6,370,870	-	-	-	6,370,870
Improvements other than buildings	70,314,063	3,065,596	-	(75,372)	73,304,287
Machinery and equipment	7,062,350	125,752	49,215	(2,422)	7,234,895
Right to use leased equipment	375,906	138,225	(49,215)	-	464,916
Total depreciable capital assets	84,123,189	3,329,573	-	(77,794)	87,374,968
Total all capital assets	86,162,550	8,164,487	-	(395,190)	93,931,847
Less accumulated depreciation for:					
Buildings	(887,796)	(150,933)	-	-	(1,038,729)
Improvements other than buildings	(23,546,293)	(1,724,445)	-	75,370	(25,195,368)
Machinery and equipment	(5,883,255)	(184,921)	(44,348)	2,422	(6,110,102)
Right to use leased equipment	(193,158)	(64,034)	44,348	-	(212,844)
Total accumulated depreciation	(30,510,502)	(2,124,333)	-	77,792	(32,557,043)
Depreciable capital assets, net	53,612,687	1,205,240	-	(2)	54,817,925
Total business-type activities capital assets, net	$ 55,652,048	$ 6,040,154	$ -	$ (317,398)	$ 61,374,804

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

Business-type activities:	
Water	$ 894,729
Sewer	1,187,793
Cemetery	33,875
Stormwater	7,936
Total business-type activities depreciation expense	$ 2,124,333

	Beginning Balance	Additions	Reclassification	Disposals	Ending Balance
Discretely presented component unit					
Capital assets not being depreciated					
Land	$ 1,625,274	$ -	$ -	$ -	$ 1,625,274
Construction in progress	211,291	430,966	-	(215,723)	426,534
Total capital assets, not being depreciated	1,836,565	430,966	-	(215,723)	2,051,808
Capital assets being depreciated:					
Buildings	2,608,866	-	-	-	2,608,866
Improvements other than buildings	20,819,589	215,723	-	-	21,035,312
Machinery and equipment	883,881	-	-	-	883,881
Total depreciable capital assets	24,312,336	215,723	-	-	24,528,059
Total all capital assets	26,148,901	646,689	-	(215,723)	26,579,867
Less accumulated depreciation for:					
Buildings	(746,536)	(55,791)	-	-	(802,327)
Improvements other than buildings	(8,037,436)	(1,109,864)	-	-	(9,147,300)
Machinery and equipment	(567,919)	(48,548)	-	-	(616,467)
Total accumulated depreciation	(9,351,891)	(1,214,203)	-	-	(10,566,094)
Depreciable capital assets, net	14,960,445	(998,480)	-	-	13,961,965
Total governmental activities capital assets, net	$ 16,797,010	$ (567,514)	$ -	$ (215,723)	$ 16,013,773

D. Construction commitments

The City has active construction projects as of September 30, 2023. At year-end, the City's commitments with contractors are as follows:

Projects	Spent-to-Date	Remaining Commitment
NW Water Main Extension	$ 2,469,137	$ 119,897
Watershed Management Plan	348,816	16,384
Septic to Sewer Project	2,669,079	565,301
Water Main Replacement Phase II	2,195,503	2,509,292
Total primary government	$ 7,682,535	$ 3,210,874

Lake Wales Airport Authority - discretely presented component unit:

Projects	Spent-to-Date	Remaining Commitment
Fuel Farm Construction	$ 428,161	$ 623,960
Total Lake Wales Airport Authority	$ 428,161	$ 623,960

Other Commitments:

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

E. Leases

Lease receivable – The City is party to several lease receivables related to antenna placement lease agreements, the oldest originally executed in 1998 and the most recent executed in 2006. Several of the lease agreements have been amended since the inception. The lease terms vary slightly but generally are for an initial 5-year period with the option of five additional 5-year renewal periods thereafter. The City recognized approximately $141,650 in lease revenue during the fiscal year related to these leases. On September 30, 2023, the City's receivable for future lease payments was $2,746,818. Also, the City reports a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term on a straight-line basis. On September 30, 2023, the balance of the deferred inflow of resources was $2,753,640.

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

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

F. Interfund receivable, payables and transfers

There were no interfund receivable or payable balances on September 30, 2023:

Receivable Fund	Payable Fund	Amount
General	Law enforcement block grant	$ 23,000
General	Forfeitures	48,825
General	ARPA	400,438
Subtotal		$ 472,263
Public Utilities	Stormwater	$ 115,312
Due to/from component unit:		
General	Airport Authority	$ 1,142,780

The interfund receivables/payable represent interfund short term borrowing that has not been repaid as of September 30, 2023.

The composition of interfund transfers for the year ended September 30, 2023 is as follows:

	Transfer In:				
	General	Debt Service	Law enforcement block grant	LWMG Cemetery	Total
Transfer Out:					
General	$ -	$ -	$ 3,116	$ 200,000	$ 203,116
Library	53,522	-	-	-	53,522
CRA	-	1,250,280	-	-	1,250,280
Public Utilities	1,727,000	-	-	-	1,727,000
Total	$ 1,780,522	$ 1,250,280	$ 3,116	$ 200,000	$ 3,233,918

Transfers during the year were used to 1) move revenue from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due, 2) move resources from the capital projects fund to the general fund to return resources that were not utilized for capital projects, 3) move general fund resources as a subsidy to the LWMG fund and 4) fund the annual budgeted transfer from the public utilities fund to the general fund.

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G. Long-term debt

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

	Beginning Balance	Additions	Disposals	Ending Balance	Due Within One Year
Governmental activities:					
Notes and lease obligations payable:					
Notes payable	$ 5,043,531	$ 19,114,448	$ (816,513)	$ 23,341,466	$ 760,483
Lease payable	1,343,246	1,726,609	(713,210)	2,356,645	649,266
Total notes and lease payable	6,386,777	20,841,057	(1,529,723)	25,698,111	1,409,749
Other liabilities:					
Net pension liabilities	3,531,825	7,904,736	-	11,436,561	-
OPEB liability	541,507	-	(83,241)	458,266	-
Compensated absences	1,344,617	-	(46,935)	1,297,682	129,768
Total other liabilities	5,417,949	7,904,736	(130,176)	13,192,509	129,768
Governmental long-term liabilities	$ 11,804,726	$ 28,745,793	$ (1,659,899)	$ 38,890,620	$ 1,539,517

	Beginning Balance	Additions	Disposals	Ending Balance	Due Within One Year
Business-type activities:					
Notes and lease obligations payable:					
Notes payable	$ 22,037,072	$ 4,175,325	$ (1,553,987)	$ 24,658,410	$ 1,654,915
Lease payable	148,672	166,768	(100,384)	215,056	76,217
Total notes and lease payable	22,185,744	4,342,093	(1,654,371)	24,873,466	1,731,132
Other liabilities:					
Net pension liabilities	202,847	871,885	-	1,074,732	-
OPEB liability	122,606	-	(20,268)	102,338	-
Compensated absences	194,159	-	(6,000)	188,159	18,816
Joint venture loan guarantee	415,186	-	(106,167)	309,019	-
Total other liabilities	934,798	871,885	(132,435)	1,674,248	18,816
Business-type long-term liabilities	$ 23,120,542	$ 5,213,978	$ (1,786,806)	$ 26,547,714	$ 1,749,948

	Beginning Balance	Additions	Disposals	Ending Balance	Due Within One Year
Discretely presented component unit:					
Notes payable:					
Notes payable	$ 1,570,682	$ -	$ (106,922)	$ 1,463,760	$ 104,547
Total notes payable	1,570,682	-	(106,922)	1,463,760	104,547
Other liabilities:					
Compensated absences	3,795	4,471	-	8,266	827
Total other liabilities	3,795	4,471	-	8,266	827
Discretely presented component unit					
Total long-term liabilities	$ 1,574,477	$ 4,471	$ (106,922)	$ 1,472,026	$ 105,374

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

Listed below are the individual debt issues and the outstanding principal balance on September 30, 2023:

	Purpose (2)	Frequency of Payment (1)	Maturity	Originally Issued	Outstanding Amount	Interest Rate
Governmental activities						
Note payable:						
Redevelopment Revenue Note, Series 2007	5	S	2028	$ 9,500,000	$ 3,043,620	4.34%
Redevelopment Revenue Note, Series 2023	5	S	2051	17,595,000	17,595,000	3.91%
Ascending Lien Capital Improvement, Revenue Note, Series 2013	7	S	2028	1,200,000	573,662	3.54%
Capital Improvement Revenue Notes, Series 2019	8	S	2035	900,000	743,917	2.59%
Fitness Center Equipment Purchase Note	9	A	2027	310,083	239,703	7.84%
Lease obligations						
Vehicle Lease Payable - FY 2018'19	17	M	2024	804,974	88,302	4.35%
Vehicle Lease Payable - FY 2019'20	20	M	2025	318,365	110,703	4.35%
Vehicle Lease Payable - FY 2021'22	25	M	2026	391,291	234,413	4.67%
Vehicle Lease Payable - FY 2022'23	26	M	2028	1,026,609	1,005,494	5.53%
Fire Department Fire Truck Lease - 2022'23	11	A	2033	700,000	700,000	3.58%
Copier leases payable - FY 2021'22	24	M	2026	58,182	36,801	6.00%
Fire Department Equipment Lease - 2017'18	15	M	2025	119,889	36,485	2.45%
Fire Department Fire Truck Lease - 2018'19	18	S	2024	581,875	62,261	3.26%
Motorola Radio Lease/Purchase	19	A	2024	388,423	82,188	2.90%
Total governmental activities					$ 24,552,549	
Business-type activities						
Note payable:						
State Revolving Fund Loan - 5912S	2	S	2024	1,429,755	43,112	2.14%
State Revolving Fund Loan - 5913P	3	S	2028	1,025,345	265,235	1.88%
State Revolving Fund Loan - 59140	6	S	2033	368,589	199,881	2.30%
State Revolving Fund Loan - 530300	6	S	2033	4,163,664	2,208,969	1.91%
State Revolving Fund Loan - 530310	10	S	2036	5,380,510	4,038,755	1.82%
State Revolving Fund Loan - 530320	13	S	2039	2,216,402	1,782,294	0.72%
State Revolving Fund Loan - 530330	13	S	2039	3,206,386	2,613,687	0.00%
State Revolving Fund Loan - 530360	14	S	2044	1,023,347	1,023,347	0.20%
State Revolving Fund Loan - 530370	27	S	2043	1,617,062	1,617,062	0.51%
State Revolving Fund Loan - 530380	10	S	2029	1,158,429	934,357	0.00%
State Revolving Fund Loan - 5303B0	28	S	2045	1,341,071	1,341,071	1.15%
State Revolving Fund Loan - 531301	21	S	2040	2,240,580	1,940,242	0.97%
State Revolving Fund Loan - 530350	22	S	2040	1,073,008	934,212	0.29%
State Revolving Fund Loan - 530390	12	S	2041	5,010,126	4,612,378	0.96%
State Revolving Fund Loan - 5303A0	1	S	2025	240,245	217,795	0.00%
Ascending Lien Capital Improvement, Revenue Note, Series 2013	7	S	2028	500,000	239,461	3.54%
Utility System Refunding Note, Series 2006B	4	S	2027	2,550,000	646,548	1.14%
Lease obligations						
Vehicle Lease Payable - FY 2018'19	17	M	2024	73,440	12,038	4.35%
Vehicle Lease Payable - FY 2019'20	20	M	2025	54,480	18,546	4.35%
Vehicle Lease Payable - FY 2020'21	23	M	2026	70,037	31,036	4.35%
Vehicle Lease Payable - FY 2022'23	26	M	2028	166,768	137,668	4.35%
Copier leases payable - FY 2021'22	24	M	2026	24,935	15,772	6.00%
Total business-type activities					$ 24,873,466	
Discretely presented component unit						
Notes payable:						
Subordinate Lien Capital Improvement Revenue Note (Airport Project), Series 2017	16	S	2037	$ 1,825,000	$ 1,429,000	2.92%

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

(2) Purpose:

1. Stormwater master plan. (SRF – 5303A0).
2. Construction of sludge dewatering facilities. (SRF – 5912S).
3. Planning and design of wastewater treatment plant expansion. (SRF – 5913P).
4. Construction of water and wastewater system improvements, including rehabilitation of lift station #2, southside force main and water main extension, and southside reuse transmission lines. This note was initially issued as a non-revolving line of credit during May 2006 but on October 1, 2009, the loan converted to a term loan. (Series 2006B).
5. Acquisition, construction and equipping of various capital improvements within the Community Redevelopment Area. (Series 2007).
6. Construction of wastewater plant rehabilitation and expansion. (SRF – 59140 & 530300).
7. Construction funding for fire substation $1,200,000 and cemetery addition $500,000. (Series 2013).
8. Acquisition, construction, rehabilitation and equipping of various capital improvements, including a YMCA facility.
9. Acquisition of fitness center equipment.
10. Construction of major sewer system rehabilitation/replacement project (SRF – 530310 & SRF - 530380).
11. Lease financing for a new Fire Truck.
12. Acquisition of Park Water Company (SRF 530390).
13. Construction of the State Road 60 utilities extensions (SRF – 530320 & SRF - 530330).
14. Septic to sewer project (SRF 530360).
15. Lease financing for fire department equipment (Fire Department Equipment Lease – 2017’2018).
16. Lake Wales Municipal Airport capital improvement projects including design, construction and rehabilitation of taxiways, runways, construction of hangars, aircraft apron expansion, access road construction and parking improvements. (Series 2017).
17. Lease financing for 5 passenger vehicles, 12 police vehicles, 2 backhoes, one utility tractor and one boom truck (Lease FY 2018’19).
18. Lease financing for a new Fire Truck and related fire equipment.
19. Lease financing of 93 Motorola radios for the police and fire departments.
20. Lease financing for 11 passenger vehicles and a tractor (Lease FY 2019’20).
21. Water line replacement and ground storage tank (SRF – 531301).
22. Rehabilitation of the City’s reuse system (SRF – 530350).
23. Lease financing for a F350 4x4 crane truck (Lease FY 2020’21).
24. Lease financing for several multi-function copiers.
25. Lease financing for 6 police vehicles (Leases FY 2021’22).
26. Lease financing for 13 police vehicles, 2 tractors, 8 general vehicles (4 for governmental activities and 4 for business-type activities) (Leases FY 2022’23).
27. Replace 3,100 linear feet of 6-in water main (SRF 530370).
28. Installation of new stormwater piles and connection replacements (SRF 5303B0).

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

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

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

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

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

- The Utility System Refunding Revenue Note, Series 2006B requires annual debt service reserves equal to $1/6^{th}$ per month of all interest and $1/12^{th}$ per month of the annual principal amount coming due. As of September 30, 2023, the sinking fund balance for Series 2006B was $168,026.
- The Subordinate Lien Capital Improvement Revenue Note (Airport Project), Series 2017 requires annual debt service reserves equal to $1/6^{th}$ per month of all interest and $1/12^{th}$ per month of the annual principal amount coming due. As of September 30, 2023, the sinking fund balance for Series 2017 was $100,818.
- State Revolving Fund loans require a "Loan Debt Service Account". Beginning six months prior to each semiannual loan payment, the City shall make five monthly loan deposits into the Loan Debt Service Account. The amount set aside in the Loan Debt Service Account for the existing State Revolving Fund loans is $989,695.
- One of the existing State Revolving Fund loans requires a "Loan Replacement Reserve Account". The Replacement Reserve Account for loan 5912S was $44,669 on September 30, 2023.

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

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

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

Annual debt service requirements of the City's notes payable and lease obligations as of September 30, 2023, are as follows:

	Governmental Activities					
Fiscal	Notes		Leases		Total	
Year	Principal	Interest	Principal	Interest	Principal	Interest
2024	$ 760,483	$ 966,533	$ 649,266	$ 97,758	$ 1,409,749	$ 1,064,291
2025	789,676	932,459	411,942	73,463	1,201,618	1,005,922
2026	821,097	896,909	358,601	54,428	1,179,698	951,337
2027	852,807	859,907	283,913	36,325	1,136,720	896,232
2028	814,326	821,337	271,096	21,778	1,085,422	843,115
2029-2033	2,824,598	3,757,115	381,827	41,970	3,206,425	3,799,085
2034-2038	3,197,917	3,056,915	-	-	3,197,917	3,056,915
2039-2043	3,905,000	2,208,250	-	-	3,905,000	2,208,250
2044-2048	4,840,000	1,273,800	-	-	4,840,000	1,273,800
2049-2053	3,390,000	274,800	-	-	3,390,000	274,800
Unamortized premium	1,145,562	-	-	-	1,145,562	-
Total	$ 23,341,466	$ 15,048,025	$ 2,356,645	$ 325,722	$25,698,111	$15,373,747

	Business-type Activities					
Fiscal	Notes		Leases		Total	
Year	Principal	Interest	Principal	Interest	Principal	Interest
2024	$ 1,654,915	$ 234,147	$ 76,217	$ 8,025	$ 1,731,132	$ 242,172
2025	1,928,754	216,858	62,037	4,851	1,990,791	221,709
2026	1,976,190	197,379	38,877	2,520	2,015,067	199,899
2027	1,998,890	178,932	36,234	934	2,035,124	179,866
2028	1,821,959	160,685	1,691	7	1,823,650	160,692
2029-2033	7,428,412	505,184	-	-	7,428,412	505,184
2034-2038	5,813,803	270,907	-	-	5,813,803	270,907
2039-2043	2,035,487	44,243	-	-	2,035,487	44,243
Total	$ 24,658,410	$ 1,808,335	$ 215,056	$ 16,337	$24,873,466	$ 1,824,672

	Discretely Presented Component Unit					
Fiscal	Notes		Leases		Total	
Year	Principal	Interest	Principal	Interest	Principal	Interest
2024	$ 104,547	$ 41,606	$ -	$ -	$ 104,547	$ 41,606
2025	101,213	38,237	-	-	101,213	38,237
2026	89,000	35,434	-	-	89,000	35,434
2027	92,000	32,792	-	-	92,000	32,792
2028	94,000	30,076	-	-	94,000	30,076
2029-2033	515,000	106,799	-	-	515,000	106,799
2034-2038	468,000	27,828	-	-	468,000	27,828
Total	$ 1,463,760	$ 312,772	$ -	$ -	$ 1,463,760	$ 312,772

Joint Venture Loan Guarantee – The City has entered into an agreement with the Florida Department of Environmental Protection to guarantee to pay the principal and interest of their proportional share of SRF loan funds borrowed by the Polk Regional Water Cooperative to fund the projects of the combined projects implementation agreement. The SRF loan bears interest at 1.89% and principal and interest are due semiannually beginning on February 15, 2025 for a ten-year term to maturity on August 15, 2034. As of September 30, 2023, the Polk Regional Water Cooperative has borrowed $9,005,398 through this SRF funding of which, $309,019 has been guaranteed by the City and has been recorded as a liability in the City's public utilities enterprise fund. See Note IV.G for more information on the Polk Regional Water Cooperative and the relationship with the City.

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

Fiscal Year	Business-type Activities Joint Venture Loan Principal	Interest
2024	$ -	$ -
2025	28,342	5,730
2026	28,883	5,189
2027	29,433	4,639
2028	29,995	4,078
2029-2033	158,772	11,589
2034-2038	33,594	479
Total	$ 309,019	$ 31,704

Future Revenues that are Pledged

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

	Debt Obligation Reference	Total Principal and Interest Outstanding	Current Year Principal and Interest	Current Year Revenue	% of Revenue to Principal and Interest Paid
CRA Tax Increment Revenues	Series 2007 and Series 2023	$ 35,451,609	$ 951,984	$ 2,785,349	293%
Communication Service Taxes	Series 2013	901,836	153,297	500,565	327%
Stormwater System Net Revenue	SRF 5303A0	217,795	22,450	68,390	305%
Water and Sewer Net Revenue	SRF and Series 2006B	25,955,205	1,720,599	4,080,717	237%
		$ 62,526,445	$ 2,848,330	$ 7,435,021	

Conduit Debt

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

The Retirement Facility Revenue Bonds, Series 2008 (Series 2008) and interest thereon do not constitute an indebtedness or pledge of the general credit of the City, Polk County, the State of Florida or any political subdivision or agency thereof. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. Series 2008 was initially issued for $26,885,000. As of September 30, 2023, the outstanding balance on these bonds is $14,075,000.

IV. Other Information

A. Related party transactions

During 2023, the City provided the use of certain City personnel to the Authority (the discretely presented component unit) at no cost. The City Manager and City Finance Director currently serve as the Airport Manager and Airport Finance Director, respectively. The City's Public Service Director acted in a liaison capacity between the City Commission and the Airport Authority Board. Additional services were provided by City purchasing, information technology, and finance departments. Public Service department costs totaling $25,335 were charged to the Authority for the year ended September 30, 2023.

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

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

An interlocal agreement was approved and executed by the Airport Authority Board and the City Commission in October 2007 and renewed in October 2012. In this new agreement, both parties reaffirmed that the Authority did not have sufficient funds available to pay all of the costs of operating the Authority, and as a result thereof, it was in the mutual interest of the parties for the City to pay certain costs incurred by the Authority. However, payments by the City contemplated under the agreement were not to continue past five years, at which time it was expected that the Authority would be capable of bearing these costs. In all events, the Authority agreed to comply with the policies and procedures of the City, including but not limited to the policies governing investments and the purchase and acquisition of goods and services. The Airport Authority has a liability to the General Fund of $1,142,780 on September 30, 2023.

B. Contingent liabilities

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

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

C. Other postemployment benefits (OPEB)

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

Plan Description

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

Benefits Provided

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

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

Funding Policy

Currently, the City's OPEB benefits are unfunded. The City has not advance-funded or established a funding methodology for the annual other postemployment benefit (OPEB) costs or the OPEB obligation, and the OPEB Plan is financed on a pay-as-you-go basis. The City paid an estimated $10,253 for OPEB costs during fiscal year 2023.

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

Other postemployment benefits membership is comprised of the following at 9/30/2021, the date in the latest complete actuarial valuation:

Inactive Plan members, or beneficiaries currently receiving benefits	2
Inactive Plan members entitled to but not yet receiving benefits	-
Active Plan members	193
Total	195

Total OPEB Liability

The City's total OPEB liability as reported on September 30, 2023 was determined by an actuarial valuation as of September 30, 2021 (measurement date) updated to the September 30, 2022 measurement date. The actuarial assumptions used in this valuation were as follows:

Inflation rate	2.50%
Discount Rate	4.77%
Initial Trend Rate	7.50%
Ultimate Trend Rate	4.00%
Year to Ultimate Trend Rate	53

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

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

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

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

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

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

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

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

Discount rate – Given the City's decision not to fund the OPEB Plan, all future benefit payments were discounted using a high-quality municipal bond rate of 2.43%. The high-quality municipal bond rate was based on the week closest but not later than the measurement date of the S&P municipal Bond 20-year High Grade Index as published by S&P Dow Jones Indices. The S&P Municipal Bond Index consists of bonds in the S&P Municipal bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor's Ratings Services, Aa2 by Moody's or AA by Fitch. If there are multiple ratings, the lowest rating is used.

Changes in the Total OPEB Liability:

	Total OPEB Liability
Reporting period ending September 30, 2022	$ 664,113
Changes for the year:	
Service cost	50,439
Interest	17,240
Changes of assumptions	(160,935)
Benefit payments	(10,253)
Net changes	(103,509)
Reporting period ending September 30, 2023	$ 560,604

Changes in assumptions reflect a change in discount rate from 2.43% for the reporting period ending September 30, 2022 to 4.77% for the reporting period ending September 30, 2023.

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 other postemployment benefits liability	$ 623,408	$ 560,604	$ 505,468

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

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

	1% Decrease (3.00% to 6.50%)	Discount Rate (4.00% to 7.50%)	1% Increase (5.00% to 8.50%)
Total other postemployment benefits liability	$ 494,880	$ 560,604	$ 638,274

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

For the year ended September 30, 2023, the City recognized OPEB expense of $81,824. On September 30, 2023, deferred outflows of resources and deferred inflows of resources related to OPEB were as follows:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 9,004	$ 24,218
Change in assumptions	93,203	152,454
City contributions subsequent to the measurement date	13,722	-
Total	$ 115,929	$ 176,672

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 total OPEB liability in the year ended September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending September 30,	Amount
2024	$ 9,727
2025	13,445
2026	(14,664)
2027	(29,993)
2028	(29,991)
Thereafter	(22,989)
	$ (74,465)

D. Employee retirement systems and pension plans

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

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

Summary of Significant Accounting Policies

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

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

Cash, Cash Equivalents, and Investments

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

The money weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested. For the fiscal year ended September 30, 2023, the money-weighted rate of return on plan investments, net of investment expense, was as follows:

	General	Fire	Police
Money-weighted rate of return	13.38%	10.43%	10.81%

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

General Information about the Pension Plans

Plan Description:

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

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

Benefits Provided:

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

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

Police, fire and general employees who have satisfied the requirements for normal retirement are eligible to participate in the Deferred Retirement Option Program (DROP) for up to five years. During the DROP period, the member accrues a benefit amount equal to what would have been the members retirement benefit had the member retired as of the date of entry into the DROP program plus earnings. This accumulated amount is paid in a lump-sum when the member leaves active service at the end of the DROP period. Amounts held in DROP accounts as of September 30, 2023, are $253,559 for the General Pension Plan, $300,110 for the Police Officers' Pension Plan and $607,243 for the Firefighters' Pension Plan.

Participant Data: Plan membership detail is as follows:

	As of October 1, 2022		
	General Employees' Pension Fund	Fire Fighters' Pension Fund	Police Officers' Pension Fund
Inactive Plan members or beneficiaries currently receiving benefits	57	18	29
Inactive Plan members entitled to but not yet receiving benefits	27	10	9
Active Plan members	116	27	47
Total	200	55	85

Contributions Required and Contribution Made

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

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

Contribution rates/amounts:	General Employees' Pension Fund	Firefighters' Pension Fund	Police Officers' Pension Fund
City and State contributions	$ 515,968	$ 709,693	$ 681,322
Plan members	5.0%	5.0%	5.0%

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

The annual required contribution for the 2023 fiscal year was determined as part of the October 1, 2021 actuarial valuations. The assumptions did not include post retirement cost of living adjustment.

Changes in the Net Pension Liability: The following schedules represent the changes in the net pension liability as of the City's measurement date of September 30, 2022 for each of the pension plans in which the City participates. As a result, the individual Plan Fiduciary Net Position in the schedules below will not agree to the individual Plan Fiduciary Net Position as of September 30, 2023.

General Employees' Pension Plan:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Reporting period ending 9/30/2022	$ 14,627,608	$ 13,946,325	$ 681,283
Changes for the year:			
Service cost	351,492	-	351,492
Interest	1,091,804	-	1,091,804
Differences between expected and actual experience	5,961	-	5,961
Contributions - employer	-	436,642	(436,642)
Contributions - employee	-	252,073	(252,073)
Net investment income	-	(2,178,228)	2,178,228
Benefit payments, including refunds of employee contributions	(843,422)	(843,422)	-
Administrative expenses	-	(35,090)	35,090
Net changes	605,835	(2,368,025)	2,973,860
Reporting period ending 9/30/2023	$ 15,233,443	$ 11,578,300	$ 3,655,143

Firefighters' Pension Plan:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Reporting period ending 9/30/2022	$ 14,062,652	$ 11,200,764	$ 2,861,888
Changes for the year:			
Service cost	258,841	-	258,841
Interest	1,084,959	-	1,084,959
Differences between expected and actual experience	220,560	-	220,560
Contributions - employer	-	461,565	(461,565)
Contributions - State of Florida	-	115,580	(115,580)
Contributions - employee	-	90,503	(90,503)
Net investment income	-	(1,455,358)	1,455,358
Benefit payments, including refunds of employee contributions	(644,054)	(644,054)	-
Administrative expenses	-	(59,065)	59,065
Net changes	920,306	(1,490,829)	2,411,135
Reporting period ending 9/30/2023	$ 14,982,958	$ 9,709,935	$ 5,273,023

Police Officers' Pension Plan:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Reporting period ending 9/30/2022	$ 19,087,660	$ 18,896,159	$ 191,501
Changes for the year:			
Service cost	428,732	-	428,732
Interest	1,441,938	-	1,441,938
Share plan allocation	31,770	-	31,770
Differences between expected and actual experience	(407,901)	-	(407,901)
Changes of assumptions	98,666	-	98,666
Contributions - employer	-	412,209	(412,209)
Contributions - State of Florida	-	159,698	(159,698)
Contributions - employee	-	127,194	(127,194)
Net investment income	-	(2,413,263)	2,413,263
Benefit payments, including refunds of employee contributions	(835,751)	(835,751)	-
Administrative expenses	-	(84,259)	84,259
Net changes	757,454	(2,634,172)	3,391,626
Reporting period ending 9/30/2023	$ 19,845,114	$ 16,261,987	$ 3,583,127

The net pension liability of each Plan was measured as of September 30, 2022 for financial reporting purposes and the total pension liability used to calculate the net pension liability for this purpose was determined by actuarial valuations as of October 1, 2021, updated to September 30, 2022 (measurement date). Significant actuarial assumptions used to measure the total pension liability are as follows:

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

Mortality rates used to determine the total pension liability as of the September 30, 2021 measurement date were based on The Society of Actuaries' Retirement Plans Experience Committee (RPEC) Pub-2010 Public Retirement Plans Mortality Tables Reports for active, inactive and disabled males or females, as appropriate, with adjustments for mortality improvements based on MP-2018.

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

Best estimates of arithmetic real rates of return for each major asset class included in each pension plan's target asset allocation as of September 30, 2023 are summarized below:

General Employees' Pension Plan:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	50%	7.20%
International Equity	15%	2.90%
Fixed Income	35%	1.70%
	100%	

Firefighters' and Police Officers' Pension Plans:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	50%	7.20%
International Equity	15%	2.90%
Bonds	25%	1.70%
Private Real Estate	10%	5.90%
	100%	

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 $2,553,215 comprised of pension expense of $823,610, $893,202, and $836,403 for the General Employees' Pension Fund, Firefighters' Pension Fund and Police Officers' Pension Fund, respectively. On September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

General Employees' Pension Fund:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 150,386	$ -
City contributions made subsequent to the measurement date of September 30, 2022	515,968	-
Net difference between projected and actual earnings on pension plan investments	2,035,580	-
Total	$ 2,701,934	$ -

Firefighters' Pension Fund:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 323,276	$ 89,028
City contributions made subsequent to the measurement date of September 30, 2022	709,693	-
Change in assumptions	-	148,140
Net difference between projected and actual earnings on pension plan investments	1,422,392	-
Total	$ 2,455,361	$ 237,168

Police Officers' Pension Fund:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 535,486
City contributions made subsequent to the measurement date of September 30, 2022	681,322	-
Change in assumptions	154,363	80,644
Net difference between projected and actual earnings on pension plan investments	2,310,390	-
Total	$ 3,146,075	$ 616,130

Amounts reported as 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 outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30,	General Employees' Pension Fund	Firefighters' Pension Fund	Police Officers' Pension Fund	Total
2024	$ 698,576	$ 402,944	$ 503,570	$ 1,605,090
2025	472,372	341,082	380,829	1,194,283
2026	370,172	232,646	255,755	858,573
2027	644,846	495,068	708,469	1,848,383
2028	-	36,760	-	36,760
	$ 2,185,966	$ 1,508,500	$ 1,848,623	$ 5,543,089

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

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

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

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

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

Sensitivity of the Net Pension Liabilities as of the City's measurement date of September 30, 2022:

	Current Discount Rate	1% Decrease	Current Discount	1% Increase
City's Net Pension General Employees Liability	7.50%	$ 5,390,691	$ 3,655,143	$ 2,211,426
City's Net Pension Firefighters Liability	7.75%	$ 6,896,987	$ 5,273,023	$ 3,905,163
City's Net Pension Police Officers Liability	7.50%	$ 5,757,942	$ 3,583,127	$ 1,761,105
Total		$ 18,045,620	$12,511,293	$ 7,877,694

Sensitivity of the Net Pension Liabilities as of the Plans' current fiscal year of September 30, 2023:

	Current Discount Rate	1% Decrease	Current Discount	1% Increase
City's Net Pension General Employees Liability	7.45%	$ 4,958,244	$ 3,108,610	$ 3,108,569
City's Net Pension Firefighters Liability	7.70%	$ 6,446,600	$ 4,770,524	$ 3,360,909
City's Net Pension Police Officers Liability	7.40%	$ 5,530,537	$ 3,214,287	$ 3,214,288
Total		$ 16,935,381	$11,093,421	$ 9,683,766

The net effect of significant changes between the City's measurement date of September 30, 2022 and the Plans' reporting date of September 30, 2023 can be seen in the tables above and are generally due to the changes in fair value of the plan investments between measurement dates above.

Statement of Fiduciary Net Position as of September 30, 2023

	Pension Trust Fund			
	General Employees' Pension	Firefighters' Pension	Police Officers' Pension	Total
Assets				
Investments, at fair value:				
Money market funds	$ 413,965	$ 446,841	$ 567,985	$ 1,428,791
Government Bonds	411,519	353,697	584,848	1,350,064
Government Assets backed/CMO Securities	2,052,323	1,204,907	2,221,960	5,479,190
Taxable Municipal Bonds	185,590	126,519	175,832	487,941
Foreign Bonds	71,212	32,346	55,446	159,004
Corporate bonds and notes	818,352	524,273	625,121	1,967,746
Common and preferred stock	8,926,310	6,995,912	11,657,635	27,579,857
Real estate investment fund	-	1,054,020	1,822,890	2,876,910
Total investments	12,879,271	10,738,515	17,711,717	41,329,503
Receivable (net):				
Interest and dividends	23,069	36,396	62,356	121,821
Total receivable	23,069	36,396	62,356	121,821
Total assets	12,902,340	10,774,911	17,774,073	41,451,324
Liabilities				
Accounts payable	-	-	4,405	4,405
Total liabilities	-	-	4,405	4,405
Net position				
Held in trust for pension benefits and other purposes	$ 12,902,340	$ 10,774,911	$ 17,769,668	$ 41,446,919

Schedule of Changes in Fiduciary Net Position for the year ended September 30, 2023

	Pension Trust Fund			
	General Employees' Pension	Firefighters' Pension	Police Officers' Pension	Total
Additions				
Contributions:				
Employer	$ 515,968	$ 553,789	$ 498,085	$ 1,567,842
State of Florida	-	155,904	183,237	339,141
Employee	301,787	96,479	143,818	542,084
Total contributions	817,755	806,172	825,140	2,449,067
Interest and dividends	285,606	207,718	334,107	827,431
Net increase (decrease) in the fair value of investments	1,293,115	863,320	1,508,530	3,664,965
Total investments income	1,578,721	1,071,038	1,842,637	4,492,396
Less investment expense	(48,654)	(65,621)	(86,821)	(201,096)
Net investment income	1,530,067	1,005,417	1,755,816	4,291,300
Total additions	2,347,822	1,811,589	2,580,956	6,740,367
Deductions				
Benefit payments	673,006	636,758	880,333	2,190,097
Refunds of contributions	302,061	39,237	96,059	437,357
Administration	48,715	70,618	96,883	216,216
Total deductions	1,023,782	746,613	1,073,275	2,843,670
Change in net position	1,324,040	1,064,976	1,507,681	3,896,697
Total net position - beginning	11,578,300	9,709,935	16,261,987	37,550,222
Total net position - ending	$ 12,902,340	$ 10,774,911	$ 17,769,668	$ 41,446,919

Net Pension Liability:

The components of the net pension liabilities to be reported by the City in fiscal year 2024, measured as of the Plans' most recent fiscal year-end, September 30, 2023, were as follows:

	General Employees' Pension Fund	Firefighters' Pension Fund	Police Officers' Pension Fund	Total
Total pension liability	$ 16,010,950	$ 15,545,435	$ 20,983,955	$ 52,540,340
Plan fiduciary net position	12,902,340	10,774,911	17,769,668	41,446,919
City's net pension liability	$ 3,108,610	$ 4,770,524	$ 3,214,287	$ 11,093,421
Plan fiduciary net position as a percentage of the total pension liability	80.58%	69.31%	84.68%	78.89%

E. Defined Contribution Plan

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

There were two participants in the 401(a) Plan during the year ended September 30, 2023 which were participating employees who exceeded the benefit cap of the City's defined benefit pension plans. Total 401(a) Plan pension contributions for the year ended September 30, 2023 were $39,900 (City contribution). The vesting schedule allows 100% vesting immediately.

F. Risk Management

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

The FMIT is governed by a board of elected officials and these officials approve an actuarially recommended premium structure based on loss experience. Losses, if any, in excess of FMIT's ability to assess its members would revert back to the member that incurred the loss. As of September 30, 2023, no additional assessments (premiums) could be required from the City to fund prior year costs of the risk pool. Settlements have not exceeded coverages for each of the past three years.

G. Joint Venture

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

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

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 administrative budget of the PRWC was $235,000, of which the City's proportionate share was $8,878.

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

Combined projects funding - The PRWC has entered into a state revolving fund (SRF) loan agreement with the State of Florida Department of Environmental Protection (FDEP) to borrow up to $13,624,440 to assist Member Governments in meeting their local share of the total estimated combined project planning and design costs. Member Governments can elect to fund their local share of the project costs from their existing funds or participate in the SRF loan agreement. The City has elected to participate in the SRF loan agreement to fund their estimated local share ($467,520) of the project costs and as a result have entered into an agreement with FDEP to guarantee the City's payment of their share of the SRF loan debt service requirements. The SRF loan bears interest at 1.89% and principal and interest are due semiannually beginning on February 15, 2025 for a ten-year term to maturity on August 15, 2034.

As of September 30, 2023, $9,005,398 of SRF funds have been drawn by the PRWC. The City's proportionate share of this liability totaled $309,019 as of September 30, 2023 and has been recorded as a City liability in the business-type activities/enterprise fund. See Note III.G for more detail.

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

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



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REQUIRED SUPPLEMENTARY INFORMATION

City of Lake Wales, Florida

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
For the year ended September 30, 2023

	Budget Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 6,411,000	$ 6,586,000	$ 6,840,831	$ 254,831
Licenses and permits	2,235,000	3,140,000	3,181,264	41,264
Intergovernmental	2,382,944	2,779,944	2,834,297	54,353
Charges for services	3,753,350	3,977,850	4,064,026	86,176
Fines and forfeits	95,000	180,000	212,478	32,478
Investment earnings	13,000	113,000	117,228	4,228
Miscellaneous	114,832	349,832	106,105	(243,727)
Total revenues	15,005,126	17,126,626	17,356,229	229,603
Expenditures				
Current:				
General government:				
City commission	177,440	177,440	127,173	50,267
City manager	629,402	839,402	811,475	27,927
City clerk	111,258	251,258	243,703	7,555
Finance	476,050	599,050	594,209	4,841
Human resources	200,871	255,871	250,994	4,877
City attorney	65,625	65,625	49,626	15,999
Planning	565,032	665,032	645,943	19,089
Fleet maintenance	26,702	26,702	25,673	1,029
Facilities maintenance	178,470	288,470	280,702	7,768
Information services	252,029	327,029	282,571	44,458
Municipal building administration	92,053	97,553	93,670	3,883
Non-departmental	46,235	46,235	143,725	(97,490)
Support services	54,252	54,252	46,915	7,337
Public safety:				
Police	6,660,874	7,100,874	7,055,853	45,021
Fire	4,584,540	5,079,540	4,953,656	125,884
Building permits and inspections	539,203	539,203	464,689	74,514
Code Enforcement	198,195	198,195	155,124	43,071
Physical environment:				
Waste disposal	1,235,327	1,235,327	1,137,708	97,619
Cemetery	247,464	247,464	190,268	57,196
Economic environment	175,000	175,000	175,000	-
Transportation	358,183	358,183	358,182	1
Human services	40,000	40,000	40,000	-
Culture and recreation:				
Parks division	875,987	1,150,987	1,084,275	66,712
Recreation facilities	1,134,963	1,444,963	1,666,827	(221,864)
Special events	68,900	68,900	44,392	24,508
Depot museum	325,000	325,000	159,104	165,896
Total expenditures	$ 19,319,055	$ 21,657,555	$ 21,081,457	$ 576,098

Continued…

City of Lake Wales, Florida

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
For the year ended September 30, 2023
(Conclusion)

	Budget Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
Deficiency of revenues under expenditures	$ (4,313,929)	$ (4,530,929)	$ (3,725,228)	$ 805,701
Other financing sources (uses)				
Note proceeds	1,568,000	1,633,000	2,036,692	403,692
Transfers in	1,680,522	1,680,522	1,780,522	100,000
Transfers out	(100,000)	(204,000)	(203,116)	884
Insurance recoveries	-	-	98,844	98,844
Sale of capital assets	2,000	2,000	48,599	46,599
Total other financing sources (uses)	3,150,522	3,111,522	3,761,541	650,019
Net change in fund balance	(1,163,407)	(1,419,407)	36,313	1,455,720
Fund balances, beginning of year	5,944,623	5,944,623	5,944,623	-
Fund balances, end of year	$ 4,781,216	$ 4,525,216	$ 5,980,936	$ 1,455,720

City of Lake Wales, Florida

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Community Redevelopment Fund
For the year ended September 30, 2023

	Budget Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 1,362,546	$ 1,362,546	$ 1,362,546	$ -
Intergovernmental	3,829,172	3,758,172	1,827,046	(1,931,126)
Investment earnings	7,000	152,000	156,835	4,835
Miscellaneous revenue	-	-	39,675	39,675
Total revenues	5,198,718	5,272,718	3,386,102	(1,886,616)
Expenditures				
Current:				
Economic environment	13,965,129	14,005,129	7,368,376	6,636,753
Total expenditures	13,965,129	14,005,129	7,368,376	6,636,753
Excess of revenues over expenditures	(8,766,411)	(8,732,411)	(3,982,274)	4,750,137
Other financing uses				
Transfers out	(1,422,684)	(1,422,684)	(1,250,280)	172,404
Loan proceeds	-	18,551,329	18,804,365	253,036
Sale of capital assets	28,750	28,750	67,280	38,530
Total other financing uses	(1,393,934)	17,157,395	17,621,365	463,970
Net change in fund balance	(10,160,345)	8,424,984	13,639,091	5,214,107
Fund balances, beginning of year	1,877,034	1,877,034	1,877,034	-
Fund balances, end of year	$ (8,283,311)	$ 10,302,018	$ 15,516,125	$ 5,214,107

City of Lake Wales, Florida

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – American Rescue Plan Act Special Revenue Fund
For the year ended September 30, 2023

	Budget Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
Revenues				
Intergovernmental	$ -	$ 400,000	$ 400,438	$ 438
Investment earnings	-	100,000	-	(100,000)
Miscellaneous	-	-	102,418	102,418
Total revenues	-	500,000	502,856	2,856
Expenditures				
Current:				
Economic environment	500,000	500,000	400,000	100,000
Physical environment	6,000,000	-	438	(438)
Total expenditures	6,500,000	500,000	400,438	99,562
Net change in fund balance	(6,500,000)	-	102,418	102,418
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	$ (6,500,000)	$ -	$ 102,418	$ 102,418

City of Lake Wales, Florida

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

Last 10 Fiscal Years

City reporting period date	9/30/2024	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	$ 400,478	$ 351,492	$ 344,435	$ 365,044	$ 335,691
Interest	1,135,979	1,091,804	1,015,346	970,319	928,247
Differences between expected and actual experience	132,529	5,961	437,748	(94,295)	(48,457)
Changes of Assumptions	83,588	-	-	(192,764)	-
Contributions - Buy back	-	-	-	307,288	-
Benefit payments, including refunds of employee contributions	(975,067)	(843,422)	(726,870)	(742,369)	(625,369)
Net change in total pension liability	777,507	605,835	1,070,659	613,223	590,112
Total pension liability - beginning	15,233,443	14,627,608	13,556,949	12,943,726	12,353,614
Total pension liability - ending	$ 16,010,950	$ 15,233,443	$ 14,627,608	$ 13,556,949	$ 12,943,726
Plan Fiduciary Net Position					
Contributions - Employer	$ 515,968	$ 436,642	$ 333,216	$ 334,913	$ 272,717
Contributions - Employee	301,787	252,073	224,480	525,100	200,147
Net investment income (loss)	1,530,067	(2,178,228)	2,274,288	383,844	448,435
Benefit payments, including refunds of employee contributions	(975,067)	(843,421)	(726,870)	(767,905)	(625,369)
Administrative expense	(48,715)	(35,091)	(45,410)	(52,875)	(44,780)
Net change in plan fiduciary net position	1,324,040	(2,368,025)	2,059,704	423,077	251,150
Plan fiduciary net position - beginning	11,578,300	13,946,325	11,886,621	11,463,544	11,212,394
Restatement of beginning net position (a)	-	-	-	-	-
Plan fiduciary net position - ending	$ 12,902,340	$ 11,578,300	$ 13,946,325	$ 11,886,621	$ 11,463,544
Net pension liability - ending	$ 3,108,610	$ 3,655,143	$ 681,283	$ 1,670,328	$ 1,480,182
Plan fiduciary net position as a percentage of the total pension liability	80.58%	76.01%	95.34%	87.68%	88.56%
Covered payroll	$ 6,035,731	$ 5,041,452	$ 4,489,593	$ 4,348,528	$ 4,002,938
Net pension liability as a percentage of covered payroll	51.50%	72.50%	15.17%	38.41%	36.98%

Notes to Schedule:

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

- The investment return assumption was reduced from 7.50% to 7.40% per year.

Continued…

City of Lake Wales, Florida

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

City reporting period date	9/30/2019	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	$ 353,788	$ 348,439	$ 321,612	$ 312,998	$ 313,558
Interest	880,101	844,363	760,064	698,894	667,476
Differences between expected and actual experience	252,769	(182,488)	158,268	(17,979)	-
Changes of Assumptions	136,898	-	374,139	-	-
Contributions - Buy back	-	-	-	385,692	-
Benefit payments, including refunds of employee contributions	(544,582)	(564,473)	(541,909)	(655,950)	(494,203)
Net change in total pension liability	1,078,974	445,841	1,072,174	723,655	486,831
Total pension liability - beginning	11,274,640	10,828,799	9,756,625	9,032,970	8,546,139
Total pension liability - ending	$ 12,353,614	$ 11,274,640	$ 10,828,799	$ 9,756,625	$ 9,032,970
Plan Fiduciary Net Position					
Contributions - Employer	$ 184,179	$ 169,482	$ 238,987	$ 267,808	$ 294,882
Contributions - Employee	187,939	184,030	175,726	159,410	155,201
Contributions - Buy backs	-	-	-	385,692	-
Net investment income (loss)	666,953	950,065	918,298	(94,331)	848,507
Benefit payments, including refunds of employee contributions	(545,412)	(563,643)	(541,909)	(655,936)	(495,954)
Administrative expense	(44,284)	(36,851)	(41,934)	(22,009)	(54,587)
Net change in plan fiduciary net position	449,375	703,083	749,168	40,634	748,049
Plan fiduciary net position - beginning, as reported	10,763,019	10,059,936	9,310,768	9,270,134	8,339,975
Restatement of beginning net position (a)	-	-	-	-	182,110
Plan fiduciary net position - ending	$ 11,212,394	$ 10,763,019	$ 10,059,936	$ 9,310,768	$ 9,270,134
Net pension liability - ending	$ 1,141,220	$ 511,621	$ 768,863	$ 445,857	$ (237,164)
Plan fiduciary net position as a percentage of the total pension liability	90.76%	95.46%	92.90%	95.43%	102.63%
Covered payroll	$ 3,758,773	$ 3,680,602	$ 3,514,557	$ 3,651,542	$ 3,104,032
Net pension liability as a percentage of covered payroll	30.36%	13.90%	21.88%	12.21%	-7.64%

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

Notes to Schedule:

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

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

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

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

City of Lake Wales, Florida

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

Last 10 Fiscal Years

City reporting period date	9/30/2024	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	$ 250,081	$ 258,841	$ 289,358	$ 277,388	$ 255,833
Interest	1,154,366	1,084,959	1,029,607	989,877	958,633
Differences between expected and actual experience	(367,485)	220,560	74,660	116,155	(184,181)
Share plan allocation	11,555	-	-	-	-
Changes in Benefit Terms	-	-	-	-	(1,450)
Changes of assumptions	189,954	-	-	(245,964)	-
Contributions - buybacks	-	-	-	10,281	-
Benefit payments, including refunds of employee contributions	(675,994)	(644,054)	(653,723)	(640,420)	(656,960)
Net change in total pension liability	562,477	920,306	739,902	507,317	371,875
Total pension liability - beginning	14,982,958	14,062,652	13,322,750	12,815,433	12,443,558
Total pension liability - ending	$ 15,545,435	$ 14,982,958	$ 14,062,652	$ 13,322,750	$ 12,815,433
Plan Fiduciary Net Position					
Contributions - Employer	$ 553,789	$ 461,565	$ 445,969	$ 459,279	$ 442,993
Contributions - State	155,904	115,580	102,992	132,028	120,801
Contributions - Employee	96,479	90,503	87,289	87,217	85,520
Net investment income (loss)	1,005,417	(1,455,358)	1,909,693	211,397	338,434
Benefit payments, including refunds of employee contributions	(675,995)	(644,054)	(653,723)	(640,420)	(656,960)
Administrative expense	(70,618)	(59,065)	(53,098)	(50,196)	(61,469)
Net change in plan fiduciary net position	1,064,976	(1,490,829)	1,839,122	199,305	269,319
Plan fiduciary net position - beginning	9,709,935	11,200,764	9,361,642	9,162,337	8,893,018
Plan fiduciary net position - ending	$ 10,774,911	$ 9,709,935	$ 11,200,764	$ 9,361,642	$ 9,162,337
Net pension liability - ending	$ 4,770,524	$ 5,273,023	$ 2,861,888	$ 3,961,108	$ 3,653,096
Plan fiduciary net position as a percentage of the total pension liability	69.31%	64.81%	79.65%	70.27%	71.49%
Covered payroll	$ 1,929,585	$ 1,810,066	$ 1,745,780	$ 1,744,335	$ 1,710,404
Net pension liability as a percentage of covered payroll	247.23%	291.32%	163.93%	227.08%	213.58%

Notes to Schedule:

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

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

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

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

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

Continued…

City of Lake Wales, Florida

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

City reporting period date	9/30/2019	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	$ 266,073	$ 237,240	$ 213,696	$ 214,792	$ 197,807
Interest	923,589	896,271	849,239	825,592	809,770
Differences between expected and actual experience	81,645	(70,642)	(139,447)	(70,554)	-
Share plan allocation	-	-	724	-	-
Changes of assumptions	(26,560)	-	340,853	-	-
Benefit payments, including refunds of employee contributions	(904,790)	(573,619)	(789,877)	(537,358)	(1,103,457)
Net change in total pension liability	339,957	489,250	475,188	432,472	(95,880)
Total pension liability - beginning	12,103,601	11,614,351	11,139,163	10,706,691	10,802,571
Total pension liability - ending	$ 12,443,558	$ 12,103,601	$ 11,614,351	$ 11,139,163	$ 10,706,691
Plan Fiduciary Net Position					
Contributions - Employer	$ 455,648	$ 411,611	$ 373,680	$ 390,377	$ 394,982
Contributions - State	114,965	125,811	134,242	134,243	132,572
Contributions - Employee	81,013	77,257	70,978	66,407	63,503
Net investment income (loss)	540,534	729,125	722,458	(70,904)	675,710
Benefit payments, including refunds of employee contributions	(904,790)	(573,619)	(789,877)	(537,358)	(1,101,302)
Administrative expense	(63,958)	(53,515)	(63,628)	(51,457)	(45,836)
Net change in plan fiduciary net position	223,412	716,670	447,853	(68,692)	119,629
Plan fiduciary net position - beginning, as reported	$ 8,669,606	$ 7,952,936	$ 7,505,083	$ 7,573,775	6,747,553
Restatement of beginning net position (a)	-	-	-	-	706,593
Plan fiduciary net position - ending	$ 8,893,018	$ 8,669,606	$ 7,952,936	$ 7,505,083	$ 7,573,775
Net pension liability - ending	$ 3,550,540	$ 3,433,995	$ 3,661,415	$ 3,634,080	$ 3,132,916
Plan fiduciary net position as a percentage of the total pension liability	71.47%	71.63%	68.48%	67.38%	70.74%
Covered payroll	$ 1,620,269	$ 1,545,143	$ 1,419,567	$ 1,372,085	$ 1,270,068
Net pension liability as a percentage of covered payroll	219.13%	222.24%	257.92%	264.86%	246.67%

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

Notes to Schedule:

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

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

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

City of Lake Wales, Florida

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

Last 10 Fiscal Years

City reporting period date Measurement date	9/30/2024 9/30/2023	9/30/2023 9/30/2022	9/30/2022 9/30/2021	9/30/2021 9/30/2020	9/30/2020 9/30/2019
Total Pension Liability					
Service cost	$ 458,130	$ 428,732	$ 448,363	$ 443,274	$ 425,683
Interest	1,486,054	1,441,938	1,390,652	1,349,908	1,296,200
Share plan allocation	43,539	31,770	23,304	22,306	17,808
Differences between expected and actual experience	(42,633)	(407,901)	(265,579)	(63,157)	(122,778)
Changes in Benefit Terms	-	-	-	-	-
Timing differences	-	-	-	-	-
Changes of assumptions	172,142	98,666	94,715	(201,609)	93,011
Contributions - buy back	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(978,391)	(835,751)	(906,966)	(900,265)	(930,594)
Net change in total pension liability	1,138,841	757,454	784,489	650,457	779,330
Total pension liability - beginning	19,845,114	19,087,660	18,303,171	17,652,714	16,873,384
Total pension liability - ending	$ 20,983,955	$ 19,845,114	$ 19,087,660	$ 18,303,171	$ 17,652,714
Plan Fiduciary Net Position					
Contributions - Employer	$ 498,085	$ 412,209	$ 394,219	$ 407,254	$ 443,994
Contributions - State	183,237	159,698	142,767	140,771	131,776
Contributions - Employee	143,818	127,194	121,621	122,066	125,983
Net investment income	1,755,816	(2,413,263)	3,317,196	320,510	565,635
Benefit payments, including refunds of employee contributions	(976,392)	(835,751)	(906,966)	(901,078)	(930,594)
Administrative expense	(96,883)	(84,259)	(79,568)	(67,444)	(60,860)
Net change in plan fiduciary net position	1,507,681	(2,634,172)	2,989,269	22,079	275,934
Plan fiduciary net position - beginning	16,261,987	18,896,159	15,906,890	15,884,811	15,608,877
Plan fiduciary net position - ending	$ 17,769,668	$ 16,261,987	$ 18,896,159	$ 15,906,890	$ 15,884,811
Net pension liability - ending	$ 3,214,287	$ 3,583,127	$ 191,501	$ 2,396,281	$ 1,767,903
Plan fiduciary net position as a percentage of the total pension liability	84.68%	81.94%	99.00%	86.91%	89.99%
Covered payroll	$ 2,876,361	$ 2,543,883	$ 2,432,424	$ 2,441,324	$ 2,519,599
Net pension liability as a percentage of covered payroll	111.75%	140.85%	7.87%	98.15%	70.17%

Notes to Schedule:

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

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

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

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

Continued…

City of Lake Wales, Florida

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

City reporting period date Measurement date	**9/30/2019** **9/30/2018**	**9/30/2018** **9/30/2017**	**9/30/2017** **9/30/2016**	**9/30/2016** **9/30/2015**	**9/30/2015** **9/30/2014**
Total Pension Liability					
Service cost	$ 484,141	$ 457,088	$ 421,452	$ 439,663	$ 417,622
Interest	1,281,973	1,244,658	1,170,401	1,125,422	1,064,424
Share plan allocation	13,118	9,083	5,983	-	-
Differences between expected and actual experience	(595,515)	(228,096)	(109,886)	(181,415)	-
Changes of assumptions	62,423	-	387,470	-	-
Contributions - buy back	-	-	58,016	-	-
Benefit payments, including refunds of employee contributions	(860,412)	(1,196,188)	(825,635)	(744,552)	(689,470)
Net change in total pension liability	385,728	286,545	1,107,801	639,118	792,576
Total pension liability - beginning	$ 16,487,656	$ 16,201,111	$ 15,093,310	14,454,192	13,661,616
Total pension liability - ending	$ 16,873,384	$ 16,487,656	$ 16,201,111	$ 15,093,310	$ 14,454,192
Plan Fiduciary Net Position					
Contributions - Employer	$ 489,776	$ 471,415	$ 429,834	$ 419,527	$ 490,676
Contributions - State	122,394	114,325	108,125	100,182	96,680
Contributions - Employee	119,874	118,654	172,173	106,063	108,368
Net investment income	931,772	1,274,464	1,256,859	(120,063)	1,153,544
Benefit payments, including refunds of employee contributions	(860,413)	(1,196,188)	(826,863)	(746,774)	(679,118)
Administrative expense	(75,189)	(64,545)	(67,326)	(66,726)	(52,141)
Net change in plan fiduciary net position	728,214	718,125	1,072,802	(307,791)	1,118,009
Plan fiduciary net position - beginning, as reported	14,880,663	14,162,538	13,089,736	13,397,527	12,187,247
Restatement of beginning net position (a)	-	-	-	-	92,271
Plan fiduciary net position - ending	$ 15,608,877	$ 14,880,663	$ 14,162,538	$ 13,089,736	$ 13,397,527
Net pension liability - ending	$ 1,264,507	$ 1,606,993	$ 2,038,573	$ 2,003,574	$ 1,056,665
Plan fiduciary net position as a percentage of the total pension liability	92.51%	90.25%	87.42%	86.73%	92.69%
Covered payroll	$ 2,397,486	$ 2,373,081	$ 2,283,146	$ 2,124,365	$ 2,167,367
Net pension liability as a percentage of covered payroll	52.74%	67.72%	89.29%	94.31%	48.75%

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

Notes to Schedule:

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

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

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

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

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

City of Lake Wales, Florida

Schedule of Contributions - General Employees' Pension Plan

Last 10 Fiscal Years

	9/30/2014	9/30/2015	9/30/2016	9/30/2017	9/30/2018	9/30/2019	9/30/2020	9/30/2021	9/30/2022	9/30/2023
Actuarily Determined Contribution (A)	$ 294,883	$ 267,808	$ 238,987	$ 169,308	$ 184,180	$ 272,200	$ 334,837	$ 332,230	$ 438,606	$ 464,751
Interest on NPO	-	-	-	-	-	-	-	-	-	-
Adjustment to (A)	-	-	-	-	-	-	-	-	-	-
Annual Pension Cost	294,883	267,808	238,987	169,308	184,180	272,200	334,837	332,230	438,606	464,751
Contributions in Relation to the Actuarily Determined Contributions	294,883	238,987	238,987	169,482	184,179	272,717	334,913	333,216	436,642	515,968
Contribution Deficiency (Excess)	-	28,821	-	(174)	1	(517)	(76)	(986)	1,964	(51,217)
Covered Payroll	$ 3,104,032	$ 3,651,542	$ 3,514,557	$ 3,680,602	$ 3,758,773	$ 4,002,938	$ 4,348,528	$ 4,489,593	$ 5,041,452	$ 6,035,731
Contributions as a Percentage of Covered Payroll	9.50%	6.54%	6.80%	4.60%	4.90%	6.81%	7.70%	7.42%	8.66%	8.55%

Notes to Schedule of Contributions

Valuation Date 10/1/2021

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

Methods and assumptions used to determine contribution rates:

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

Termination and Disability Rates:

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

City of Lake Wales, Florida

Schedule of Contributions – Firefighters' Pension Plan

Last 10 Fiscal Years

	9/30/2014	9/30/2015	9/30/2016	9/30/2017	9/30/2018	9/30/2019	9/30/2020	9/30/2021	9/30/2022	9/30/2023
Actuarily Determined Contribution (A)	$ 532,159	$ 524,620	$ 505,366	$ 539,255	$ 568,714	$ 562,723	$ 579,119	$ 562,141	$ 573,791	$ 636,763
Interest on NPO	-	-	-	-	-	-	-	-	-	-
Adjustment to (A)	-	-	-	-	-	-	-	-	-	-
Annual Pension Cost	532,159	524,620	505,366	539,255	568,714	562,723	579,119	562,141	573,791	636,763
Contributions in Relation to the Actuarily Determined Contributions	532,159	524,620	507,922	537,422	570,613	563,794	591,307	548,961	515,968	698,138
Contribution Deficiency (Excess)	-	-	(2,556)	1,833	(1,899)	(1,071)	(12,188)	13,180	57,823	(61,375)
Covered Payroll	$ 1,270,068	$ 1,372,085	$ 1,419,567	$ 1,545,143	$ 1,620,269	$ 1,710,404	$ 1,744,335	$ 1,745,780	$ 1,810,066	$ 1,929,585
Contributions as a Percentage of Covered Payroll	41.90%	38.24%	35.78%	34.78%	35.22%	32.96%	33.90%	31.45%	28.51%	36.18%

Notes to Schedule of Contributions

Valuation Date 10/1/2021

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method:	Entry age normal
Actuarial Asset Method:	4-year average market value return, net of fees
Inflation	2.50%
Payroll Growth	1.0% per year
Salary Increases:	10% for the first year of service, 7.50% for the next four years and 4.5% for all other years.
Interest Rate:	7.75% per year, compounded annually, net of investment related expenses.
Retirement Age:	Earlier of age 55 and 10 years of credited service, or age 50 and 25 years of credited service.
Mortality:	Society of Actuaries' Retirement Plans Experience Committee (RPEC) PUB-2010 Public Retirement Plans Mortality Tables Report, as appropriate, with adjustments for mortality improvements based on Mortality Improvement Scale MP-2018.

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

Termination and Disability Rates:

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

City of Lake Wales, Florida

Schedule of Contributions – Police Officers' Pension Plan

Last 10 Fiscal Years

	9/30/2014	9/30/2015	9/30/2016	9/30/2017	9/30/2018	9/30/2019	9/30/2020	9/30/2021	9/30/2022	9/30/2023
Actuarially Determined Contribution (A)	$ 587,357	$ 519,709	$ 531,976	$ 576,659	$ 592,179	$ 564,390	$ 512,678	$ 498,647	$ 534,216	$ 583,901
Interest on NPO	-	-	-	-	-	-	-	-	-	-
Adjustment to (A)	-	-	-	-	-	-	-	-	-	-
Annual Pension Cost	587,357	519,709	531,976	576,659	592,179	564,390	512,678	498,647	534,216	583,901
Contributions in Relation to the Actuarially Determined Contributions	587,357	519,709	537,959	585,740	599,052	557,964	525,719	513,682	540,137	637,783
Contribution Deficiency (Excess)	-	-	(5,983)	(9,081)	(6,873)	6,426	(13,041)	(15,035)	(5,921)	(53,882)
Covered Payroll	$ 2,167,367	$ 2,124,365	$ 2,283,146	$ 2,373,081	$ 2,397,486	$ 2,519,599	$ 2,441,324	$ 2,432,424	$ 2,543,883	$ 2,876,361
Contributions as a Percentage of Covered Payroll	27.10%	24.46%	23.56%	24.68%	24.99%	22.14%	21.53%	21.12%	21.23%	22.17%

Notes to Schedule of Contributions

Valuation Date 10/1/2021

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method:	Entry age normal
Actuarial Asset Method:	4-year average market value return, net of fees
Inflation	2.50%
Payroll Growth	1.38% per year
Salary Increases:	10% for the first year of service and 5.0% for all other years.
Interest Rate:	7.55% (prior year 7.60%) per year, compounded annually, net of investment related expenses.
Retirement Age:	Earlier of age 55 and 10 years of credited service, or age 50 and 25 years of credited service.
Early Retirement:	Age 50 with 10 years of credited service
Mortality:	Society of Actuaries' Retirement Plans Experience Committee (RPEC) PUB-2010 Public Retirement Plans Mortality Tables Report, as appropriate, with adjustments for mortality improvements based on Mortality Improvement Scale MP-2018.

Disability Rates:

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

Termination and Disability Rates:

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

City of Lake Wales, Florida

Schedule of Investment Returns – Pension Plans
Last 10 Fiscal Years

	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015
General Employees' Pension Plan									
Annual Money-Weighted Rate of Return net of Investment Expense	13.38%	-15.73%	19.23%	3.10%	3.90%	5.86%	9.71%	9.83%	-1.14%
Firefighters' Pension Plan									
Annual Money-Weighted Rate of Return net of Investment Expense	10.43%	-13.09%	20.52%	2.29%	3.73%	6.41%	9.25%	9.75%	-1.01%
Police Officers' Pension Plan									
Annual Money-Weighted Rate of Return net of Investment Expense	10.81%	-13.00%	20.94%	2.00%	3.56%	6.28%	9.20%	9.59%	-0.97%

City of Lake Wales, Florida

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

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

Notes to Schedule:

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

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

Changes of Assumptions:

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

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

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

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

SUPPLEMENTARY INFORMATION

City of Lake Wales, Florida

Combining Balance Sheet - Nonmajor Governmental Funds
September 30, 2023

	Special Revenue Funds							
	Forfeitures 106	Library 110	Law Enforcement Block Grant 116	Transportation 102	Street Lighting District 103	Debt Service 201	Capital Projects 330	Total
Assets								
Cash and cash equivalents	$ 110,434	$ 254,513	$ -	$ 337,025	$ 4,682	$ 532,872	$ -	$ 1,239,526
Intergovernmental receivables	-	-	23,000	155,879	-	-	-	178,879
Restricted cash and cash equivalents:						-		
Impact fees	-	368,886	-	368,754	-	-	1,235,915	1,973,555
Prepaid items	-	13,919	-	-	-	-	-	13,919
Total assets	$ 110,434	$ 637,318	$ 23,000	$ 861,658	$ 4,682	$ 532,872	$ 1,235,915	$ 3,405,879
Liabilities and fund balances								
Liabilities								
Accounts payable	$ -	$ 16,678	$ -	$ 5,025	$ -	$ -	$ -	$ 21,703
Accrued liabilities	-	31,038	-	13,288	-	-	-	44,326
Construction costs payable	-	-	-	-	-	-	128,487	128,487
Due to other funds	48,825	-	23,000	-	-	-	-	71,825
Total liabilities	48,825	47,716	23,000	18,313	-	-	128,487	266,341
Fund balances								
Nonspendable:								
Prepaid items	-	13,919	-	-	-	-	-	13,919
Restricted for:								
Law enforcement expenditures	61,609	-	-	-	-	-	-	61,609
Library expenditures	-	575,683	-	-	-	-	-	575,683
Street lighting expenditures	-	-	-	-	4,682	-	-	4,682
Transportation expenditures	-	-	-	843,345	-	-	-	843,345
Debt service	-	-	-		-	532,872		532,872
Capital projects	-	-	-	-	-	-	1,107,428	1,107,428
Total fund balances	61,609	589,602	-	843,345	4,682	532,872	1,107,428	3,139,538
Total liabilities and fund balances	$ 110,434	$ 637,318	$ 23,000	$ 861,658	$ 4,682	$ 532,872	$ 1,235,915	$ 3,405,879

City of Lake Wales, Florida

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds
Year Ended September 30, 2023

	Special Revenue Funds							
	Forfeitures 106	Library 110	Law Enforcement Block Grant 116	Transportation 102	Street Lighting District 103	Debt Service 201	Capital Projects 330	Total
Revenues								
Taxes	$ -	$ 470,988	$ -	$ 902,027	$ -	$ 912,000	$ -	$ 2,285,015
Special assessment	-	-	-	-	12,421	-	-	12,421
Intergovernmental	-	835,817	23,000	215,905	-	-	-	1,074,722
Charges for services	-	-	-	179,725	-	-	-	179,725
Fines and forfeits	5,304	-	-	-	-	-	-	5,304
Investment earnings	1,403	5,209	-	-	-	-	21,907	28,519
Impact fees	-	123,652	-	362,444	-	-	1,099,241	1,585,337
Miscellaneous	-	28,873	-	4,043	-	-	-	32,916
Total revenues	6,707	1,464,539	23,000	1,664,144	12,421	912,000	1,121,148	5,203,959
Expenditures								
Current:								
Public safety	48,826	-	26,116	-	-	-	-	74,942
Transportation	-	-	-	1,437,951	-	-		1,437,951
Physical environment	-	-	-	-	12,406	-	-	12,406
Culture and recreation	-	1,263,744	-	-	-	-	-	1,263,744
Debt Service:								
Principal	-	-	-	-	-	1,529,723	-	1,529,723
Interest and fiscal charges	-	-	-	-	-	738,110	-	738,110
Capital outlay	-	-	-	-	-		793,132	793,132
Total expenditures	48,826	1,263,744	26,116	1,437,951	12,406	2,267,833	793,132	5,850,008
Excess (deficiency) of revenues over (under) expenditures	(42,119)	200,795	(3,116)	226,193	15	(1,355,833)	328,016	(646,049)
Other financing sources								
Transfers in	-	-	3,116	-	-	1,250,280	-	1,253,396
Transfers out	-	(53,522)	-	-	-	-	-	(53,522)
Total other financing sources	-	(53,522)	3,116	-	-	1,250,280	-	1,199,874
Net change in fund balances	(42,119)	147,273	-	226,193	15	(105,553)	328,016	553,825
Fund balances, beginning of year	103,728	442,329	-	617,152	4,667	638,425	779,412	2,585,713
Fund balances, end of year	$ 61,609	$ 589,602	$ -	$ 843,345	$ 4,682	$ 532,872	$ 1,107,428	$ 3,139,538

City of Lake Wales, Florida

Combining Statement of Net Position - Nonmajor Enterprise Funds
September 30, 2023

	LWMG Cemetary Fund	Stormwater Fund	Total
Assets			
Current assets			
Cash and cash equivalents	$ 942,556	$ 2,651	$ 945,207
Receivables, net	71,485	61,831	133,316
Intergovernmental receivables	-	96,925	96,925
Total current assets	1,014,041	161,407	1,175,448
Noncurrent assets			
Capital assets:			
Nondepreciable	204,569	398,857	603,426
Depreciable, net	281,403	298,255	579,658
Total noncurrent assets	485,972	697,112	1,183,084
Total assets	1,500,013	858,519	2,358,532
Liabilities			
Current liabilities			
Accounts payable	-	140,128	140,128
Construction payable	-	108,571	108,571
Accrued interest	3,883	-	3,883
Due to general fund	-	115,312	115,312
Current portion of long-term debt	37,036	22,450	59,486
Total current liabilities	40,919	386,461	427,380
Noncurrent liabilities			
Notes and lease obligations payable - noncurrent	202,425	195,345	397,770
Total noncurrent liabilities	202,425	195,345	397,770
Total liabilities	243,344	581,806	825,150
Net position			
Net investment in capital assets	246,511	370,746	617,257
Unrestricted	1,010,158	(94,033)	916,125
Total net position	$ 1,256,669	$ 276,713	$ 1,533,382

City of Lake Wales, Florida

Combining Statement of Revenue, Expenses and Changes in Fund Net Position
- Nonmajor Enterprise Funds
Year ended September 30, 2023

	LWMG Cemetary Fund	Stormwater Fund	Total
Operating revenues:			
Charges for services	$ 248,627	$ 507,638	$ 756,265
Total operating revenues	248,627	507,638	756,265
Operating expenses:			
Contractual services	-	54,902	54,902
Repairs and maintenance	-	134,040	134,040
General and administrative	85,000	250,306	335,306
Depreciation	33,875	7,936	41,811
Total operating expenses	118,875	447,184	566,059
Operating income (loss)	129,752	60,454	190,206
Nonoperating revenues (expenses)			
Interest income	6,182	-	6,182
Interest expense and fiscal charges	(13,171)	-	(13,171)
Total nonoperating revenues (expenses)	(6,989)	-	(6,989)
Income (loss) before contributions and transfers	122,763	60,454	183,217
Transfers			
Transfers in	200,000	-	200,000
Total transfers	200,000	-	200,000
Change in net position	322,763	60,454	383,217
Net position, beginning of year	933,906	216,259	1,150,165
Net position, end of year	$ 1,256,669	$ 276,713	$ 1,533,382

City of Lake Wales, Florida

Combining Statement of Cash Flows - Nonmajor Enterprise Funds
Year ended September 30, 2023

	LWMG Cemetary Fund	Stormwater Fund	Total
Cash flows from operating activities			
Cash received from customers	$ 186,022	$ 512,055	$ 698,077
Cash payments to suppliers for goods and services	(85,000)	(340,443)	(425,443)
Net cash provided by operating activities	101,022	171,612	272,634
Cash flows from noncapital financing activities			
Transfers from other funds	200,000	-	200,000
Loan from other funds	-	115,312	115,312
Net cash provided (used) by noncapital financing activities	200,000	115,312	315,312
Cash flows from capital and related financing activities			
Acquisition and construction of capital assets	-	(371,841)	(371,841)
Debt issuance proceeds	-	96,920	96,920
Principal payments on long-term debt	(41,236)	(22,450)	(63,686)
Interest paid	(13,817)	-	(13,817)
Net cash used in capital and related financing activities	(55,053)	(297,371)	(352,424)
Cash flows from investing activities			
Interest income	6,182	-	6,182
Net cash provided by investing activities	6,182	-	6,182
Net increase in cash and cash equivalents	252,151	(10,447)	241,704
Cash and cash equivalents, beginning of year	690,405	13,098	703,503
Cash and cash equivalents, end of year	$ 942,556	$ 2,651	$ 945,207

Continued…

City of Lake Wales, Florida

Combining Statement of Cash Flows - Nonmajor Enterprise Funds *(concluded)*
Year ended September 30, 2023

	LWMG Cemetary Fund	Stormwater Fund	Total
Reconciliation of cash and cash equivalents to statement of net position			
Cash and cash equivalents	$ 942,556	$ 2,651	$ 945,207
Restricted cash and cash equivalents	-	-	-
Cash and cash equivalents, end of year	$ 942,556	$ 2,651	$ 945,207
Reconciliation of operating loss to net cash used in operating activities			
Operating income (loss)	$ 129,752	$ 60,454	$ 190,206
Adjustments to reconcile operating income to cash provided by operating activities:			
Depreciation	33,875	7,936	41,811
(Increase) decrease in assets:			
Accounts receivable	(62,605)	4,417	(58,188)
Increase (decrease) in liabilities:			
Accounts payable	-	98,805	98,805
Net cash provided by operating activities	$ 101,022	$ 171,612	$ 272,634

City of Lake Wales, Florida

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Transportation Fund
For the year ended September 30, 2023

	Budget Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 921,200	$ 921,200	$ 902,027	$ (19,173)
Intergovernmental	184,700	204,700	215,905	11,205
Charges for services	170,544	170,544	179,725	9,181
Investment earnings	100	100	-	(100)
Impact fees	-	360,000	362,444	2,444
Miscellaneous	100	100	4,043	3,943
Total revenues	1,276,644	1,656,644	1,664,144	7,500
Expenditures				
Current:				
Transportation	1,544,408	1,624,408	1,437,951	186,457
Total expenditures	1,544,408	1,624,408	1,437,951	186,457
Excess (deficiency) of revenues over (under) expenditures	(267,764)	32,236	226,193	193,957
Other financing sources (uses)				
Issuance of debt	55,000	55,000	-	(55,000)
Total other financing sources (uses)	55,000	55,000	-	(55,000)
Net change in fund balance	(212,764)	87,236	226,193	138,957
Fund balances, beginning of year	617,152	617,152	617,152	-
Fund balances, end of year	$ 404,388	$ 704,388	$ 843,345	$ 138,957

City of Lake Wales, Florida

Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual - Debt Service Fund
For the Year Ended September 30, 2023

	Budget Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 1,287,000	$ 1,112,000	$ 912,000	$ (200,000)
Total revenues	1,287,000	1,112,000	912,000	(200,000)
Expenditures				
Current:				
Principal	2,289,741	2,270,741	1,529,723	741,018
Interest and fiscal charges	327,368	346,368	738,110	(391,742)
Total expenditures	2,617,109	2,617,109	2,267,833	349,276
Deficiency of revenues under expenditures	(1,330,109)	(1,505,109)	(1,355,833)	149,276
Other financing sources				
Transfers in	1,422,684	1,361,476	1,250,280	(111,196)
Total other financing sources	1,422,684	1,361,476	1,250,280	(111,196)
Net change in fund balance	92,575	(143,633)	(105,553)	38,080
Fund balances, beginning of year	638,425	638,425	638,425	-
Fund balances, end of year	$ 731,000	$ 494,792	$ 532,872	$ 38,080

City of Lake Wales, Florida

Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual - Forfeitures Fund
For the Year Ended September 30, 2023

	Budget Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
Revenues				
Fines and forfeits	$ 23,500	$ 23,500	$ 5,304	$ (18,196)
Investment earnings	-	-	1,403	1,403
Total revenues	23,500	23,500	6,707	(16,793)
Expenditures				
Current:				
Public safety	39,300	59,300	48,826	10,474
Total expenditures	39,300	59,300	48,826	10,474
Net change in fund balance	(15,800)	(35,800)	(42,119)	(6,319)
Fund balances, beginning of year	103,728	103,728	103,728	-
Fund balances, end of year	$ 87,928	$ 67,928	$ 61,609	$ (6,319)

City of Lake Wales, Florida

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Library Fund
For the Year Ended September 30, 2023

	Budget Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 470,984	$ 470,984	$ 470,988	$ 4
Intergovernmental	690,000	835,000	835,817	817
Investment earnings	1,350	1,350	5,209	3,859
Impact fees	70,000	123,000	123,652	652
Miscellaneous	7,850	22,850	28,873	6,023
Total revenues	1,240,184	1,453,184	1,464,539	11,355
Expenditures				
Current:				
Culture and recreation	1,300,650	1,300,650	1,263,744	36,906
Total expenditures	1,300,650	1,300,650	1,263,744	36,906
Excess (deficiency) of revenues over (under) expenditures	(60,466)	152,534	200,795	48,261
Other financing sources				
Transfers out	-	-	(53,522)	(53,522)
Total other financing sources	-	-	(53,522)	(53,522)
Net change in fund balance	(60,466)	152,534	147,273	48,261
Fund balances, beginning of year	442,329	442,329	442,329	-
Fund balances, end of year	$ 381,863	$ 594,863	$ 589,602	$ (5,261)

City of Lake Wales, Florida

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Law Enforcement Block Grant Fund
For the Year Ended September 30, 2023

	Budget Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
Revenues				
Intergovernmental	$ 47,000	$ 47,000	$ 23,000	$ (24,000)
Total revenues	47,000	47,000	23,000	(24,000)
Expenditures				
Current:				
Public safety	47,000	47,000	26,116	20,884
Total expenditures	47,000	47,000	26,116	20,884
Excess (deficiency) of revenues over (under) expenditures	-	-	(3,116)	(3,116)
Other financing sources (uses)				
Transfers in	-	-	3,116	3,116
Total other financing sources (uses)	-	-	3,116	3,116
Net change in fund balance	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	$ -	$ -	$ -	$ -

City of Lake Wales, Florida

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Street Lighting District Fund
For the Year Ended September 30, 2023

	Budget Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
Revenues				
Special Assessment	$ 13,485	$ 13,485	$ 12,421	$ (1,064)
Total revenues	13,485	13,485	12,421	(1,064)
Expenditures				
Current:				
Physical environment	13,885	13,885	12,406	1,479
Total expenditures	13,885	13,885	12,406	1,479
Net change in fund balance	(400)	(400)	15	415
Fund balances, beginning of year	4,667	4,667	4,667	-
Fund balances, end of year	$ 4,267	$ 4,267	$ 4,682	$ 415

City of Lake Wales, Florida

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

For the Year Ended September 30, 2023

	Budget Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
Revenues				
Investment earnings	$ -	$ -	$ 21,907	$ 21,907
Impact fees	200,000	1,098,000	1,099,241	1,241
Total revenues	200,000	1,098,000	1,121,148	23,148
Expenditures				
Capital outlay	100,000	865,000	793,132	71,868
Total expenditures	100,000	865,000	793,132	71,868
Net change in fund balance	100,000	233,000	328,016	95,016
Fund balances, beginning of year	779,412	779,412	779,412	-
Fund balances, end of year	$ 879,412	$ 1,012,412	$ 1,107,428	$ 95,016

City of Lake Wales, Florida

Statement of Net Position - Lake Wales Airport Authority
September 30, 2023

	2023
Assets	
Current Assets	
Cash and cash equivalents	$ 175,322
Receivables, net	6,710
Restricted cash and cash equivalents:	
Unspent bond proceeds	198,117
Debt service reserve account	101,818
Inventories	29,670
Due from other governments	368,943
Total Current Assets	880,580
Noncurrent Assets	
Capital assets:	
Nondepreciable	2,051,808
Depreciable, net	13,961,965
Total Noncurrent Assets	16,013,773
Total Assets	16,894,353
Liabilities	
Current Liabilities	
Accounts payable	2,955
Construction payable	40,145
Accrued liabilities	6,040
Accrued interest	10,431
Accrued compensated absences	827
Deposits	6,682
Due to primary government	1,142,780
Current portion of long-term debt	104,547
Total Current Liabilities	1,314,407
Noncurrent liabilities	
Accrued compensated absences	7,439
Notes and lease obligations payable - noncurrent	1,359,213
Total noncurrent liabilities	1,366,652
Total Liabilities	2,681,059
Net Position	
Net investment in capital assets	14,707,985
Restricted for debt service	91,387
Unrestricted (deficit)	(586,078)
Total Net Position	$ 14,213,294

City of Lake Wales, Florida

Statement of Revenues, Expenses, and Changes in Net Position - Lake Wales Airport Authority
For the Year Ended September 30, 2023

	2023
Operating Revenues	
Charges for services	$ 428,465
Operating Expenses	
Personnel services	187,319
Contractual services	7,953
Repairs and maintenance	47,078
Materials and supplies	343,409
General and administrative	105,350
Depreciation	1,214,203
Total operating expenses	1,905,312
Operating Loss	(1,476,847)
Nonoperating revenues (expenses)	
Interest expense and fiscal charges	(44,429)
Interest income	4,289
Total nonoperating expenses	(40,140)
Loss before contributions and transfers	(1,516,987)
Capital Contributions	
Grants	416,058
From City of Lake Wales	215,000
Total capital contributions	631,058
Change in Net Position	(885,929)
Total Net Position, Beginning of Year	15,099,223
Total Net Position, End of Year	$ 14,213,294

City of Lake Wales, Florida

Statement of Cash Flows - Lake Wales Airport Authority
For the Year Ended September 30, 2023

	2023
Cash flows from operating activities	
Receipts from customers	$ 433,520
Cash payments for employee services	(182,524)
Cash payments to suppliers	(494,671)
Net cash used in operating activities	(243,675)
Cash flows from capital and related financing activities	
Capital grants	78,215
Capital contributions from City of Lake Wales (net)	719,262
Acquisition and construction of capital assets	(390,821)
Payments of interest	(45,028)
Principal payment on long-term debt	(106,922)
Net cash provided by capital and related financing activities	254,706
Cash flows from investing activities	
Investment income	4,289
Net cash provided by investing activities	4,289
Net increase in cash and cash equivalents	15,320
Cash and cash equivalents, beginning of year	459,937
Cash and cash equivalents, end of year	$ 475,257
Reconciliation of cash and cash equivalents to statement of net position	
Cash and cash equivalents	$ 175,322
Restricted cash and cash equivalents	299,935
Total cash and cash equivalents, end of year	$ 475,257
Reconciliation of operating loss to net cash used in operating activities	
Operating loss	$ (1,476,847)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	1,214,203
(Increase) decrease in assets:	
Accounts receivable	4,035
Inventories	31,371
Increase (decrease) in liabilities:	
Accounts payable	(22,252)
Accrued liabilities	324
Compensated absences	4,471
Deposits	1,020
Net cash used in operating activities	$ (243,675)
Supplemental Disclosure of Noncash Transactions	
None	$ -

City of Lake Wales, Florida
Statistical Section
(Unaudited)

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

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

	Fiscal Year									
	9/30/2014	9/30/2015	9/30/2016	9/30/2017	9/30/2018	9/30/2019	9/30/2020	9/30/2021	9/30/2022	9/30/2023
Governmental activities:										
Net investment in capital assets	$ 15,575,570	$ 15,600,248	$ 15,848,115	$ 15,671,679	$ 16,222,093	$ 17,043,260	$ 16,815,903	$ 17,626,990	$ 19,153,353	$ 19,452,205
Restricted	2,874,458	2,242,316	2,495,170	3,813,419	3,651,569	3,858,230	4,658,555	5,141,517	4,457,940	5,170,765
Unrestricted	205,608	(2,238,048)	(1,619,543)	(1,240,080)	(900,914)	(1,412,870)	(934,505)	(402,333)	377,423	1,215,957
Total governmental activities net position	18,655,636	15,604,516	16,723,742	18,245,018	18,972,748	19,488,620	20,539,953	22,366,174	23,988,716	25,838,927
Business-type activities										
Net investment in capital assets	24,240,474	24,566,866	25,806,028	27,848,331	28,212,408	29,012,942	31,675,498	31,790,132	33,420,945	35,751,848
Restricted	2,786,545	3,582,332	3,772,396	2,888,137	3,290,839	3,995,244	4,503,838	4,778,605	5,692,651	6,843,327
Unrestricted	169,003	738,546	1,072,128	2,302,087	3,270,530	4,333,649	3,746,575	4,801,114	3,575,878	2,457,170
Total business-type activities in net position	27,196,022	28,887,744	30,650,552	33,038,555	34,773,777	37,341,835	39,925,911	41,369,851	42,689,474	45,052,345
Primary government										
Net investment in capital assets	39,816,044	40,167,114	41,654,143	43,520,010	44,434,501	46,056,202	48,491,401	49,417,122	52,574,298	55,204,053
Restricted	5,661,003	5,824,648	6,267,566	6,701,556	6,942,408	7,853,474	9,162,393	9,920,122	10,150,591	12,014,092
Unrestricted	374,611	(1,499,502)	(547,415)	1,062,007	2,369,616	2,920,779	2,812,070	4,398,781	3,953,301	3,673,127
Total primary government net position	$ 45,851,658	$ 44,492,260	$ 47,374,294	$ 51,283,573	$ 53,746,525	$ 56,830,455	$ 60,465,864	$ 63,736,025	$ 66,678,190	$ 70,891,272

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

	Fiscal Year									
	9/30/2014	9/30/2015[1]	9/30/2016[2]	9/30/2017	9/30/2018[3]	9/30/2019	9/30/2020	9/30/2021	9/30/2022	9/30/2023
Expenses										
Governmental activities:										
General government	$ 1,217,965	$ 1,080,211	$ 1,226,946	$ 1,399,216	$ 1,372,964	$ 1,643,677	$ 2,544,143	$ 1,497,774	$ 2,391,433	$ 2,519,761
Public safety	7,548,733	7,005,129	7,816,386	8,501,991	8,470,373	9,085,841	9,378,097	9,524,365	10,183,503	12,140,342
Physical environment	745,501	1,089,770	1,071,354	1,145,447	747,777	1,251,218	1,333,773	1,300,281	1,544,932	1,468,411
Transportation	1,647,003	1,841,706	1,767,102	1,807,487	2,261,161	2,019,958	2,052,817	1,782,847	1,614,964	1,809,687
Economic environment	344,886	320,428	414,110	441,868	945,327	672,429	898,285	1,017,460	2,098,925	2,706,848
Human services	15,634	10,174	10,174	10,174	10,174	10,173	10,174	10,174	10,174	10,174
Culture and recreation	2,707,191	2,338,582	2,523,366	2,648,493	2,809,125	3,186,011	3,125,759	2,952,373	3,378,402	3,949,097
Interest on long term debt	455,554	356,781	345,798	288,519	304,789	368,926	375,441	315,929	223,980	739,680
Total governmental activities expenses	14,682,467	14,042,781	15,175,236	16,243,195	16,921,690	18,238,233	19,718,489	18,401,203	21,446,313	25,344,000
Business-type activities:										
Water and wastewater	6,271,228	5,111,658	5,579,359	5,761,569	6,154,074	6,257,083	6,811,684	7,581,515	8,560,087	9,945,824
LWMG Cemetery	-	7,255	88,200	87,818	113,696	124,703	129,695	114,979	118,147	132,046
Stormwater	-	-	-	-	-	248,550	293,685	406,251	349,995	447,184
Total business-type activities	6,271,228	5,118,913	5,667,559	5,849,387	6,267,770	6,630,336	7,235,064	8,102,745	9,028,229	10,525,054
Total primary government expenses	20,953,695	19,161,694	20,842,795	22,092,582	23,189,460	24,868,569	26,953,553	26,503,948	30,474,542	35,869,054
Program revenues										
Governmental activities:										
Charges for services:										
General government	68,363	60,425	108,638	87,896	28,779	60,405	732,639	107,384	10,481	91,830
Public safety	862,226	1,001,802	1,761,549	2,240,193	1,963,802	2,308,752	2,187,976	2,129,372	2,664,385	3,518,472
Physical environment	1,061,209	1,122,696	1,189,190	1,156,756	1,219,272	1,353,179	1,453,027	1,434,657	1,534,167	1,581,920
Transportation	109,168	114,342	133,323	138,546	141,740	145,617	150,193	157,206	167,080	542,170
Culture and recreation	104,019	104,416	98,304	196,119	108,267	278,621	399,047	58,973	134,870	824,743
Operating grants and contributions	740,250	845,228	1,147,668	1,351,175	1,378,257	1,283,712	1,469,900	1,436,108	1,535,986	1,607,815
Capital grants and contributions	105,731	169,913	15,139	15,724	78,477	18,112	16,224	36,197	566,632	1,079,832
Total governmental activities program revenues	3,050,966	3,418,822	4,453,811	5,186,409	4,918,594	5,448,398	6,409,006	5,359,897	6,613,601	9,246,782
Business -type activities:										
Charges for services:										
Water and wastewater	6,649,031	7,002,296	7,860,703	8,134,261	8,329,706	8,685,158	9,378,790	9,326,170	10,518,381	11,676,309
LWMG Cemetery	-	6,079	61,181	46,351	78,162	72,315	75,072	169,475	178,688	248,627
Stormwater	-	-	-	-	-	64,027	462,746	466,735	492,232	507,638
Operating grants and contributions	-	-	-	-	-	-				
Capital grants and contributions	981,217	307,801	345,382	914,886	426,344	1,247,275	841,151	721,376	420,798	1,681,295
Total business-type activities program revenues	7,630,248	7,316,176	8,267,266	9,095,498	8,834,212	10,068,775	10,757,759	10,683,756	11,610,099	14,113,869
Total primary government program revenues	10,681,214	10,734,998	12,721,077	14,281,907	13,752,806	15,517,173	17,166,765	16,043,653	18,223,700	23,360,651
Net (expenditures) revenues										
Governmental activities	(11,631,501)	(10,623,959)	(10,721,425)	(11,056,786)	(12,003,096)	(12,789,835)	(13,309,483)	(13,041,306)	(14,832,712)	(16,097,218)
Business-type activities	1,359,020	2,197,263	2,599,707	3,246,111	2,566,442	3,438,439	3,522,695	2,581,011	2,581,870	3,588,815
Total primary government net(expenses) revenues	(10,272,481)	(8,426,696)	(8,121,718)	(7,810,675)	(9,436,654)	(9,351,396)	(9,786,788)	(10,460,295)	(12,250,842)	(12,508,403)

	Fiscal Year									
	9/30/2014	9/30/2015[1]	9/30/2016[2]	9/30/2017	9/30/2018[3]	9/30/2019	9/30/2020	9/30/2021	9/30/2022	9/30/2023
General revenues and other changes in net assets										
Governmental activities:										
Taxes:										
Property taxes	5,130,461	5,159,264	4,900,523	5,122,114	5,452,835	5,849,860	6,252,874	6,685,845	7,249,859	7,980,425
Franchise fees	1,221,973	1,268,042	1,216,849	1,202,764	1,270,749	1,372,549	1,366,983	1,417,974	1,594,076	1,711,295
Public service taxes	1,612,772	1,603,537	1,672,772	1,687,888	1,718,285	1,846,617	1,963,799	2,006,417	2,381,442	2,469,402
Communication service taxes	483,337	467,312	469,080	467,274	454,353	448,685	486,042	467,111	471,302	500,565
Gas taxes	703,120	739,144	786,555	810,953	844,684	860,806	821,880	858,170	892,116	902,027
Local business tax	70,763	72,034	70,015	72,316	68,133	67,280	61,772	64,445	66,893	58,776
State and county shared revenues	1,169,636	1,256,194	1,359,612	1,404,292	1,493,372	1,552,745	1,520,571	1,801,151	2,113,955	2,198,390
Investment earnings	8,986	6,695	8,998	14,816	19,214	21,757	19,192	16,553	7,222	391,867
Insurance recoveries	11,704	15,176	1,825	4,669	76,223	789	-	-	-	98,844
Gain/(loss) on disposal of capital assets	1,016	(17,721)	40,580	610,380	-	30,873	438,925	-	-	-
Miscellaneous revenue	117,862	130,787	67,232	100,366	180,882	138,446	223,450	172,817	164,389	108,838
Transfers	503,000	798,128	1,046,718	1,080,230	1,086,650	1,115,300	1,205,328	1,377,044	1,514,000	1,527,000
Total governmental activities	11,034,730	11,498,592	11,640,759	12,578,062	12,665,380	13,305,707	14,360,816	14,867,527	16,455,254	17,947,429
Business-type activities:										
Investment earnings	7,496	6,783	12,071	11,209	18,792	21,670	21,302	18,724	73,916	156,164
Gain/(loss) on disposal of capital assets	-	(6,624)	420	-	-	200	15,036	-	1,899	3,238
Miscellaneous revenue	189,167	200,744	197,328	210,913	221,782	223,049	230,371	221,249	146,938	141,654
Transfers	(503,000)	(798,128)	(1,046,718)	(1,080,230)	(1,086,650)	(1,115,300)	(1,205,328)	(1,377,044)	(1,514,000)	(1,527,000)
Total business-type activities	(306,337)	(597,225)	(836,899)	(858,108)	(846,076)	(870,381)	(938,619)	(1,137,071)	(1,291,247)	(1,225,944)
Total primary government	10,728,393	10,901,367	10,803,860	11,719,954	11,819,304	12,435,326	13,422,197	13,730,456	15,164,007	16,721,485
Change in net position										
Governmental activities	(596,771)	874,633	919,334	1,521,276	662,284	515,872	1,051,333	1,826,221	1,622,542	1,850,211
Business-type activities	1,052,683	1,600,038	1,762,808	2,388,003	1,720,366	2,568,058	2,584,076	1,443,940	1,290,623	2,362,871
Total primary government	$ 455,912	$ 2,474,671	$ 2,682,142	$ 3,909,279	$ 2,382,650	$ 3,083,930	$ 3,635,409	$ 3,270,161	$ 2,913,165	$ 4,213,082

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

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

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

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

	Fiscal Year									
General fund	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Nonspendable										
Inventory and Prepaid	$ 133,694	$ 91,834	$ 97,256	$ 260,083	$ 289,680	$ 178,074	$ 528,092	$ 355,174	$ 439,931	$ 663,819
Committed										
Cemetery expenditures	-	-	28,086	28,086	-	-	-	-	-	-
Tree replacement expenditures	-	-	67,493	67,493	-	-	-	-	-	-
Assigned										
Subsequent years' expenditure	-	-	-	-	1,296,074	850,123	475,747	1,123,097	1,163,408	1,782,603
Unassigned	1,076,439	2,212,543	2,892,676	3,209,162	2,712,511	3,253,113	3,581,521	3,962,637	4,341,284	3,534,514
Total general fund	1,210,133	2,304,377	3,085,511	3,564,824	4,298,265	4,281,310	4,585,360	5,440,908	5,944,623	5,980,936
All other governmental funds										
Nonspendable										
Inventory and Prepaid	15,499	6,533	33,730	13,897	24,486	28,733	25,152	76,517	4,807	13,919
Restricted for:										
Library expenditures	108,048	117,869	81,244	127,600	130,708	190,140	284,381	469,993	437,522	575,683
Law enforcement expenditures	35,135	29,176	67,473	57,323	43,381	36,536	40,009	39,328	103,728	61,609
Transportation expenditures	198,565	253,252	332,984	508,472	401,886	111,029	131,576	525,572	617,152	843,345
Community redevelopment expenditu	169,341	149,586	210,468	1,393,382	1,504,752	2,108,243	2,752,719	2,719,871	1,877,034	15,516,125
Street lighting expenditures	14,580	15,782	17,154	19,318	5,792	6,426	4,583	3,561	4,667	4,682
Debt service	1,948,424	1,252,676	1,322,116	1,154,353	964,916	686,736	423,051	469,967	638,425	532,872
Capital projects	696,476	423,975	463,731	552,971	600,134	719,120	1,022,236	913,225	779,412	1,107,428
Government services	-	-	-	-	-	-	-	-	-	102,418
Assigned										
Capital projects	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	$ 3,186,068	$ 2,248,849	$ 2,528,900	$ 3,827,316	$ 3,676,055	$ 3,886,963	$ 4,683,707	$5,218,034	$ 4,462,747	$ 18,758,081

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

	Fiscal Year									
Revenues	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Taxes	$ 7,641,409	$ 7,595,065	$ 7,372,285	$ 7,574,308	$ 7,796,780	$ 8,192,156	$ 8,561,644	$ 9,036,846	$ 9,875,578	$ 10,488,392
Special assessment	21,218	14,830	14,823	15,624	-	12,782	12,755	12,053	14,856	12,421
Licenses and permits	1,600,762	1,647,600	1,643,803	1,770,272	1,800,458	2,131,820	1,901,079	2,067,400	2,265,026	3,181,264
Intergovernmental	2,567,234	2,773,856	3,056,649	3,226,070	3,871,137	3,781,662	4,060,971	4,306,078	5,371,082	6,136,503
Charges for services	1,903,900	2,029,255	3,012,228	3,247,682	3,146,019	3,311,878	3,482,576	3,618,065	4,135,983	4,243,751
Fines and forfeitures	58,592	96,583	108,072	136,491	151,371	162,757	165,595	116,059	370,060	217,782
Interest and miscellaneous	311,885	402,638	255,736	444,049	421,282	669,479	940,947	384,531	396,010	2,169,033
Total revenues	14,105,000	14,559,827	15,463,596	16,414,496	17,187,047	18,262,534	19,125,567	19,541,032	22,428,595	26,449,146
Expenditures										
Current:										
General government	1,503,113	1,522,961	1,591,291	1,904,199	1,870,430	2,102,409	2,302,858	1,994,654	3,022,195	3,596,379
Public safety	7,314,126	7,158,859	7,778,626	8,390,048	8,186,060	9,898,768	8,996,214	8,795,422	10,264,538	12,704,264
Physical environment	1,032,401	1,083,605	1,046,112	1,110,708	1,205,879	1,252,316	1,277,758	1,192,453	1,444,045	1,340,820
Transportation	783,519	1,024,348	1,091,184	1,129,684	1,625,190	2,137,461	1,500,467	1,213,812	1,503,799	1,796,133
Economic environment	341,333	306,478	413,478	498,908	923,498	620,617	841,675	1,660,466	3,310,073	7,943,376
Human services	1,000	-	-	-	-	30,000	40,000	40,000	40,000	40,000
Culture and recreation	2,419,371	2,121,724	2,442,606	2,492,316	3,217,540	3,186,614	3,707,862	2,710,401	3,200,426	4,218,342
Debt service:										
Principal	1,741,418	1,842,290	1,484,637	1,511,401	910,259	1,140,052	1,369,355	1,428,515	1,444,000	1,529,723
Interest and fiscal charges	430,585	377,209	333,629	305,613	300,049	362,482	379,830	331,703	243,164	738,110
Capital outlay	1,254,503	817,123	80,038	119,499	276,156	263,776	53,125	189,525	310,529	793,132
Total expenditures	16,821,369	16,254,597	16,261,601	17,462,376	18,515,061	20,994,495	20,469,144	19,556,951	24,782,769	34,700,279
Excess (deficiency) of revenues over (under) expenditures	(2,716,369)	(1,694,770)	(798,005)	(1,047,880)	(1,328,014)	(2,731,961)	(1,343,577)	(15,919)	(2,354,174)	(8,251,133)
Other financing sources (uses)										
Proceeds from issuance of debt	86,457	790,560	693,513	755,648	747,118	1,775,272	1,218,365	-	507,655	20,841,057
Insurance recoveries	11,704	15,176	1,825	4,669	76,223	4,469	-	-	368	98,844
Sale of capital assets	1,016	26,059	117,134	985,062	203	30,873	20,678	28,750	80,579	115,879
Transfers in	2,089,038	2,316,638	2,001,028	1,854,306	2,034,473	1,986,576	2,235,822	2,225,134	2,370,622	3,033,918
Transfers out	(1,586,038)	(1,296,638)	(954,310)	(774,076)	(947,823)	(871,276)	(1,030,494)	(848,090)	(856,622)	(1,506,918)
Total other financing sources (uses)	602,177	1,851,795	1,859,190	2,825,609	1,910,194	2,925,914	2,444,371	1,405,794	2,102,602	22,582,780
Net change in fund balances	$ (2,114,192)	$ 157,025	$ 1,061,185	$ 1,777,729	$ 582,180	$ 193,953	$ 1,100,794	$ 1,389,875	$ (251,572)	$ 14,331,647
Debt Service as a percentage of noncapital expenditures	13.29%	14.92%	12.15%	11.34%	7.38%	8.55%	9.38%	10.12%	7.63%	8.94%

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

Fiscal Year	Property Tax	Franchise Fees	Public Service Tax	Communication Service Tax	Fuel Taxes	Local Business Tax	Totals
2014	$ 5,130,461	$ 1,221,973	$ 1,612,772	$ 483,337	$ 703,120	$ 70,763	$ 9,222,426
2015	5,159,264	1,268,042	1,603,537	467,312	739,144	72,034	9,309,333
2016	4,900,523	1,216,849	1,672,772	469,080	786,555	70,015	9,115,794
2017	5,122,114	1,202,764	1,687,888	467,274	810,953	72,316	9,363,309
2018	5,452,835	1,270,748	1,718,285	454,353	844,684	68,133	9,809,038
2019	5,849,860	1,372,549	1,846,617	448,685	860,806	67,280	10,445,797
2020	6,252,874	1,366,983	1,963,799	486,042	821,880	61,772	10,953,350
2021	6,685,845	1,417,974	2,006,417	467,111	858,170	64,445	11,499,962
2022	7,249,859	1,594,076	1,381,442	471,302	892,116	66,893	11,655,688
2023	7,980,425	1,711,295	2,469,402	500,565	902,027	58,776	13,622,490

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

Fiscal Year	Real Property	Personal Property	Centrally Assessed Property	Less: Tax Exempt Property	Total Assessed Valuation	Total Direct Rate	Estimated Actual Value	Assessed Value(1) as a Percentage of Actual Value
2014	$ 797,750	$ 80,803	$ 496	$ 296,599	$ 582,450	$ 9	$ 1,019,828	86.20%
2015	798,982	107,500	497	284,591	622,388	8.3638	1,047,976	86.55%
2016	838,628	101,096	552	300,401	639,875	7.3638	1,088,269	86.40%
2017	886,259	107,225	623	303,049	691,058	7.3273	1,150,506	86.41%
2018	914,102	108,906	708	291,847	731,869	7.0438	1,185,028	86.39%
2019	967,869	116,636	573	304,154	780,924	7.0438	1,255,878	86.40%
2020	1,046,491	153,210	517	339,008	861,210	6.9339	1,384,893	86.67%
2021	1,091,300	143,042	1,446	344,604	891,184	6.7974	1,428,370	86.52%
2022	1,273,087	176,605	1,105	386,393	1,064,404	6.3626	1,675,459	86.59%
2023	1,412,365	157,996	893	400,359	1,170,895	7.1214	1,820,495	86.31%

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

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

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

(1) Includes tax-exempt property
(2) Homestead exemption was increased an additional $25,000 for qualifying properties.

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

Fiscal Year	Direct Rate	Overlapping Rates			
	City of Lake Wales	County of Polk	Polk County School Board	South West Florida Water Management District	Total
2014	8.5866	6.8665	7.5470	0.3818	23.3819
2015	8.3638	6.8665	7.2080	0.3658	22.8041
2016	7.3638	6.7815	7.1490	0.3488	21.6431
2017	7.3273	6.7815	6.7970	0.3317	21.2375
2018	7.0438	6.7815	6.5140	0.3131	20.6524
2019	7.0438	7.1565	6.2510	0.2955	20.7468
2020	6.9339	7.1565	6.0860	0.2801	20.4565
2021	6.7974	6.8990	5.9350	0.2669	19.8983
2022	6.3626	6.6920	5.5190	0.2260	18.7996
2023	7.1214	6.6852	5.4080	0.2043	19.4189

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

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

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

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

	2023			2014		
Taxpayer	**Rank**	**Total Assessed Valuation**	**Percentage of Total Taxable Assessed Value**	**Rank**	**Total Assessed Valuation**	**Percentage of Total Taxable Assessed Value**
LWAD PHASE 1 LLC	1	$ 58,573,233	29.92%			0.00%
DUKE ENERGY	2	25,023,380	12.78%	1	16,302,599	16.66%
PUBLIX SUPER MARKETS	3	20,905,588	10.68%	10	6,334,320	6.47%
PRESERVE AT LAKE WALES INC	4	18,118,394	9.26%	6	7,979,452	8.15%
CRF II LTD	5	17,344,511	8.86%	2	$ 13,046,800	13.33%
WALMART	6	14,495,055	7.41%	5	8,422,055	8.61%
RISE PROPERTIES LLC	7	9,194,904	4.70%			0.00%
LAKE WALES RETIREMENT CENTER INC	8	15,017,353	7.67%			0.00%
GROWHEALTHY PROPERTIES LLC	9	8,846,529	4.52%			0.00%
LOWES	10	8,223,433	4.20%	9	6,364,358	6.50%
REAL SUB LLC				7	7,302,806	7.46%
451 Eagle Ridge Drive Holdings, LLC				3	12,873,192	13.15%
Lake Wales Hospital Corporation				4	12,003,574	12.27%
Verizon				8	7,234,966	7.39%
		$ 195,742,380	16.85%		$ 97,864,122	16.80%
Total Assessed Valuation		$ 1,161,897,231			$ 582,449,637	

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

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

Fiscal Year	Total Tax Levy	Current Levy Collections	Percent of Levy Collected	Delinquent Tax Collection	Total Tax Collections	Percent Total Collections To Levy
2014	$ 4,836,682	$ 4,657,071	96.29%	$ 40,553	$ 4,697,624	97.12%
2015	4,843,338	4,689,790	96.83%	22,965	4,712,755	97.30%
2016	4,498,652	4,351,685	96.73%	17,700	4,369,385	97.13%
2017	4,676,205	4,520,948	96.68%	10,294	4,531,242	96.90%
2018	4,852,742	4,691,717	96.68%	7,264	4,698,981	96.83%
2019	5,137,333	4,971,389	96.77%	3,119	4,974,508	96.83%
2020	5,360,024	5,180,984	96.66%	40,008	5,220,992	97.41%
2021	5,832,566	5,637,459	96.65%	7,690	5,645,149	96.79%
2022	5,821,260	5,660,810	97.24%	148,914	5,809,724	99.80%
2023	7,998,402	6,577,724	82.24%	120,761	6,698,485	83.75%

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

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

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

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

	Governmental Activities			Business-Type Activities					
Fiscal Year	Notes Payable	Lease Obligations	Total	Notes Payable	Lease Obligations	Total	Total Primary Government	Population	Per Capita
2014	$ 11,444,458	$ 166,121	$11,610,579	$ 11,023,165	$ -	$11,023,165	$ 22,633,744	14,916	1,517
2015	9,664,472	394,377	10,058,849	11,711,767	120,783	11,832,550	21,891,399	15,011	1,458
2016	8,312,131	955,994	9,268,125	11,162,574	433,341	11,595,915	20,864,040	15,362	1,358
2017	7,080,854	1,432,757	8,513,611	15,241,545	336,409	15,577,954	24,091,565	15,365	1,568
2018	6,554,027	1,771,562	8,325,589	15,598,263	383,458	15,981,721	24,307,310	15,791	1,539
2019	6,007,966	2,952,843	8,960,809	16,238,880	323,977	16,562,857	25,523,666	16,062	1,589
2020	6,341,964	2,467,855	8,809,819	17,111,146	238,078	17,349,224	26,159,043	16,386	1,596
2021	5,702,641	1,678,663	7,381,304	23,449,577	196,736	23,646,313	31,027,617	17,001	1,825
2022	5,043,531	1,343,246	6,386,777	22,037,072	148,672	22,185,744	28,572,521	17,359	1,646
2023	23,341,466	2,356,645	25,698,111	24,658,410	215,056	24,873,466	50,571,577	17,384	2,909

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

City of Lake Wales, Florida
Direct and Overlapping Governmental Activities Debt
As of September 30, 2023

Taxing Authority	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
City of Lake Wales	$ 25,698,111	100.00%	$ 25,698,111
Total Direct Debt	25,698,111		25,698,111
County of Polk (1)	162,298,738	1.78%	2,882,618
Polk County School Board (2)	320,616,066	1.78%	5,694,522
Total Overlapping Debt	482,914,804		8,577,140
Total Direct and Overlapping Debt	$ 508,612,915		$ 34,275,251

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

Source:
(1) Debt outstanding data provided from information with Polk County, Florida CAFR statistical section disclosure as of their most recent audited financial statements ending September 30, 2022.

(2) Debt outstanding data provided from information with The School Board of Polk County, Florida as of their most recent available audited financial statements ending June 30, 2022.

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

	Utility Fund Debt Obligations					
	(1)	(2)				
Fiscal Year	Charges for Service Revenues	Less Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
2014	$ 6,649,031	$ 3,950,814	$ 2,698,217	$ 1,366,943	$ 328,131	1.59
2015	7,002,296	3,676,952	3,325,344	1,445,795	238,758	1.97
2016	7,860,703	3,971,479	3,889,224	2,068,464	215,477	1.70
2017	8,134,261	4,155,338	3,978,923	2,362,967	160,623	1.58
2018	8,329,706	4,460,075	3,869,631	991,925	106,979	3.52
2019	8,685,158	4,287,822	4,397,336	977,513	222,612	3.66
2020	9,378,790	4,812,909	4,565,881	1,235,356	231,387	3.11
2021	9,326,170	5,402,074	3,924,096	1,180,772	385,452	2.51
2022	10,518,381	6,206,164	4,312,217	1,215,455	350,769	2.75
2023	11,676,309	7,737,246	3,939,063	1,590,685	231,841	2.16

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

(2) Direct operating expenses does not include depreciation.

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

	Per Capita Personal Income (1)						Median Household Income (1)					
Year	**Florida**	**Polk**	**Hillsborough**	**Hardee**	**Osceola**	**Lake**	**Florida**	**Polk**	**Hillsborough**	**Hardee**	**Osceola**	**Lake**
2014	$ 43,109	$ 33,061	$ 42,026	$ 26,182	$ 28,781	$ 36,508	$ 47,439	$ 42,768	$ 50,758	$ 35,371	$ 42,945	$ 46,895
2015	45,287	34,028	43,591	27,814	30,363	37,817	49,416	44,024	51,710	35,850	45,127	49,711
2016	45,684	34,199	43,617	26,913	31,280	39,385	50,857	46,289	54,509	37,612	50,716	50,125
2017	47,869	34,213	45,129	28,844	32,315	40,613	50,883	45,988	53,742	39,063	47,343	49,734
2018	50,070	35,463	47,000	28,258	33,346	42,190	53,267	48,500	56,137	37,594	50,063	51,884
2019	52,426	36,649	48,452	29,545	35,258	43,425	55,660	50,584	58,884	38,682	52,279	54,513
2020	55,675	39,760	51,848	31,775	39,210	46,563	57,435	54,591	65,272	46,264	63,018	58,501
2021	62,270	43,556	58,140	35,636	43,354	49,831	61,777	55,099	64,164	41,395	58,513	60,013
2022	64,806	43,223	59,515	34,968	44,344	52,291	67,917	60,901	70,612	44,665	64,312	66,239
2023	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

(1) Source Office of Economic & Demographic Research http://edr.state.fl.us, Population & Demographics, Area Profiles, County Profiles.
N/A = Data not currently available.

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

	Florida Price Level Index (1)					Unemployment Rate (2)					
Year	Polk	Hillsborough	Hardee	Osceola	Lake	Florida	Polk	Hillsborough	Hardee	Osceola	Lake
2014	96.26	100.89	96.69	97.47	96.33	6.1	7.3	5.8	9.4	6.6	6.3
2015	96.34	100.97	95.92	98.13	96.99	5.1	6.2	4.9	8.7	5.5	5.2
2016	96.50	101.14	95.12	98.38	97.23	4.7	5.9	4.6	7.2	5.0	4.8
2017	96.20	100.66	94.76	98.53	97.38	3.8	4.1	3.3	6.1	3.7	3.4
2018	96.05	100.38	95.37	98.53	97.52	3.3	3.5	2.9	4.8	3.0	2.9
2019	96.00	100.64	95.64	98.81	97.80	3.1	3.5	2.9	5.6	3.1	2.9
2020	96.08	100.73	96.31	98.46	97.80	7.6	7.9	5.7	5.1	9.7	7.4
2021	96.82	101.33	91.45	97.84	95.21	4.0	4.9	3.9	5.1	5.4	4.3
2022	97.06	101.60	91.28	97.83	95.40	2.8	3.2	2.6	3.8	3.0	2.8
2023	97.01	101.59	92.46	97.75	96.29	2.9	3.8	3.0	4.0	3.4	3.2

(1) Univ. of Fla, Bureau of Economic and Business Research, http://www.bebr.ufl.edu/, economic, Fla. Price Level Index.
Provides relative cost of living. The Average is set at 100%.
(2) United States Department of Labor, Bureau of Labor Statistics, http://data.bls.gov/map/MapToolServlet
N/A = Data not currently available.

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

(April 1st) Year	Population		% of City Compared to County
	Polk	City of Lake Wales	
2014	623,174	14,916	2.39%
2015	634,555	15,011	2.37%
2016	646,989	15,362	2.37%
2017	661,645	15,365	2.32%
2018	673,028	15,791	2.35%
2019	690,606	16,062	2.33%
2020	715,090	16,386	2.29%
2021	748,365	17,001	2.27%
2022	770,019	17,359	2.25%
2023	797,616	17,384	2.18%

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

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

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
City Manager	2.00	2.00	2.00	2.50	2.50	2.50	2.50	2.50	5.50	4.00
City Clerk	1.50	1.50	1.50	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Special Progr/Eco Dev/CRA	-	-	-	-	2.00	2.50	5.00	6.00	4.00	3.00
Finance	3.50	3.50	3.50	3.50	3.50	3.50	4.00	4.00	4.00	4.50
Support Services	2.00	1.30	1.30	1.30	1.30	1.30	1.30	1.00	0.50	-
Human Resource	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Planning and Zoning	3.00	3.00	3.00	3.00	3.00	4.00	4.50	3.00	4.00	5.00
Information Services	2.50	2.30	3.30	3.30	3.30	3.30	3.30	3.00	3.00	4.00
Communications & Engagement	-	-	-	-	-	-	-	-	-	2.00
Public Services Administration	2.25	2.40	1.90	1.90	1.90	1.90	2.90	2.50	1.50	2.50
Parks & Recreation	-	-	-	-	-	-	-	-	-	-
Total general government	18.75	18.00	18.50	18.50	20.50	22.00	26.50	25.00	25.50	28.00
Airport Authority				2.00	2.00	2.00	3.00	3.00	3.00	4.00
Police Department	51.00	50.00	50.00	53.00	53.00	53.00	53.00	53.00	55.00	62.00
Fire & Rescue:	27.00	27.00	27.00	30.00	30.00	30.00	30.00	30.00	33.00	38.00
Building Permits and Inspection	2.00	2.50	2.50	3.00	3.00	3.50	5.00	5.00	4.00	6.00
Code Enforcement	1.50	1.00	2.00	2.00	3.00	3.00	3.00	2.00	2.00	3.00
Total public safety	81.50	80.50	81.50	90.00	91.00	91.50	94.00	93.00	97.00	113.00
Cemetery	-	-	-	-	2.00	2.00	3.00	3.00	3.50	3.50
Parks Division	-	-	-	-	8.00	8.00	8.00	8.00	10.00	16.00
Streets	-	-	-	-	7.00	7.00	7.00	7.00	7.00	7.00
Field Operations	19.00	19.00	18.00	18.00	-	-	-	-	-	-
Fleet Maintenance	-	-	-	-	-	-	-	-	-	-
Facilities Maintenance	3.00	3.00	3.00	2.00	3.00	3.00	3.00	3.00	3.00	4.00
Total maintenance	22.00	22.00	21.00	20.00	20.00	20.00	21.00	21.00	23.50	30.50
Recreation	-	-	-	-	3.00	3.00	4.00	5.00	5.00	2.50
Museum	-	-	1.10	1.60	2.10	2.10	2.60	2.20	-	-
Library	16.50	16.50	17.90	17.90	17.90	17.90	17.90	18.40	18.00	19.00
Total culture and recreation	16.50	16.50	19.00	19.50	23.00	23.00	24.50	25.60	23.00	21.50
Utilities Operations	23.00	23.00	23.00	23.00	23.00	23.00	23.00	23.00	27.00	28.00
Utilities Administration	6.75	6.50	6.00	6.00	6.00	6.00	6.00	7.00	7.00	9.00
Utility Billing/Customer Service	3.50	4.50	5.50	5.50	5.50	5.50	7.00	7.00	7.00	7.00
Total utilities	33.25	34.00	34.50	34.50	34.50	34.50	36.00	37.00	41.00	44.00
Total government employees	172.00	171.00	174.50	182.50	189.00	191.00	202.00	201.60	210.00	237.00

(1) Source: City Finance Department - BUDGET STAFFING SUMMARY
(2) In 2010 both Field Operations and Utilities Operations reorganized their personnel structures.

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

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General										
Municipal boundaries (1)	20.12	20.14	20.14	20.14	20.20	20.20	20.31	20.57	21.59	21.59
Police										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of arrests	1,158	1,071	1,125	1,182	1,195	958	586	586	830	1,148
Number of calls for service	20,904	22,047	21,522	22,888	22,912	21,837	17,722	18,560	21,832	21,867
Number of crashes	436	478	621	584	548	620	586	751	1,048	769
Fire										
Response volume (includes fire, rescue and medical calls)	2,660	2,991	2,410	2,769	2,939	3,040	3,011	3,100	3,532	3,907
Response time average (minutes)	5.66	5.02	4.83	4.60	4.60	4.82	5.09	4.71	3.50	5.13
Inspections/plans reviewed	1,877	2,067	2,031	2,031	1,544	1,310	1,212	980	1,200	1,200
Public education (persons)	1,148	3,860	3,892	3,152	2,548	2,250	2,500	2,500	3,000	5,000
Permits and Inspections Division										
Plan review residential	291	320	196	319	680	98	891	561	661	1,206
Plan review commercial	177	157	49	129	88	279	209	139	239	212
Permits issued	657	739	792	1,166	1,359	1,206	1,147	1,227	1,312	1,454
Inspections:										
Construction	2,332	2,557	2,467	5,348	4,085	4,332	3,014	4,196	4,619	3,066
Inspections per month (avg.)	194	213	205	445	340	361	266	350	385	256
Certificates of Occupancy issued	70	65	68	71	42	111	50	51	41	70
Library										
Number of libraries	1	1	1	1	1	1	1	1	1	1
Public Works										
Miles of streets	86.74	87.41	87.41	87.41	87.41	87.41	87.41	87.41	87.41	89.58
Water										
Average monthly customers:										
Water	7,890	7,889	8,159	8,210	8,396	8,523	9,377	9,712	9,833	9,805
Sewer	5,369	5,412	5,610	5,649	5,882	5,998	5,917	6,048	6,539	6,177
Irrigation	1,425	1,454	1,534	1,586	1,514	1,570	1,704	1,822	1,630	1,711
Wastewater										
Number of lift stations	39	39	39	39	40	40	40	40	40	41

(1) Square miles
(2) Source: City Finance Department

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

Water Revenues	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Water Fees	$3,069,206	$3,270,884	$3,687,443	$3,777,279	$3,837,000	$4,017,001	$4,484,248	$ 4,421,191	$5,117,452	$5,668,120
Installation Fees	78,956	70,822	109,202	158,917	110,773	105,951	83,639	94,149	68,867	348,224
Backflow Inspection Fees	63,760	65,300	67,928	69,850	72,017	74,552	77,821	98,546	126,823	156,589
Construction Meter Fees	4,924	3,850	3,651	5,601	6,852	9,263	8,794	13,191	17,274	15,517
Reuse Fees	24,804	19,533	31,109	32,331	34,169	39,052	58,256	43,991	38,250	33,396
Miscellaneous	293	195	315	490	1,048	155	248	174	1,295	675
Impact Fees	130,823	127,528	137,060	255,751	169,747	264,978	191,844	141,582	214,947	563,089
Totals	$3,372,766	$3,558,112	$4,036,708	$4,300,219	$4,231,606	$4,510,952	$4,904,850	$ 4,812,824	$5,584,908	$6,785,610
Penalties & Service Charges (Water & Sewer Combined)	$ 117,560	$ 110,973	$ 124,854	$ 124,854	$ 123,632	$ 124,593	$ 70,072	$ 150,621	$ 155,319	$ 194,034
Water Rates(1)										
% of Rate Increase (Decrease) - Base Rate	2.60%	2.50%	14.40%	2.40%	2.50%	5.20%	7.70%	10.50%	13.10%	13.10%
Inside City Limits										
Base Rate	$ 5.95	$ 6.10	$ 6.98	$ 7.15	$ 7.33	$ 7.52	$ 7.70	$ 7.90	$ 8.09	$ 8.29
0-5,000	2.35	2.41	2.76	2.83	2.90	2.97	3.05	3.12	3.20	3.28
5,001-10,000	3.18	3.26	3.73	3.82	3.92	4.02	4.12	4.22	4.33	4.44
10,001-25,000	4.94	5.06	5.79	5.93	6.08	6.24	6.39	6.55	6.71	6.88
> 25,000	8.13	8.33	9.54	9.78	10.02	10.27	10.53	10.79	11.06	11.34
Outside City Limits										
Base Rate	$ 7.44	$ 7.63	$ 8.73	$ 8.95	$ 9.17	$ 9.40	$ 9.64	$ 9.88	$ 10.12	$ 10.38
0-5,000	2.94	3.01	3.45	3.54	3.63	3.72	3.81	3.81	4.00	4.11
5,001-10,000	3.98	4.08	4.67	4.79	4.91	5.03	5.15	5.15	5.42	5.56
10,001-25,000	6.18	6.33	7.24	7.42	7.61	7.80	7.99	7.99	8.40	8.62
> 25,000	10.17	10.42	11.93	12.23	12.54	12.85	13.17	13.17	13.84	14.19

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

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

Sewer Revenues	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Sewer Fees	$3,279,080	$3,448,974	$3,832,287	$3,939,531	$4,142,876	$4,298,524	$4,592,075	$4,486,930	$ 5,003,351	$5,284,810
Installation Fees	10,348	3,919	3,914	4,855	1,188	1,135	801	7,438	5,098	-
Miscellaneous	-	-	-	-	122	-	763	-	-	-
Impact Fees	214,505	180,273	208,322	409,135	237,697	417,051	292,354	173,930	205,951	722,026
Totals	$3,503,933	$3,633,166	$4,044,523	$4,353,521	$4,381,883	$4,716,710	$4,885,993	$4,668,298	$ 5,214,400	$6,006,836

Sewer Rates (1)

% of Rate Increase (Decrease) - Base Rate	2.50%	2.50%	14.50%	2.50%	2.50%	5.10%	7.70%	10.40%	13.10%	13.10%
Inside City Limits										
Base Rate	$ 21.12	$ 21.65	$ 24.79	$ 25.41	$ 26.04	$ 26.70	$ 27.36	$ 28.04	$ 28.75	$ 29.46
0-5,000 Gallons	2.77	2.84	3.25	3.33	3.41	3.50	3.59	3.68	3.77	3.86
5,001 + Gallons	4.86	4.98	5.70	5.84	5.99	6.14	6.29	6.45	6.61	6.78
Outside City Limits										
Base Rate	$ 26.40	$ 27.06	$ 30.98	$ 31.75	$ 32.55	$ 33.36	$ 34.20	$ 35.04	$ 35.93	$ 36.82
0-5,000 Gallons	3.47	3.56	4.06	4.16	4.27	4.37	4.48	4.60	4.71	4.84
5,001 + Gallons	6.08	6.23	7.13	7.31	7.49	7.68	7.87	8.07	8.27	8.48

Residential Cap = 15,000 gallons

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

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

	2023		2014	
Employer	Employees	Rank	Employees	Rank
Florida's Natural Growers	900	1		
Polk County Sheriff's Office	525	2		
Adventhealth Lake Wales (1)	445	3	479	2
Home Depot	400	4		
Walmart Supercenter	350	5	400	4
Hunt Brothers	300	6	195	7
Citrus World, Inc.	258	7	654	1
Kegel	200	8		
City of Lake Wales	212	9	174	9
Warner University	200	10	160	10
Citrosuco			190	8
Lake Wales Charter Schools			400	3
Polk County School Board			221	6
Publix			250	5
	3,790		3,123	

Source: Lake Wales Area Chamber of Commerce

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



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OTHER INFORMATION

City of Lake Wales, Florida

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Original Budget and Actual - Community Redevelopment Fund
For the Year Ending September 30, 2023

	Budget Amounts Original	Actual Amounts	Variance With Original Budget
Revenues			
Taxes	$ 1,362,546	$ 1,362,546	$ -
Intergovernmental	3,829,172	1,827,046	(2,002,126)
Investment earnings	7,000	156,835	149,835
Total revenues	5,198,718	3,386,102	(1,812,616)
Expenditures			
Current:			
Economic environment	13,965,129	7,368,376	6,596,753
Total expenditures	13,965,129	7,368,376	6,596,753
Excess of revenues over expenditures	(8,766,411)	(3,982,274)	4,784,137
Other financing uses			
Transfers out	(1,422,684)	(1,250,280)	172,404
Loan proceeds	-	18,804,365	18,804,365
Sale of capital assets	28,750	67,280	38,530
Total other financing uses	(1,393,934)	17,621,365	19,015,299
Net change in fund balance	(10,160,345)	13,639,091	23,799,436
Fund balances, beginning of year	1,877,034	1,877,034	-
Fund balances, end of year	$ (8,283,311)	$ 15,516,125	$ 23,799,436

City of Lake Wales, Florida

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Original Budget and Actual – Library Fund
For the Year Ending September 30, 2023

	Original Budget Amounts	Actual Amounts	Variance with Original Budget
Revenues			
Taxes	$ 470,984	$ 470,988	$ 4
Intergovernmental	690,000	835,817	145,817
Investment earnings	1,350	5,209	3,859
Impact fees	70,000	123,652	53,652
Miscellaneous	7,850	28,873	21,023
Total revenues	1,240,184	1,464,539	224,355
Expenditures			
Current:			
Culture and recreation	1,300,650	1,263,744	(36,906)
Total expenditures	1,300,650	1,263,744	(36,906)
Excess (deficiency) of revenues over (under) expenditures	(60,466)	200,795	261,261
Other financing sources			
Transfers out	-	(53,522)	(53,522)
Total other financing sources	-	(53,522)	(53,522)
Net change in fund balance	(60,466)	147,273	207,739
Fund balances, beginning of year	442,329	442,329	-
Fund balances, end of year	$ 381,863	$ 589,602	$ 207,739



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GOVERNMENT AUDITING SECTION

City of Lake Wales, Florida

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Grant Number	Assistance Listing Number	Expenditures
U.S. Department of Justice passed through			
Florida Department of Law Enforcement:			
Edward Byrne Memorial Justice Assitance Grant Program:			
Lake Wales Community Safety Program II	8C223	16.738	$ 26,116
U.S. Department of Homeland Security			
passed through Florida Division of Emergency Management			
Disaster Grant - Public Assistance - Presidentially declared disasters:			
Hurricane Irma (DR4673)	FEMA-4673-DR-FL	97.036	122,347
U.S. Department of Housing and Urban Development			
passed through the Florida Department of Economic Opportunity			
Community Development Block Grants/State's program and			
Non-Entitlement Grants in Hawaii:			
Lake Wales Housing Rehabilitation	22DB-OP-07-63-02-H07	14.228	474,989
Sidewalk Improvements	22CV-S04	14.228	42,117
Total U.S. Department of Housing and Urban Development			517,106
U.S. Environmental Protection Agency passed through			
Florida Department of Environmental Protection:			
Drinking Water State Revolving Fund Cluster:			
Grant - Water System Water Main Replacement	530370	66.468	432,369
Loan - Water System Water Main Replacement	530370	66.468	1,617,062
Total U.S. Environmental Protection Agency			2,049,431
U.S. Department of Treasury			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	na	21.027	400,438
U.S. Department of Transportation -			
Federal Aviation Administration			
Airport Improvement Program:			
Master Plan Update / Master Drainage Plan	3-12-0040-024-2020	20.106	35,532
Total Expenditures of Federal Awards			$ 3,150,970

(1) SRF - 5912S Loan Balance at September 30, 2023 - $43,112
(2) SRF - 5913P Loan Balance at September 30, 2023- $265,235
(3) SRF - 59140 Loan Balance at September 30, 2023 - $199,881
(4) SRF - 530300 Loan Balance at September 30, 2023 - $2,208,969
(5) SRF - 530320 Loan Balance at September 30, 2023 - $1,782,294
(6) SRF - 530370 Loan Balance at September 30, 2023 - $1,617,062
(7) SRF - 531301 Loan Balance at September 30, 2023 - $1,940,242

None of the awards above were passed through to subrecipients.

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

Note 1 – General

The accompanying schedule of expenditures of federal awards presents the activities of all federal award programs of the City of Lake Wales, Florida (the City), as well as the Lake Wales Airport Authority (the discretely presented component unit) for the year ended September 30, 2023.

Federal awards received directly, as well as passed through to other government agencies, if any, are included in the schedule. For the year ended September 30, 2023, the City had no subrecipients and therefore did not pass any awards through to other government agencies.

Note 2 – Basis of Accounting

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

Note 3 – Contingencies

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

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

Note 4 – Non-Cash Contributions

The City did not receive any federal non-cash assistance, including personal protection equipment, for the fiscal year ended September 30, 2023.

City of Lake Wales, Florida

Schedule of Expenditures of State Financial Assistance
For the Year Ended September 30, 2023

State Grantor/Program Title	Grant Number	CSFA Number	Expenditures
State of Florida Department of Environmental Protection			
Wastewater Treatment Facility Construction			
Loan - Stormwater Master Plan	5303A0	37.077	$ 193,845
Loan - Septic to Sewer Project	530360	37.077	1,023,347
Total 37.077 - Wastewater Treatment Facility Construction			1,217,192
Drinking Water Facility Construction			
Loan - New Water Pipe and Connections	5303B0	37.076	1,341,071
Total State of Florida Department of Environmental Protection			2,558,263
Florida Department of Transportation			
Aviation Grant Programs			
Lake Wales Airport Fuel Farm	444675-1-94-01	55.004	368,943
Total Florida Department of Transportation			368,943
Total Expenditures of State Financial Assistance			$ 2,927,206

(1) SRF - 530310 Loan Balance at September 30, 2023 - $4,038,755
(2) SRF - 530330 Loan Balance at September 30, 2023 - $2,613,687
(3) SRF - 530360 Loan Balance at September 30, 2023 - $1,023,347
(4) SRF - 530380 Loan Balance at September 30, 2023 - $934,357
(5) SRF - 5303B0 Loan Balance at September 30, 2023 - $1,341,071
(6) SRF - 530350 Loan Balance at September 30, 2023 - $934,211
(7) SRF - 5303A0 Loan Balance at September 30, 2023 - $217,795

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

Note 1 – General

The accompanying schedule of state financial assistance presents the activities of all state financial assistance projects of the City of Lake Wales, Florida (the City), as well as the Lake Wales Airport Authority (the discretely presented component unit) for the year ended September 30, 2023.

State financial assistance received directly, as well as those passed through to other government agencies, if any, are included in the schedule. For the year ended September 30, 2023, the City had no subrecipients and therefore did not pass any awards through to other government agencies.

Note 2 – Basis of Accounting

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

Note 3 – Contingencies

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

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

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

To the City Commission
City of Lake Wales, Florida

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited City of Lake Wales, Florida's (the "City") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and Florida Department of Financial Services' State Projects *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs and state projects for the year ended September 30, 2023. The City's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on of its major federal program and state projects for the year ended September 30, 2023.

Basis for Opinion on Major Federal Programs and State Projects

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

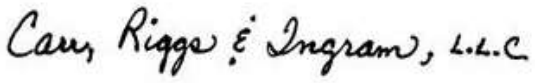
Report on Internal Control over Compliance

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

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

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

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



CARR, RIGGS & INGRAM, LLC

Orlando, Florida
May 13, 2024

PART I – SUMMARY OF AUDITORS' RESULTS

Financial Statements:

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

Federal Awards and State Financial Assistance:

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

Federal Award	Assistance Listing Number
Drinking Water State Revolving Fund Cluster	66.468

5. Identification of major state projects:

State Project	CSFA Number
Drinking Water Facility Construction	37.076
Wastewater Treatment Facility Construction	37.077

6. A threshold of $750,000 was used to distinguish between Type A and Type B programs for federal programs and state projects.
7. The City is not a low-risk auditee

PART II – FINANCIAL STATEMENT FINDINGS

2023-001 Financial Reporting on Schedule of Expenditures of Federal Awards and State Financial Assistance (Significant Deficiency)

Criteria: The Schedule of Expenditures of Federal Awards and State Financial Assistance should be prepared in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the audit requirements of Chapter 10.550, *Rules of the Auditor General.*

Condition: In accordance with 2 CFR 200.510(b), the Schedule of Expenditures of Federal Awards and State Financial Assistance was not prepared to include certain expenditures on grant funds during the year expended.

Cause of Condition: The City did not report expenditures on grant funds as they were expended to properly prepare a Schedule of Expenditures of Federal Awards and State Financial Assistance.

Effect of Condition: The City did not report expenditures made on grant funds in the amount of $185,000 to properly prepare a Schedule of Expenditures of Federal Awards and State Financial Assistance.

Recommendations: We recommend the Finance Department ensure grant expenditures are properly tracked and reported as expended on the Schedule of Expenditures of Federal Awards and State Financial Assistance.

Views of Responsible Officials: See page 145 for management's response to the finding.

PART III – FEDERAL AWARD FINDINGS

None noted

PART IV– STATE PROJECT FINDINGS

None noted

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

To the City Commission
City of Wales, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lake Wales, Florida (the "City"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 13, 2024.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements.

However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Lake Wales, Florida's 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 in the accompanying schedule of findings and questioned costs. 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.

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

CARR, RIGGS & INGRAM, LLC

Orlando, Florida
May 13, 2024

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MANAGEMENT LETTER

To the City Commission
City of Lake Wales, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Lake Wales, Florida (the "City"), as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated May 13, 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for Each Major Federal Program and State Project; Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of Auditor General. Disclosures in those reports and schedule, which are dated May 13, 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. No findings noted during the prior year.

Financial Condition and Management

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

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

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we recommend inventory reports be retained at year-end and reconciled to accounting records.

Special Information

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

a) The total number of district employees compensated in the last pay period of the district's fiscal year as thirteen.
b) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as one.
c) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as $485,550.
d) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as $2,968.
e) Each construction project with a total cost of at least $65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as none.
f) A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes. The budget was amended, therefore we will report a separate original budget to actual in Supplementary Information.

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

a) The total number of district employees compensated in the last pay period of the district's fiscal year as three.
b) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as two.
c) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as $122,408.
d) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as $4,808.
e) Each construction project with a total cost of at least $65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as shown below:
    - Jet Fuel System $385,000
    - AVGas fuel system $385,000
f) A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes. The budget was amended; therefore we will report a separate original budget to actual in Supplementary Information.

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

a) The total number of district employees compensated in the last pay period of the district's fiscal year as none. The CRA has two employees.
b) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as three.
c) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency is $233,175.
d) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as $322,146.
e) Each construction project with a total cost of at least $65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as shown below:
    - Walking Trail – II & III $750,000
    - Park & Market Construction $8,000,000
    - Park Avenue Streetscape $5,000,000
    - Downtown Improvements $150,000
f) A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes. The budget was amended, therefore we will report a separate original budget to actual in Supplementary Information.

Additional Matters

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

Purpose of this Letter

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

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

CARR, RIGGS & INGRAM, LLC

Orlando, Florida

May 13, 2024

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

To the City Council
City of Lake Wales, Florida

We have examined City of Lake Wales, Florida's, (the "City"), compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2023. Management is responsible for the City's compliance with the requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

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

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

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2023.

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

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

CARR, RIGGS & INGRAM, LLC

Orlando, Florida
May 13, 2024

City of
Lake Wales
201 Central Avenue W.
P.O. Box 1320
Lake Wales, FL 33859-1320
Phone (863) 678-4182
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Honorable Sherrill F. Noman, CPA
Auditor General, Claude Pepper Building, Suite G74
111 West Madison Street, Tallahassee, FL 32399-1450

Dear Ms. Norman:

Pursuant to the provisions of Section 218.39(6) Florida Statutes, the following are the responses to the audit of the City of Lake Wales conducted by Carr Riggs & Ingam, CPAs and Advisors for the period October 1, 2022 to September 31, 2023.

2023-001 Financial Reporting on Schedule of Expenditures of Federal Awards and State Financial Assistance (Significant Deficiency)

Auditor's Comment: The Schedule of Expenditures of Federal Awards and State Financial Assistance should be prepared in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the audit requirements of Chapter 10.550, *Rules of the Auditor General.* The Schedule of Expenditures of Federal Awards and State Financial Assistance was not prepared to include certain expenditures on grant funds during the year expended.

Management's Response: The City will perform reconciliations both monthly and at year-end to ensure grant expenditures are properly reported on the Schedule of Federal Awards and State Financial Assistance. This new reconciliation procedures, relating to the Schedule of Federal Awards and State Financial Assistance, will go into effect immediately.

Respectfully submitted,

Dabbott

Dorothy Abbott,
Finance Director