



TOWN OF LAKE CLARKE SHORES, FLORIDA



FINANCIAL STATEMENTS WITH INDEPENDENT AUDITORS' REPORT THEREON

FISCAL YEAR ENDED September 30, 2022



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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Town Council
Town of Lake Clarke Shores, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Lake Clarke Shores, Florida (the "Town") as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Lake Clarke Shores, Florida as of September 30, 2022, 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 Town of Lake Clarke Shores, 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of Management for the Financial Statements (Continued)

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 Town of Lake Clarke Shores, 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.

Auditors' 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 Town of Lake Clarke Shores, 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 Town of Lake Clarke Shores, 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, OPEB schedule, 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 Town of Lake Clarke Shores, Florida's basic financial statements. The combining nonmajor fund financial statements and the schedule of departmental expenditures–budget to actual 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 fund financial statements and schedule of departmental expenditures–budget to actual 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 of the budgetary comparison schedule- CRA fund, but does not include the basic financial statements and our auditors' 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 February 21, 2023 on our consideration of the Town'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 Town'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 Town's internal control over financial reporting and compliance.

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

Melbourne, Florida
February 21, 2023

Town of Lake Clarke Shores, Florida Management’s Discussion and Analysis

The Town of Lake Clarke Shores’ (the “Town”) discussion and analysis is designed to:

- A. Assist the reader in focusing on significant financial performance
- B. Provide an overview of the Town’s financial activity
- C. Identify changes in the Town’s financial position
- D. Identify any material deviations from the financial plan (approved budget)
- E. Identify individual fund issues or concerns

Since the Management’s Discussion and Analysis (MD&A) is designed to focus on the current year’s activities, resulting changes and currently known facts, please read it in conjunction with the Town’s financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The assets plus deferred outflows of resources of the Town of Lake Clarke Shores exceeded its liabilities plus deferred inflows of resources at the close of the most recent fiscal year by \$17,926,968 (net position). Of this amount, \$3,348,918 (unrestricted net position) may be used to meet the government’s ongoing obligations to citizens and creditors.
- The governmental activities revenues were \$4,287,592 at the close of fiscal year 2022.
- The business-type activities revenues were \$3,487,989 at the close of fiscal year 2022.
- The total cost of all Town programs was \$6,771,228 during the fiscal year 2022.
- At the end of the 2022 fiscal year, the total fund balance for the General Fund was \$2,684,992. The General Fund’s fund balance was comprised of
 - **\$126,761** non-spendable,
 - **\$172,882** restricted for debt service (annual loan and interest payment),
 - **\$294,242** restricted for transportation projects (gas tax),
 - **\$768,395** restricted for construction projects (bridge loan),
 - **\$13,305** assigned for fiscal year 2023 expenditures, and
 - **\$1,309,407** of unassigned fund balance or 41% of total General Fund expenditures.
- The General Fund had an increase in fund balance of **\$338,681** for the current year.

USING THIS REPORT

The following graphic is provided for your review.

MD&A	Management’s Discussion & Analysis (Required Supplementary Information) (pages 5-13)
BASIC FINANCIAL STATEMENTS	Government-Wide Financial Statements (pages 17-21) Fund Financial Statements (Pages 22-30) Notes to the Financial Statements (Pages 31-58)
REQUIRED SUPPLEMENTAL INFORMATION	Required Supplementary Information (Other than MD&A) (Pages 61-69)

Town of Lake Clarke Shores, Florida Management's Discussion and Analysis

The financial statements' focus is on both the Town as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government), and enhance the Town's accountability.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town of Lake Clarke Shores' finances, in a manner similar to a private-sector business. The Statement of Net Position includes all of the government's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the Town's net position and how it has changed. Net position – the difference between the Town's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources – is one way to measure the Town's financial health or financial position. Over time, increases or decreases in the Town's net position may serve as a useful indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Town's property tax base and the condition of the Town's roads, to assess the overall health of the Town.

In the Statement of Net Position and the Statement of Activities, we divide the Town into two kinds of activities:

- Governmental activities – Most of the Town's basic services are reported here, including the police, public services and general administration. Property taxes, franchise fees and state shared revenue finance most of these activities. This includes the combined financial data for the General Fund, CRA, ARPA, Infrastructure Surtax, and Police Forfeiture.
- Business-type activities – The Town charges a fee to customers to help it cover all or most of the cost of certain services it provides. This is the financial data for the LCS Utility.

Fund Financial Statements

Our analysis of the Town's major funds begins on page 22. The fund financial statements provide detailed information about the most significant funds – not the Town as a whole. Funds are accounting devices that the Town uses to keep track of specific sources of funding and spending for a particular purpose.

- Governmental Funds – Most of the Town's basic services are included in five governmental funds (General, CRA, Infrastructure Surtax, ARPA, and Police Forfeiture), which focuses on (1) how cash and other financial assets can be readily converted to cash flow and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds' statements provide a short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The General Fund and ARPA Fund are reported as major governmental funds in the current fiscal year.

Town of Lake Clarke Shores, Florida Management's Discussion and Analysis

- Proprietary Funds – Services for which the Town charges customers a fee are generally reported in proprietary funds. Proprietary fund statements, like the government-wide statements, provide both long and short-term financial information.
 - The Town's enterprise fund (one type of proprietary fund) is the same as its business type activities, but provides more detail and additional information, such as cash flows.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

Net Position

The Town's combined net position for the fiscal year ending 2022 is reported at \$17,926,968. Net position of the Town's governmental activities for the fiscal year ending 2022 is \$7,334,427. The net position of our business-type activities is reported at \$10,529,541 for the fiscal year ending 2022. Overall the financial position of the total primary government is \$1,004,353 more than the prior year, with an increase of \$378,688 in net position for the governmental activities and an increase of \$625,665 in net position for the business-type activities.

Town of Lake Clarke Shores Net Position September 30, 2022 and 2021

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and Other Assets	\$ 4,642,896	\$ 4,066,535	\$ 5,070,326	\$ 4,816,190	\$ 9,713,222	\$ 8,882,725
Capital Assets	5,154,950	5,410,694	9,194,579	8,400,715	14,349,529	13,811,409
Total Assets	9,797,846	9,477,229	14,264,905	13,216,905	24,062,751	22,694,134
Deferred Outflows of Resources	-	-	7,973	10,414	7,973	10,414
Current and Other Liabilities	1,317,298	1,149,624	801,478	245,935	2,118,776	1,395,559
Long Term Liabilities	1,127,539	1,353,539	2,878,859	3,014,508	4,006,398	4,368,047
Total Liabilities	2,444,837	2,503,163	3,680,337	3,260,443	6,125,174	5,763,606
Deferred Inflows of Resources	18,582	18,327	-	-	18,582	18,327
Net Investment in Capital Assets	4,923,361	5,005,938	6,755,082	6,686,342	11,678,443	11,692,280
Restricted	1,858,256	1,789,315	1,041,351	1,331,963	2,899,607	3,121,278
Unrestricted	552,810	160,486	2,796,108	1,948,571	3,348,918	2,109,057
Total Net Position	\$ 7,334,427	\$ 6,955,739	\$ 10,592,541	\$ 9,966,876	\$ 17,926,968	\$ 16,922,615

Town of Lake Clarke Shores, Florida Management's Discussion and Analysis

Changes in Net Position

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 the future fiscal periods (i.e., uncollected taxes and earned but unused vacation leave).

- The governmental activities net position increased by \$378,688 for fiscal year 2022.
- The business-type net position increased by \$625,665 for fiscal year 2022.

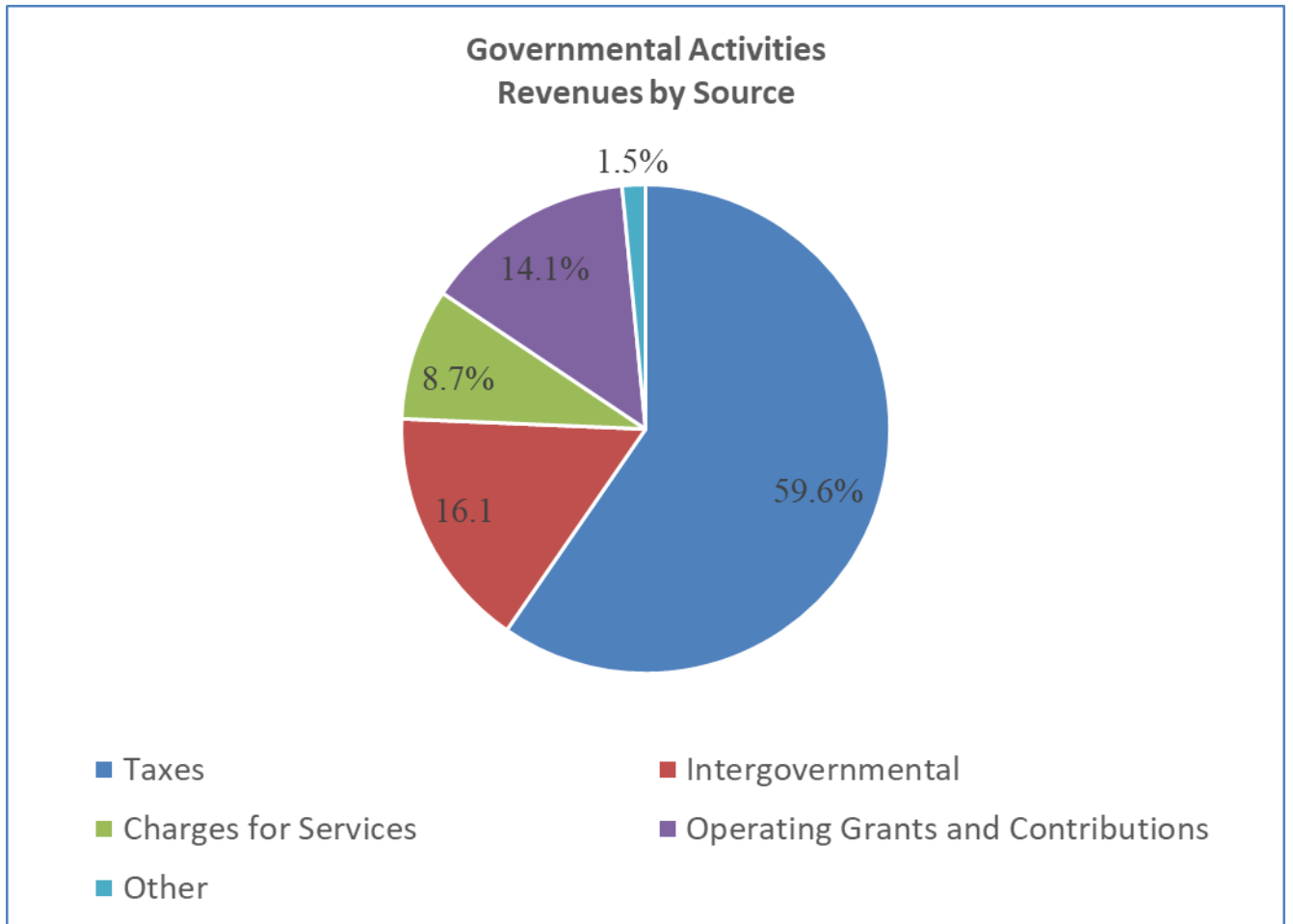
Town of Lake Clarke Shores Changes in Net Position For the Fiscal Years Ended September 30, 2022 and 2021

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues						
Program Revenues						
Charges for Services	\$ 373,659	\$ 353,439	\$ 3,318,874	\$ 3,324,409	\$ 3,692,533	\$ 3,677,848
Operating Grants and Contributions	603,231	174,591	-	-	603,231	174,591
Capital Grants and Contributions	-	7,030	130,177	56,918	130,177	63,948
General Revenues						
Taxes	2,556,371	2,380,518	-	-	2,556,371	2,380,518
Intergovernmental	687,955	605,413	-	-	687,955	605,413
Other	66,376	62,084	38,938	13,146	105,314	75,230
Total Revenues	4,287,592	3,583,075	3,487,989	3,394,473	7,775,581	6,977,548
Expenses						
Governmental Activities						
General Government	1,346,870	1,331,257	-	-	1,346,870	1,331,257
Public Safety	1,711,745	1,834,331	-	-	1,711,745	1,834,331
Highways and Streets	257,691	288,495	-	-	257,691	288,495
Culture and Recreation	145,458	85,535	-	-	145,458	85,535
Community Development	20,878	5,848	-	-	20,878	5,848
Interest on Long-Term Debt	25,674	31,367	-	-	25,674	31,367
Business-Type Activities						
Water and Sewer	-	-	3,262,912	3,277,386	3,262,912	3,277,386
Total Expenses	3,508,316	3,576,833	3,262,912	3,277,386	6,771,228	6,854,219
Excess (Deficiency) Before Transfers	779,276	6,242	225,077	117,087	1,004,353	123,329
Transfers	(400,588)	220,000	400,588	(220,000)	-	-
Change in Net Position	378,688	226,242	625,665	(102,913)	1,004,353	123,329
Net Position - Beginning	6,955,739	6,729,497	9,966,876	10,069,789	16,922,615	16,799,286
Net Position - Ending	\$ 7,334,427	\$ 6,955,739	\$ 10,592,541	\$ 9,966,876	\$ 17,926,968	\$ 16,922,615

Town of Lake Clarke Shores, Florida Management's Discussion and Analysis

Governmental Activities – Revenues by Source

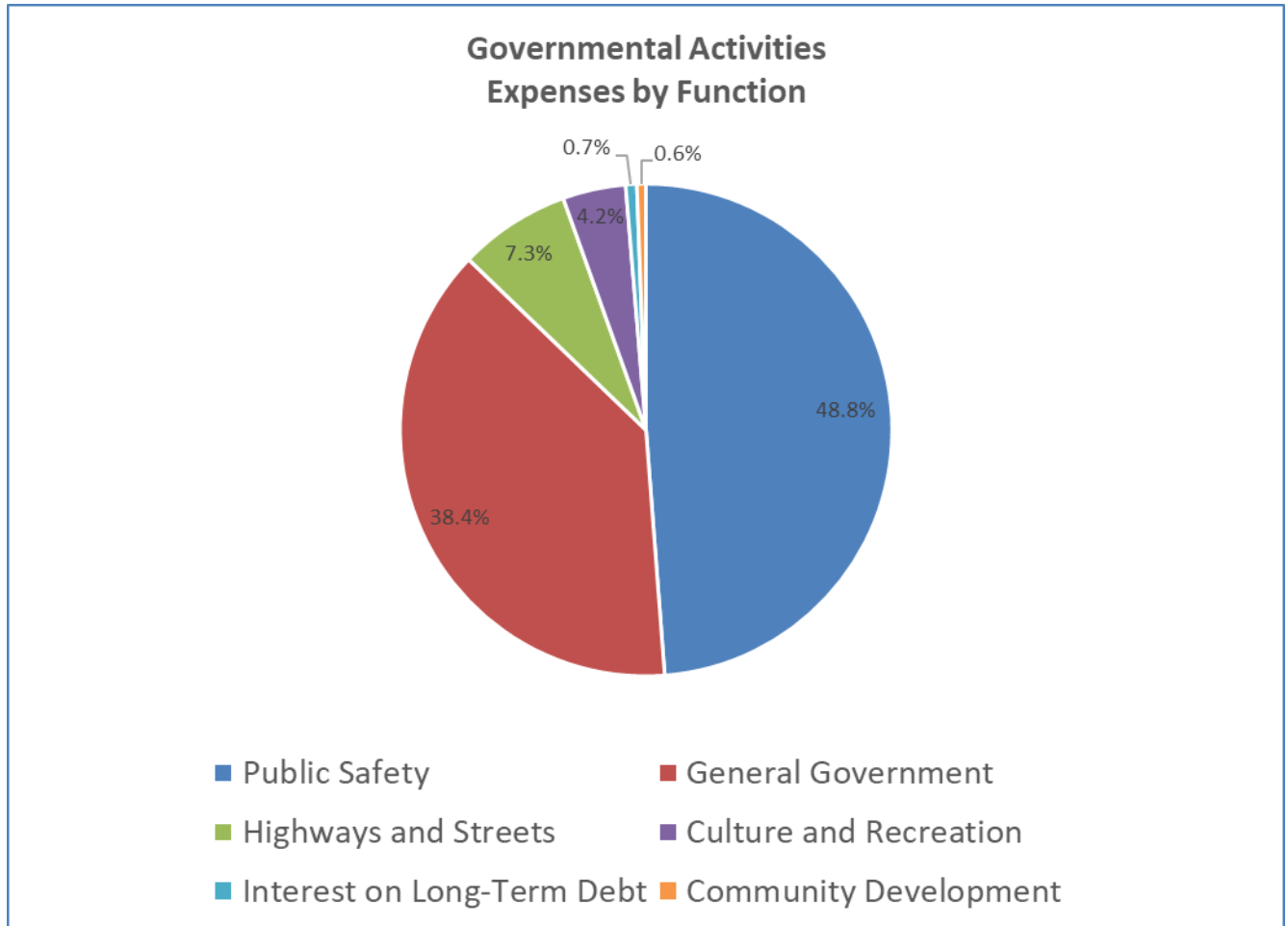
Approximately 60% of the Town's governmental activities revenue comes from taxes such as property, franchise, and sales and use. Property taxes alone account for nearly 71% of the various types of taxes and 43% of all revenues. (Please see chart below.)



Town of Lake Clarke Shores, Florida Management’s Discussion and Analysis

Governmental Activities – Expenses by Function

The Town’s governmental expenses cover a range of services, with 48.8% relating to Public Safety and 38.4% relating to General Government. (Please see chart below.)



Governmental Activities: A \$600,000 grant was received from FDOT for the construction of the Pine Tree Lane Bridge. FDOT is processing the construction permit and bridge construction start is estimated for June 2023.

The Town received a grant for two new pickleball courts at Community Park from FDEP. Court construction is scheduled for May.

The Town received grant money for a cured-in-place pipeline improvement project for the sewer system in Maralago Cay. A 12-inch diameter water main was installed on the west side of Lawrence Road in anticipation of the County widening Lawrence Road. The new water line will also allow the Maralago Cay community to add 620 new water customers to our system.

Town of Lake Clarke Shores, Florida Management's Discussion and Analysis

FINANCIAL ANALYSIS ON THE FUND BASIS

Financial Analysis of the Governmental Funds

As the Town of Lake Clarke Shores completed the year, the General Fund reported an unassigned fund balance of \$1,309,407, an increase of \$322,568 from the previous fiscal year.

The ARPA Fund reported a fund balance of \$8,169, an increase of \$7,890 from the previous fiscal year.

The Community Redevelopment Agency Fund reported a fund balance of \$157,968 an increase of \$51,086 from the previous fiscal year.

The Discretionary Infrastructure Surtax Fund reported a fund balance of \$434,668 an increase of \$14,121 from the previous fiscal year.

Financial Analysis of the Proprietary Fund

Unrestricted net position of the Enterprise Fund at the end of the fiscal year 2022 was \$2,796,108. This represents an increase of \$847,537 from the previous fiscal year. The total net position of the Enterprise Fund was \$10,592,541 at the end of fiscal year 2022, an increase of \$625,665 from the prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Final Amended FY2022 Budget shows revenues of \$2,996,397 and expenditures of \$3,178,857.

The actual expenditures were \$1,235 less than the budget amounts. Revenues were \$284,896 more than the budget amounts.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2022 the Town had invested \$14,349,529 including intangible assets, in a broad range of capital assets including police equipment, buildings, infrastructure and water improvements. Additional information can be found in Note 2 to the financial statements.

Town of Lake Clarke Shores, Florida Management's Discussion and Analysis

Town of Lake Clarke Shores Capital Assets (Net of Accumulated Depreciation) September 30, 2022 and 2021

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 517,753	\$ 517,753	\$ 88,760	\$ 88,760	\$ 606,513	\$ 606,513
Construction in Progress	251,728	158,785	917,245	856,274	1,168,973	1,015,059
Buildings	2,181,312	2,242,426	142,590	151,189	2,323,902	2,393,615
Improvements Other Than Buildings	1,033,723	1,121,398	5,890,597	5,140,819	6,924,320	6,262,217
Equipment	340,134	453,151	59,992	99,399	400,126	552,550
Infrastructure	654,192	713,497	-	-	654,192	713,497
Intangible Assets	176,108	203,684	2,095,395	2,064,274	2,271,503	2,267,958
Total	\$ 5,154,950	\$ 5,410,694	\$ 9,194,579	\$ 8,400,715	\$ 14,349,529	\$ 13,811,409

Long-Term Liabilities

As of September 30, 2022, the Town had long-term liabilities of \$3,303,000 in promissory notes, \$242,598 in capital leases payable, \$123,225 in compensated absences, and \$53,430 in other postemployment benefits as shown in the following table. Additional information can be found in Note 2 to the financial statements.

Town of Lake Clarke Shores Long-Term Liabilities September 30, 2022 and 2021

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Promissory Note Series 2019	\$ 854,000	\$ 1,014,000	\$ 2,449,000	\$ 2,626,000	\$ 3,303,000	\$ 3,640,000
Lease Liabilities	145,984	188,916	96,614	63,341	242,598	252,257
Other Postemployment Benefits	40,372	45,597	13,058	16,020	53,430	61,617
Compensated Absences	87,183	105,026	36,042	35,622	123,225	140,648
Total	\$ 1,127,539	\$ 1,353,539	\$ 2,594,714	\$ 2,740,983	\$ 3,722,253	\$ 4,094,522

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

For the 2023 fiscal year,

- General Fund revenue projections have been moderately increased due to an increase in taxable value.
- Pine Tree Lane bridge construction is scheduled for June/July 2023.
- Most Town organized events have been reinstated including the Town BBQ scheduled for March 26th.
- Food Truck events have been added to our events calendar on a quarterly basis.
- The Town anticipates the design and construction of two pickle ball courts at Community park in May and June 2023 paid for by a state parks grant.

Town of Lake Clarke Shores, Florida Management's Discussion and Analysis

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our residents and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives and disburses. If you have any questions about this report or need additional information, please contact the Town of Lake Clarke Shores, 1701 Barbados Road, Lake Clarke Shores, FL 33406.



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Town of Lake Clarke Shores
Basic Financial Statements



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Town of Lake Clarke Shores, Florida
Statement of Net Position

<i>September 30, 2022</i>	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 3,167,168	\$ 41,763	\$ 3,208,931
Cash and cash equivalents, restricted	-	284,145	284,145
Investments	1,400,248	2,316,611	3,716,859
Investments, restricted	-	1,041,351	1,041,351
Receivables, net	86,273	283,691	369,964
Prepaid items	761	17,940	18,701
Due from other governments	147,969	-	147,969
Internal balances	(285,523)	285,523	-
Inventories	-	39,722	39,722
Special assessment receivables	-	759,580	759,580
Land held for resale	126,000	-	126,000
Capital assets			
Non-depreciable	769,481	2,959,929	3,729,410
Depreciable, net	4,209,361	6,093,179	10,302,540
Amortized, net	176,108	141,471	317,579
Total assets	9,797,846	14,264,905	24,062,751
Deferred Outflows of Resources			
Loss on refunding	-	7,973	7,973
Total deferred outflows of resources	-	7,973	7,973

-Continued-

The accompanying notes are an integral part of this financial statement.

Town of Lake Clarke Shores, Florida
Statement of Net Position (Continued)

<i>September 30, 2022</i>	Primary Government		Total
	Governmental Activities	Business-type Activities	
Liabilities			
Accounts payable	159,968	744,661	904,629
Accrued liabilities	35,390	16,071	51,461
Accrued interest	8,882	-	8,882
Unearned revenue	1,113,058	29,608	1,142,666
Due to other governments	-	11,138	11,138
Non-current liabilities			
Due within one year			
Compensated absences	-	36,042	36,042
Notes payable	164,000	-	164,000
Customer deposits	-	284,145	284,145
Lease liability	75,178	31,514	106,692
Due in more than one year			
Compensated absences	87,183	-	87,183
Lease liability	70,806	65,100	135,906
Notes payable	690,000	2,449,000	3,139,000
Other postemployment benefits	40,372	13,058	53,430
Total liabilities	2,444,837	3,680,337	6,125,174
Deferred Inflows of Resources			
Deferred revenue of business			
tax receipts	18,582	-	18,582
Total deferred inflows of resources	18,582	-	18,582
Net Position			
Net investment in capital assets	4,923,361	6,755,082	11,678,443
Restricted for			
Debt service	172,882	-	172,882
Transportation	294,242	-	294,242
Construction	768,395	541,351	1,309,746
Community redevelopment	157,968	-	157,968
Infrastructure	434,668	-	434,668
Law enforcement	30,101	-	30,101
Renewal and replacement	-	500,000	500,000
Unrestricted	552,810	2,796,108	3,348,918
Total net position	\$ 7,334,427	\$ 10,592,541	\$ 17,926,968

The accompanying notes are an integral part of this financial statement.



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Town of Lake Clarke Shores, Florida
Statement of Activities

For the year ended September 30, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services and Fines	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities				
General government	\$ 1,346,870	\$ 48,108	\$ 588,938	-
Public safety	1,711,745	323,859	-	-
Highway and streets	257,691	-	-	-
Culture and recreation	145,458	1,692	14,293	-
Community development	20,878	-	-	-
Interest on long-term debt	25,674	-	-	-
Total governmental activities	3,508,316	373,659	603,231	-
Business-type activities				
Wastewater systems	3,262,912	3,318,874	-	130,177
Total business-type activities	3,262,912	3,318,874	-	130,177
Total primary government	\$ 6,771,228	\$ 3,692,533	\$ 603,231	\$ 130,177

General revenues

Taxes

 Property taxes

 Tax increment financing

 Franchise fees

 Utility taxes

 Sales surtax

 Intergovernmental

Unrestricted investment earnings

Loss on disposal of capital assets

Miscellaneous

Transfers, net

Total general revenues

Change in net position

Net position, beginning of year

Net position, end of year

Primary Government

Governmental Activities	Business-type Activities	Total
\$ (709,824)	-	\$ (709,824)
(1,387,886)	-	(1,387,886)
(257,691)	-	(257,691)
(129,473)	-	(129,473)
(20,878)	-	(20,878)
(25,674)	-	(25,674)
(2,531,426)	-	(2,531,426)
-	186,139	186,139
-	186,139	186,139
(2,531,426)	186,139	(2,345,287)
1,822,387	-	1,822,387
71,390	-	71,390
230,709	-	230,709
100,994	-	100,994
330,891	-	330,891
687,955	-	687,955
24,227	50,736	74,963
-	(11,798)	(11,798)
42,149	-	42,149
(400,588)	400,588	-
2,910,114	439,526	3,349,640
378,688	625,665	1,004,353
6,955,739	9,966,876	16,922,615
\$ 7,334,427	\$ 10,592,541	\$ 17,926,968

Town of Lake Clarke Shores, Florida
Balance Sheet – Governmental Funds

<i>September 30, 2022</i>	General Fund	ARPA Fund	Nonmajor Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 721,120	\$ 1,824,765	\$ 621,283	\$ 3,167,168
Investments	1,400,248	-	-	1,400,248
Accounts receivable	86,273	-	-	86,273
Prepaid items	761	-	-	761
Due from other funds	423,253	-	-	423,253
Due from other governments	91,263	-	56,706	147,969
Land held for sale	126,000	-	-	126,000
Total assets	\$ 2,848,918	\$ 1,824,765	\$ 677,989	\$ 5,351,672
Liabilities and deferred inflows of resources				
Liabilities				
Accounts payable	\$ 105,019	\$ -	54,949	\$ 159,968
Accrued liabilities	35,390	-	-	35,390
Due to other funds	4,935	703,538	303	708,776
Unearned revenue	-	1,113,058	-	1,113,058
Total liabilities	145,344	1,816,596	55,252	2,017,192
Deferred inflows of resources				
Deferred revenue of business tax receipts	18,582	-	-	18,582
Total deferred inflows of resources	18,582	-	-	18,582
Fund balances				
Nonspendable	126,761	-	-	126,761
Restricted for:				
Infrastructure	-	-	434,668	434,668
Community redevelopment	-	-	157,968	157,968
Law enforcement	-	-	30,101	30,101
Debt service	172,882	-	-	172,882
Transportation	294,242	-	-	294,242
Construction	768,395	-	-	768,395
Assigned	13,305	-	-	13,305
Unassigned	1,309,407	8,169	-	1,317,576
Total fund balances	2,684,992	8,169	622,737	3,315,898
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,848,918	\$ 1,824,765	\$ 677,989	\$ 5,351,672

The accompanying notes are an integral part of this financial statement.

Town of Lake Clarke Shores, Florida
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position

September 30, 2022

Total fund balances - governmental funds		\$ 3,315,898
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets	13,892,743	
Less accumulated depreciation and amortization	(8,737,793)	5,154,950
Deferred inflow of resources related to OPEB earnings are not recognized in governmental funds; however, they are recorded in the statement of net position under full accrual accounting.		
		-
Long-term liabilities, including total OPEB liability and compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.		
Notes payable	(854,000)	
Leases payable	(145,984)	
Compensated absences	(87,183)	
Other postemployment benefits	(40,372)	
Accrued interest	(8,882)	(1,136,421)
Net position of governmental activities		\$ 7,334,427

The accompanying notes are an integral part of this financial statement.

Town of Lake Clarke Shores, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balances –
Governmental Funds

<i>For the year ended September 30, 2022</i>	General Fund	ARPA Fund	Nonmajor Funds	Total Governmental Funds
Revenues				
Taxes:				
Property/incremental financing	\$ 1,822,387	\$ -	\$ 71,390	\$ 1,893,777
Utility taxes	100,994	-	-	100,994
Franchise fees	230,709	-	-	230,709
Sales surtax	-	-	330,891	330,891
Licenses and permits	262,175	-	-	262,175
Intergovernmental	642,342	583,538	-	1,225,880
Charges for services	142,550	-	-	142,550
Fines and forfeitures	9,825	-	9,722	19,547
Investment earnings	13,469	-	2,868	16,337
Miscellaneous revenue	56,842	7,890	-	64,732
Total revenues	3,281,293	591,428	414,871	4,287,592
Expenditures				
Current				
General government	1,252,520	-	-	1,252,520
Public safety	1,545,144	-	14,732	1,559,876
Transportation	56,248	-	-	56,248
Culture and recreation	105,805	-	-	105,805
Community redevelopment	-	-	20,878	20,878
Debt service principal	144,877	-	88,000	232,877
Debt service interest and fiscal agent fees	13,084	-	14,254	27,338
Capital outlay	59,944	2,950	216,810	279,704
Total expenditures	3,177,622	2,950	354,674	3,535,246
Excess (deficiency) of revenues over (under) expenditures	103,671	588,478	60,197	752,346
Other Financing Sources (Uses)				
Transfers in	180,000	-	-	180,000
Transfers out	-	(580,588)	-	(580,588)
Proceeds from issuance of debt	29,945	-	-	29,945
Payment to refunded note escrow agent	-	-	-	-
Proceeds from sale of capital assets	25,065	-	-	25,065
Net other financing sources (uses)	235,010	(580,588)	-	(345,578)
Net change in fund balances	338,681	7,890	60,197	406,768
Fund balances, beginning of year	2,346,311	279	562,540	2,909,130
Fund balances, end of year	\$ 2,684,992	\$ 8,169	\$ 622,737	\$ 3,315,898

The accompanying notes are an integral part of this financial statement.

Town of Lake Clarke Shores, Florida
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities

<i>For the year ended September 30,</i>	2022
Net change in fund balances - total governmental funds	\$ 406,768
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 allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceed depreciation in the current period.	
Capital outlay	267,864
Depreciation and amortization expense	<u>(523,608)</u>
	(255,744)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Interest is not accrued in governmental funds. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
Debt issuance	(29,945)
Debt repayments	232,877
Accrued interest	<u>1,664</u>
	204,596
Compensated absences are reported in the statement of activities when earned. As they do not require the use of current financial resources, they are not reported as expenditures on governmental funds until they have matured. This is the amount of compensated absences reported in the statement of activities in the prior year that has matured in the current year.	
	17,843
Other postemployment benefits obligation reported in the statement of activities does not require the use of current financial resources; therefore, is not reported as an expenditure in governmental funds.	
	5,225
<hr/>	
Change in net position of governmental activities	<u>\$ 378,688</u>

The accompanying notes are an integral part of this financial statement.

Town of Lake Clarke Shores, Florida Statement of Net Position - Proprietary Fund

Business-type Activities - Enterprise Funds

	Enterprise Fund
<i>September 30, 2022</i>	
Assets	
Current assets	
Cash and cash equivalents	\$ 41,763
Cash and cash equivalents, restricted	284,145
Investments	2,316,611
Investments, restricted	1,041,351
Accounts receivable, net	283,691
Prepays	17,940
Inventory	39,722
Due from other funds	585,523
Special assessments receivables	759,580
Total current assets	5,370,326
Noncurrent assets	
Capital assets	
Nondepreciable	
Land	88,760
Intangibles	1,953,924
Construction in progress	917,245
Depreciable	
Buildings	214,962
Improvements other than buildings	9,876,513
Equipment	326,317
Intangibles	163,500
Leased assets	184,279
Less accumulated depreciation and amortization	(4,530,921)
Total capital assets, net	9,194,579
Total assets	14,564,905
Deferred Outflows of Resources	
Loss on refunding	7,973
Total deferred outflow of resources	7,973

-Continued-

The accompanying notes are an integral part of this financial statement.

Town of Lake Clarke Shores, Florida
Statement of Net Position - Proprietary Fund (Continued)

<i>September 30, 2022</i>	Enterprise Fund
Liabilities	
Current liabilities	
Accounts payable	744,661
Accrued liabilities	16,071
Due to other funds	300,000
Due to other governments	11,138
Unearned revenue	29,608
Compensated absences	36,042
Current portion of lease liability	31,514
Current liabilities from restricted assets	
Customer deposits	284,145
Total current liabilities	1,453,179
Noncurrent liabilities	
Other post employment benefits	13,058
Lease liability	65,100
Notes payable due after one year	2,449,000
Total noncurrent liabilities	2,527,158
Total liabilities	3,980,337
Net Position	
Net investment in capital assets	6,755,082
Restricted for	
Construction	541,351
Renewal and replacement	500,000
Unrestricted	2,796,108
Total net position	\$ 10,592,541

The accompanying notes are an integral part of this financial statement.

Town of Lake Clarke Shores, Florida
Statement of Revenues, Expenses and Changes in Fund Net Position –
Proprietary Fund

	Enterprise Fund
<i>For the year ended September 30, 2022</i>	
<hr/>	
Operating Revenues	
Charges for services	\$ 3,318,874
State grants	5,177
<hr/>	
Total operating revenues	3,324,051
<hr/>	
Operating Expenses	
Personnel service	706,150
Contractual services	152,803
Repairs and maintenance	100,959
Supplies	70,696
Purchased utilities	1,376,804
Utilities and communications	21,279
Other charges	192,848
Rent	42,336
Depreciation and amortization	534,641
<hr/>	
Total operating expenses	3,198,516
<hr/>	
Operating income	125,535
<hr/>	
Nonoperating Revenues (Expenses)	
Investment earnings	50,736
Loss on disposal of assets	(11,798)
Interest and fiscal charges	(64,396)
<hr/>	
Total nonoperating revenues (expenses)	(25,458)
<hr/>	
Income Before Contributions and Transfers	100,077
Capital contributions	125,000
Transfers in	580,588
Transfers out	(180,000)
<hr/>	
Change in net position	625,665
<hr/>	
Net position, beginning of year	9,966,876
<hr/>	
Net position, end of year	\$ 10,592,541
<hr/> <hr/>	

The accompanying notes are an integral part of this financial statement.

Town of Lake Clarke Shores, Florida Statement of Cash Flows – Proprietary Fund

For the year ended September 30, 2022

Enterprise Fund

Operating Activities

Cash received from customers for sales and services	\$ 3,110,821
Cash payments to employees	(726,558)
Cash payments to suppliers for goods and services	(1,421,685)
<hr/>	
Net cash provided by operating activities	962,578

Noncapital Financing Activities

Cash transfers out to other funds	(180,000)
Cash transfers in from other funds	580,588
<hr/>	
Net cash provided by noncapital financing activities	400,588

Capital and Related Financing Activities

Cash received from capital grants and contributions	125,000
Proceeds from sale of capital assets	45,985
Proceeds from capital leases	68,967
Principal paid on note payable	(177,000)
Cash paid for acquisition and construction of capital assets	(1,386,287)
Cash paid for interest on notes	(64,396)
Principal paid on lease liabilities	(35,694)
<hr/>	
Net cash used in capital and related financing activities	(1,423,425)

Investing Activities

Interest on investments	50,736
Purchase of investments	(22,299)
<hr/>	
Net cash provided by investing activities	28,437

Net decrease in cash and cash equivalents (31,822)

Cash and cash equivalents, beginning of year 357,730

Cash and cash equivalents, end of year \$ 325,908

Cash and cash equivalents reconciliation:

Current assets:

Cash and cash equivalents	\$ 41,763
Cash and cash equivalents, restricted	284,145

Cash and cash equivalents at September 30 \$ 325,908

-Continued-

The accompanying notes are an integral part of this financial statement.

Town of Lake Clarke Shores, Florida
Statement of Cash Flows – Proprietary Fund (Continued)

For the year ended September 30, 2022

Enterprise Fund

**Reconciliation of Operating Income
to Net Cash Provided by Operating
Activities**

Operating income	\$	125,535
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization		534,641
Change in assets, deferred outflows, liabilities and deferred inflows (Increase) decrease in assets and deferred outflows		
Accounts receivable		(24,650)
Special assessments receivable		40,928
Due from other funds		(585,523)
Due from other governments		41,739
Prepaid items		(17,940)
Inventory		(18,214)
Deferred outflows		2,441
Increase (decrease) in liabilities and deferred inflows		
Accounts payable		572,194
Unearned revenue		3,656
Accrued liabilities		(19,887)
Due to other funds		300,000
Customer deposits		10,620
Total other post employment benefits		(2,962)
Total adjustments		837,043
Net cash provided by operating activities	\$	962,578

The accompanying notes are an integral part of this financial statement.

Town of Lake Clarke Shores, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Lake Clarke Shores, (the “Town”), was incorporated in 1957 under the provisions of 57-148, Laws of Florida. The current Town Code, as adopted in 1957 and as amended from time to time, authorizes the following services: public safety (police and building inspection), water and sewer systems, sanitation, streets and roads, culture and recreation, and general administrative services. Education, health, and welfare are administered by other governmental entities.

Reporting Entity

The Town is a municipal corporation governed by an elected Mayor, Vice Mayor, President Pro-Tem and the Town Council (the “Council”) which appoints a town administrator. The accompanying financial statements present the Town and its component units, entities for which the Town is considered to be financially accountable. Blended component units are, in substance, part of the primary government’s operations even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. The accounting policies of the Town conform to generally accepted accounting principles (GAAP) as applied to governmental units. The more significant accounting policies used by the Town are described below.

In evaluating the Town as a reporting entity, management has considered all potential component units in accordance with Section 2100: *Defining the Financial Reporting Entity* of the Governmental Accounting Standards Board (GASB) Codification.

Blended Component Units

The Community Redevelopment Agency (CRA) was organized to finance development within the geographic boundaries of the community redevelopment area. Although legally separate, the CRA is governed by a board comprised solely of the Town’s elected Council members and the services provided by the CRA create a financial benefit relationship with the Town. The CRA does not issue separate financial statements. Their financial statements are included in the Town’s Financial Statements as a special revenue fund for the year ended September 30, 2022.

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, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *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. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Town of Lake Clarke Shores, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

Separate financial statements are provided for governmental funds and the proprietary fund. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a 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.

The 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.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, 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 Town.

The proprietary fund is reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the Town's enterprise fund. Separate financial statements are provided for governmental funds and the proprietary fund.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the Town's enterprise fund and various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

The fund financial statements provide information about the Town's funds, including its blended component unit. Separate statements for each fund category—governmental and proprietary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The Town reports the following major governmental funds:

The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

The *ARPA Fund* is used to account for the American Rescue Plan Act proceeds the Town received.

The Town reports the following major enterprise fund:

The *Enterprise Fund* accounts for the activities of the water distribution and wastewater collection system for residents of the Town.

Additionally, the Town reports the following fund types:

Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes other than capital projects.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Information

Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund. Certain special revenue funds do not have appropriated budgets since other means control the use of these resources (e.g., grant awards and endowment requirements) and sometimes span a period of more than one fiscal year.

The appropriated budget is prepared by fund, function, and department. The Town's administrator may make transfers of appropriations within a department of the general fund up to \$2,500. Transfers of appropriations between departments in other funds or in excess of \$2,500 in the general fund require the approval of the Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity

Cash and Cash Equivalents

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments for the Town are reported at fair value (generally based on quoted market prices) except for certificates of deposit which are stated at cost; and the Town's positions in State of Florida State Board of Administration Local Government Surplus Trust Fund (Florida PRIME), and the Florida Surplus Asset Fund Trust (Florida SAFE) which are local government investment pools that meet all of the specified criteria in Section 150: *Investments* to qualify to elect to measure their investments at amortized cost. Accordingly, the fair value of the Town's position in the pool is equal to the value of the pooled shares.

Receivables and Payables

Unbilled receivables – An amount for unbilled revenue is recorded in the Enterprise Fund for services rendered, but not yet billed as of the end of the fiscal year. The receivable is derived from the cycle billings generated subsequent to fiscal year end and prorated for usage in September.

Town of Lake Clarke Shores, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables and Payables (continued)

Allowance for doubtful accounts – Accounts receivable have been reported net of the allowance for doubtful accounts. Accounts receivable in excess of 120 days are subject to being considered as uncollectible.

Unearned revenue – Unearned revenue recorded on the governmental fund balance sheet represents amounts received before eligibility requirements are met.

Interfund Activities and Transactions

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” within the fund financial statements. Long-term borrowings between funds are classified as “advances to other funds” or “advances from other funds” in the fund financial statements. These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any residual balance outstanding between the governmental and business-type activities at the end of the fiscal year, which are reported in the government-wide financial statements as internal balances.

Interfund transactions are reflected as services provided, reimbursements, or transfers. Services provided, deemed to be at or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefitting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or business-type funds are funds that are netted as part of the reconciliation to the government-wide presentation.

Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies. The cost of such inventories is recorded as expenditures/expenses 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 the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased. In governmental funds, prepaid items are recorded using the consumption method and are offset by the nonspendable fund balance component which indicates that they do not constitute “available spendable resources”, even though they are component of current assets.

Town of Lake Clarke Shores, Florida
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Assets

Certain assets of the Town are classified as restricted assets on the statement of net position because their use is limited by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors, grantors, contributors or laws or regulations of other governments. Special restricted asset accounts have been established to account for the sources and uses of these limited use assets as follows:

Customer deposit accounts – Deposited in non-interest bearing accounts and refunded upon termination of service with the Town and satisfaction of all obligations due.

Note payable and capital lease debt service accounts – Includes certain proceeds from issuance of notes, as well as certain resources set aside for the repayment of notes or capital lease obligations.

Capital Assets

Capital assets, which include property, equipment, leased assets and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Town as assets with an estimated useful life in excess of two years, and a cost of more than the thresholds as follows:

Buildings	\$ 50,000
Improvements	50,000
Infrastructure	100,000
Equipment	5,000

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the Town chose to include all such items regardless of their acquisition date or amount. The Town was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the Town constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical 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 increase its estimated useful life. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Interest incurred during the construction phase of capital assets of enterprise funds is expensed as the assets are constructed in accordance with GASBS 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*.

Town of Lake Clarke Shores, Florida
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (continued)

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated using the straight line method over the following estimated useful lives:

Buildings	25 years
Improvements other than buildings	10-30 years
Infrastructure	25-40 years
Equipment	5-25 years

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 expenditure until then.

The Town has one (1) item that qualifies for reporting as deferred outflows of resources, the *deferred amount on refunding* reported in the government-wide and proprietary funds statements of net position. The deferred amount on refunding results from debt refinancing, whereby the reacquisition price of the funding debt instruments exceed their net carrying amount. The deferred amount on refunding is amortized over the shorter of the life of the refunded or refunding debt.

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 Town has one (1) item that qualifies for reporting as deferred inflows of resources, business tax receipts.

Compensated Absences

The Town's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable. Accumulated sick leave lapses when employees leave the employ of the Town and, accordingly upon separation from service, no monetary obligation exists.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 are deferred and amortized over the life of the notes and is recorded as an adjustment to interest expense. In accordance with GASB Codification Section 130: *Interest Costs – Imputation*, debt issuance costs are expensed in the period incurred except for prepaid insurance costs.

In the fund financial statements, governmental fund types recognize note issuance costs during the current period. The face amount of note issued is reported as other financing sources.

Leases

Lease contracts that provide the Town with control of a non-financial asset, such as land, buildings or equipment, for a period of time in excess of twelve months are reported as a leased asset with a related lease liability. The lease liability is recorded at the present value of future lease payments, including fixed payments, variable payments based on an index or fixed rate and reasonably certain residual guarantees. The intangible leased asset is recorded for the same amount as the related lease liability plus any prepayments and initial direct costs to place the asset in service. Leased assets are amortized over the shorter of the useful life of the asset or the lease term. The lease liability is reduced for lease payments made, less the interest portion of the lease payment.

Other Post-Employment Benefits (OPEB) Liability

For purposes of measuring the total OPEB liability, deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as you-go plan.

Categories and Classification of Fund Equity

Net position flow assumption – Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Categories and Classification of Fund Equity (continued)

Fund balance flow assumptions – Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund balance policies – Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Town itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, specifies the following classifications:

Nonspendable fund balance – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted fund balance – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Town's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the Town that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assigned fund balance – Amounts in the assigned fund balance classification are intended to be used by the Town for specific purposes but do not meet the criteria to be classified as committed. The governing council (council) has by resolution authorized the finance director to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Categories and Classification of Fund Equity (continued)

Unassigned fund balance – Unassigned fund balance is the residual classification for the General Fund.

Revenues and Expenditures/Expenses

Program revenues – Amounts reported as *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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property taxes – Property taxes attach as an enforceable lien on real property and are levied as of July 1st. The tax levy is divided into two billings: the first billing (mailed on July 1) is an estimate of the current year's levy based on the prior year's taxes; the second billing (mailed on January 1) reflects adjustments to the current year's actual levy. The billings are considered past due 30 days after the respective tax billing date, at which time the applicable property is subject to lien, and penalties and interest are assessed.

Proprietary funds operating and nonoperating revenues and expenses – 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 Enterprise fund is charges to customers for sales and services. Operating expenses for the Enterprise Fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, February 21, 2023 and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Town of Lake Clarke Shores, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements

In January 2020, the GASB issued GASB Statement No. 92, *Omnibus 2020*. The objective of this statement is to enhance comparability in accounting and financial reporting and improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. GASB 92 is effective for the fiscal year ending September 30, 2022. The adoption of this standard resulted in no significant impact to the Town's financial statements.

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years ending September 30, 2023, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented.

Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement.

The Town is evaluating the requirements of the above statement and the impact on reporting.

Note 2: DETAILED NOTES ON ALL FUNDS

Deposits and Investments

As of September 30, 2022, \$250,000 of the Town's bank balances is covered by federal depository insurance (FDIC). Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Depositories Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the Town pursuant to Section 280.08, Florida Statutes.

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Deposits and Investments (continued)

The investment program is established in accordance with the Town's investment policy, pertinent bond resolutions and Section 218.415, Florida Statutes, which allows the Town to invest in the Florida State Board of Administration intergovernmental investment pool or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969; direct obligations of the United States Government; obligations of the different agencies of the Federal Government; registered money market funds and accounts of state qualified public depositories; repurchase agreements; and securities of, or other interests in, any open-end or closed-end management type investment company or investment trust registered under the Investment Company Act of 1940, provided the portfolio of such investment company or investment trust is limited to United States Government obligations and provided such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian.

The Florida Surplus Asset Fund Trust (Florida SAFE) is a common law trust organized under the laws of the State of Florida as an intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, as provided in Section 163.01 of the Florida Statutes. The investment pool consists of obligations guaranteed by the full faith and credit of the United States, U.S. government agency obligations, commercial paper, bank obligations and other obligations permitted by applicable Florida Statutes. At September 30, 2022, the Town's share of Florida SAFE was \$3,248,587.

The fair value of the Town's position in the pool is equal to the value of the pooled shares or net asset value.

Under GASB Codification 150: *Investments*, if a participant has an investment in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost it should disclose the presence of any limitations or restrictions on withdrawals (such as redemption notice periods, maximum transaction amounts, and the qualifying external investment pool's authority to impose liquidity fees or redemption gates) in notes to the financial statements. As of September 30, 2022, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit the Town's access to 100 percent of their account value in either external investment pool.

Deposits available within various funds were consolidated for investment purposes. Interest earned was allocated to the various funds based on their average cash and investment balances.

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Deposits and Investments (continued)

Custodial credit risk – Custodial credit risk for deposits is the risk in the event of the failure of a depository financial institution a government may not be able to recover deposits. Monies placed on deposit with financial institutions in the form of demand deposits, time deposits or certificate of deposits are defined as public deposits. The financial institutions in which the Town places its deposits are certified as “qualified public depositories,” as required under the Florida Security for Public Deposits Act. For an investment, this is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Interest rate risk – Interest rate risk is the possibility that interest rates will rise and reduce the fair value of an investment. The Town’s investment policy limits interest rate risk by requiring that an attempt be made to match investment maturities with known cash needs and anticipated cash flow requirements. In addition, investments of current operating funds are required to have maturities of no longer than twelve months.

Credit risk – Section 150: *Investments* of the GASB Codification requires that governments provide information about credit risk associated with their investments by disclosing the credit rating of investments in debt securities as described by nationally recognized statistical rating organizations.

Concentration risk – Section 150: *Investments* of the GASB Codification requires disclosures of investments in any one issuer that represents five percent or more of total investments, excluding investments issued or explicitly guaranteed by the U.S government, investments in mutual funds, external investments pools and other pooled investments. The Town’s investment policy does not address concentration risk.

Fair Value – GASB Codification Section 3100: *Fair Value Measurements* establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Town of Lake Clarke Shores, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Deposits and Investments (continued)

The three levels of the fair value hierarchy under the codification are described as follows:

Level 1 (L1): Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Town has the ability to access.

Level 2 (L2): Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 (L3): Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the methodologies used at September 30, 2022.

Investment type	Fair Value	Weighted Average to Maturity (WAM)	Rating	Agency
Florida SAFE	\$ 3,248,587	39 days	AAAm	S&P
Total	\$ 3,248,587			

Investment type	Historical Cost	
Certificates of deposit	821,739	115 days
Certificate of deposit	687,884	67 days
Total	1,509,623	

Total investments excluded from fair value hierarchy	\$ 4,758,210
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Town of Lake Clarke Shores, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Accounts Receivable

For the Enterprise Fund, operating revenues are generally recognized on the basis of cycle billings rendered monthly. The amount of services delivered for the period from the last billing date to September 30, 2022 (unbilled receivable), is estimated and accrued at year end. The Town deems all amounts collectible for the general fund; therefore, an allowance for doubtful accounts is not necessary. If payments are not received from customers, services are shut off and deposits are applied against negative balances.

All account receivables are shown net of allowances for uncollectable accounts for governmental funds. The accounts receivable and allowance for uncollectable accounts at September 30, 2022, were as follows:

	Accounts Receivable	Unbilled Receivable	Allowance for Uncollectible	Net
General Fund	\$ 86,273	-	-	\$ 86,273
Enterprise Fund	105,085	226,606	(48,000)	283,691
Total	\$ 191,358	\$ 226,606	\$ (48,000)	\$ 369,964

Property taxes are considered fully collected (96% of the levy) during and prior to the end of the fiscal year. Therefore, no material amounts of property taxes are receivable as of September 30, 2022. There are no other reserves for receivables recorded by the Town as of September 30, 2022.

Town of Lake Clarke Shores, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets

The following is a summary of changes in capital assets during the year ended September 30, 2022:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 517,753	\$ -	\$ -	\$ 517,753
Construction-in-progress	158,785	207,920	(114,977)	251,728
Capital assets, not being depreciated	676,538	207,920	(114,977)	769,481
Capital assets, being depreciated				
Buildings	3,055,705	-	-	3,055,705
Improvements other than buildings	1,901,039	-	-	1,901,039
Equipment	819,325	-	(47,824)	771,501
Infrastructure	6,903,945	114,977	-	7,018,922
Capital assets, being depreciated	12,680,014	114,977	(47,824)	12,747,167
Less accumulated depreciation for				
Buildings	(813,279)	(61,114)	-	(874,393)
Improvements other than buildings	(779,641)	(87,675)	-	(867,316)
Equipment	(366,174)	(113,017)	47,824	(431,367)
Infrastructure	(6,190,448)	(174,282)	-	(6,364,730)
Total accumulated depreciation	(8,149,542)	(436,088)	47,824	(8,537,806)
Total capital assets being depreciated, net	4,530,472	(321,111)	-	4,209,361
Capital assets, being amortized				
Leased assets, equipment	316,151	59,944	-	376,095
Less accumulated amortization	(112,467)	(87,520)	-	(199,987)
Total capital assets being amortized, net	203,684	(27,576)	-	176,108
Governmental activities capital assets, net	\$ 5,410,694	\$ (140,767)	\$ (114,977)	\$ 5,154,950

Town of Lake Clarke Shores, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets (continued)

The following is a summary of changes in capital assets during the year ended September 30, 2022:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities				
Capital assets, not being depreciated				
Land	\$ 88,760	\$ -	\$ -	\$ 88,760
Intangibles, water rights	1,953,924	-	-	1,953,924
Construction-in-progress	856,274	1,292,601	(1,231,630)	917,245
Capital assets, not being depreciated	2,898,958	1,292,601	(1,231,630)	2,959,929
Capital assets, being depreciated				
Buildings	214,962	-	-	214,962
Improvements other than buildings	8,694,583	1,181,930	-	9,876,513
Equipment	390,791	6,320	(70,794)	326,317
Capital assets, being depreciated	9,300,336	1,188,250	(70,794)	10,417,792
Less accumulated depreciation for				
Buildings	(63,773)	(8,599)	-	(72,372)
Improvements other than buildings	(3,553,764)	(432,152)	-	(3,985,916)
Equipment	(291,392)	(37,644)	62,711	(266,325)
Total accumulated depreciation	(3,908,929)	(478,395)	62,711	(4,324,613)
Total capital assets being depreciated, net	5,391,407	709,855	(8,083)	6,093,179
Capital assets, being amortized				
Intangibles	163,500	-	-	163,500
Leased assets, equipment	122,169	87,366	(25,256)	184,279
Capital assets, being amortized	285,669	87,366	(25,256)	347,779
Less accumulated amortization				
Intangibles	(134,210)	(4,088)	-	(138,298)
Leased assets, equipment	(41,109)	(52,158)	25,257	(68,010)
Total accumulated amortization	(175,319)	(56,246)	25,257	(206,308)
Total capital assets being amortized, net	110,350	31,120	1	141,471
Business-type activities capital assets, net	\$ 8,400,715	\$ 2,033,576	\$ (1,239,712)	\$ 9,194,579

Town of Lake Clarke Shores, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets (continued)

Depreciation and amortization expenses were allocated to the governmental functions in the statement of activities as follows:

<i>For the year ended September 30,</i>	<i>2022</i>
Governmental activities	
General government	\$ 115,554
Culture and recreation	44,797
Highways and streets	187,410
Public safety	175,847
Total depreciation and amortization expense - governmental activities	\$ 523,608

Long-Term Debt and Liabilities

Capital Improvement Revenue and Refunding Note, Series 2019

On November 21, 2019, the Town issued the Capital Improvement Revenue and Refunding Note, Series 2019 (Capital Improvement Note) with an initial principal balance of \$1,174,000 and an interest rate of 2.08% per annum. The Capital Improvement Note requires bi-annual payments of interest beginning April 1, 2020 and annual principal payments due beginning October 1, 2020. The Capital Improvement Note matures on October 1, 2026 and is secured by the unspent debt proceeds, and the Town's non-ad valorem revenues. The proceeds of the Capital Improvement Note were used to refund the Town's Promissory Note, Series 2018 with an outstanding principal balance of \$270,000 and an interest rate of 3.73% per annum. The remaining proceeds are intended to fund road and infrastructure improvements related to a bridge. The economic gain on refunding was \$42,956. Interest of \$19,427 was paid on this note during the year ended September 30, 2022. As of September 30, 2022, the principle outstanding on the note was \$854,000.

Utility System Revenue and Revenue Refunding Note, Series 2019

On November 21, 2019, the Town issued the Utility System Revenue and Revenue Refunding Note, Series 2019 (Utility System Note) with an initial principal balance of \$2,977,000 and an interest rate of 2.19% per annum. The Utility System Note requires bi-annual payments of interest beginning April 1, 2020, and annual payments of principal beginning on October 1, 2020. The Utility System Note matures on October 1, 2034 and is secured by pledged revenues consisting of impact fees and operating proceeds from the Enterprise Fund. The proceeds of the Utility System Note were used to refund the Promissory Note, Series 2016 with an outstanding principal balance of \$893,454 and an interest rate of 2.65% per annum, to refund the Promissory Note, Series 2018 with an outstanding principal balance of \$900,000 and an interest rate of 3.73%. The remaining proceeds are intended to fund infrastructure improvements and the conversion of septic tanks to a wastewater collection system. The economic gain on refunding was \$193,453. The Town was in compliance with its rate covenant. Interest of \$57,509 was paid on this note during the year ended September 30, 2022. As of September 30, 2022, the principal outstanding on the note was \$2,449,000.

Town of Lake Clarke Shores, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt and Liabilities (continued)

During the current year, the Town made an early payment of principal and interest on the Utility System Note.

The following is a summary of governmental and business type activities notes payable for the year ended September 30, 2022:

<i>Year ending September 30,</i>	Governmental		Business-type Activities	
	Capital Improvement Note, Series 2019		Utility System Note, Series 2019	
	Principal	Interest	Principal	Interest
2023	\$ 164,000	\$ 16,058	\$ -	\$ -
2024	167,000	12,615	181,000	51,651
2025	171,000	9,100	185,000	47,643
2026	174,000	5,512	189,000	43,548
2027	178,000	1,851	193,000	39,365
2028 - 2032	-	-	1,029,000	130,907
2033 - 2037	-	-	672,000	22,294
Total	\$ 854,000	\$ 45,136	\$ 2,449,000	\$ 335,408

Leases

The Town has entered into non-cancelable lease agreements to obtain the right-to-use various vehicles for its governmental and business-type activities. The leases have an initial term from 2 to 5 years at which point the Town has the option to purchase the vehicles or return them to the lessor. The residual values total \$80,196 at the end of the leases. Interest rates range from 3.60% to 4.97%. Monthly payments range from \$373 to \$1,067.

The following is a schedule of minimum future lease payments from lease agreements as of September 30:

<i>Year ending September 30,</i>	Governmental		Business-type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 75,178	\$ 5,374	\$ 31,514	\$ 3,428
2024	55,954	2,030	26,266	2,196
2025	10,055	570	22,922	1,057
2026	4,797	96	14,665	349
2027	-	-	1,247	4
Total	\$ 145,984	\$ 8,070	\$ 96,614	\$ 7,034

Town of Lake Clarke Shores, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Changes In Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2022, was as follows for governmental activities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Notes payable					
Capital Improvement Note, Series 2019	\$ 1,014,000	\$ -	\$ (160,000)	\$ 854,000	\$ 164,000
Total notes from direct borrowings:	1,014,000	-	(160,000)	854,000	164,000
Capital leases payable	188,916	29,945	(72,877)	145,984	75,178
Compensated absences	105,026	104,139	(121,982)	87,183	-
Other postemployment benefits	45,597	-	(5,225)	40,372	-
Governmental activity long-term liabilities	\$ 1,353,539	\$ 134,084	\$ (360,084)	\$ 1,127,539	\$ 239,178

Long-term liability activity for the year ended September 30, 2022, was as follows for business-type activities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities					
Utility System Note, Series 2019	\$ 2,626,000	\$ -	\$ (177,000)	\$ 2,449,000	\$ -
Total notes from direct borrowings:	2,626,000	-	(177,000)	2,449,000	-
Lease liabilities	63,341	68,967	(35,694)	96,614	31,514
Compensated absences	35,622	44,398	(43,978)	36,042	36,042
Other postemployment benefits	16,020	-	(2,962)	13,058	-
Business-type activity long-term liabilities	\$ 2,740,983	\$ 113,365	\$ (259,634)	\$ 2,594,714	\$ 67,556

Compensated absences and other postemployment benefits will be liquidated in future periods primarily by the General Fund for governmental activities. Business-type activities compensated absences will be liquidated by the Enterprise Fund.

Town of Lake Clarke Shores, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Pledged Revenues

The Town has revenue notes outstanding at September 30, 2022, for which revenues of the Town have been pledged for repayment. Revenues pledged to repay these obligations are as follows:

	Amount Outstanding	Future Principal and Interest	Current Pledged Revenue	Current Year Principal and Interest	Percentage of Annual Debt Service Requirement
Governmental Activities					
Capital Improvement Note, Series 2019 *	\$ 854,000	\$ 899,136	\$ 180,058	\$ 180,058	100%
Business-Type Activities					
Utility System Note, Series 2019	\$ 2,449,000	\$ 2,784,408	\$ 660,176	\$ -	

* The Capital Improvement Note, Series 2019 is secured by unspent debt proceeds until the completion of the project, and then against budgeted non-ad valorem revenues.

Interfund Receivables, Payables And Transfers

Operating Transfers	Transfers		Net
	In	Out	
Major Funds			
General fund	\$ 180,000	\$ -	\$ 180,000
ARPA fund	-	(580,588)	(580,588)
Enterprise fund	580,588	(180,000)	400,588
Total	\$ 760,588	\$ (760,588)	\$ -

The transfer from the Enterprise Fund to the General Fund was to provide reimbursement for administrative expenses. The transfer from the ARPA fund to the Enterprise fund was a reimbursement for items that were utilized for the grant.

Due To/Due From Other Funds (Internal Balances)

Due from	Due to				Net
	General Fund	ARPA Fund	Community Redevelopment Fund		
General Fund	\$ -	\$ 122,950	\$ 303	\$ 300,000	\$ 423,253
Enterprise Fund	4,935	580,588	-	-	585,523
Total	\$ 4,935	\$ 703,538	\$ 303	\$ 300,000	\$ 1,008,776

The internal balances resulted from the General Fund paying for expenses belonging to the other funds.

Town of Lake Clarke Shores, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Net Investment In Capital Assets

The elements of this calculation are as follows:

	Governmental Activities	Business-type Activities	Total
Capital assets (net)	\$ 5,154,950	\$ 9,194,579	\$ 14,349,529
Capital leases	(145,984)	(96,614)	(242,598)
Notes payable	(854,000)	(2,449,000)	(3,303,000)
Unspent debt proceeds	768,395	718,488	1,486,883
Contracts payable	-	(612,371)	(612,371)
Net investment in capital assets	\$ 4,923,361	\$ 6,755,082	\$ 11,678,443

Note 3: RETIREMENT PLANS

Description of Plans

The Town of Lake Clarke Shores, Florida’s Money Purchase Plan is a defined contribution plan established by the Town and administered by Nationwide Life Insurance Company to provide benefits at retirement to the employees of the Town.

All full-time employees are eligible to participate on attainment of age 21 and completion of six months of service, with hours of service being determined on the basis of actual hours for which an employee is paid or entitled to payment. For the year ended September 30, 2022, the Town contributed an amount equal to 9% of covered payroll. Participants are required to contribute a minimum of 2% under the plan. A participant is fully vested after six years of service. Town contributions for, and interest forfeited by, employees who leave before six years of service are used to reduce the Town’s contributions. For the fiscal year ended September 30, 2022, the Town recognized retirement expense of \$128,802 for the Plan. The retirement plan had forfeitures of \$6,773 for the year ending September 30, 2022.

Note 4: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description

The Town administers a single-employer defined benefit healthcare plan (the “Plan”) that provides medical insurance to its employees and their eligible dependents. Pursuant to Section 112.0801 Florida Statutes, the Town is required to provide eligible retirees the opportunity to participate in this Plan at the same cost that is applicable to active employees. The Town does not issue stand-alone financial statements for this Plan. All financial information related to the Plan is accounted for in the Town’s basic financial statements.

Town of Lake Clarke Shores, Florida
Notes to Financial Statements

Note 4: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Funding Policy

The Town is funding the post employee benefits on a pay-as-you-go basis. Contribution rates for the Plan are established by Town Council annually during the budget process. The Town does not pay for health insurance premiums for retirees. Blended premium rates for active and retired employees combined provide an implicit subsidy for retirees because on an actual basis, their current and future claims are expected to result in higher costs to the Plan than those of active employees. The current year contributions are determined as annualized claims incurred based on the retiree age at the beginning of the fiscal year and the claims table used for liability determination offset by the annual premium paid by the retiree for such coverage. Town contributions are assumed to be equal to benefits paid.

Plan Membership

At September 30, 2021, the valuation date, OPEB membership consisted of the following:

Inactive members	-
Active members	33
<u>Total</u>	<u>33</u>

Actuarial Assumptions and Other Inputs

In the September 30, 2022 measurement data, the actuarial assumptions and other inputs, applied include the following:

Inflation	2.50%
Salary increases	2.50%
Discount Rate	4.77% Investment rate of return
Health care cost trend rates	7.50% Trending down to 4.00%
Retirees' share of benefit-related costs	100.00% Of projected health insurance premium

The discount rate was selected based on a 20-year tax-exempt high-quality general obligation municipal bond yield of index. The S&P Municipal Bond 20 Year High Grade Rate Index is the average rating of 20 bonds that are grade 'Aa2' (Moody's) or grade 'AA' (S&P 500). The S&P Municipal Bond 20 Year High Grade Rate Index at September 30, 2022 was 4.77%.

Mortality rates were based on the PUBG-2010 Mortality Tables for Males and Females as appropriate with both rates, fully generational with adjustments for mortality improvements based on Scale MP-2019.

The actuarial assumptions used in the September 30, 2021 valuation were not based on the results of an actuarial experience study.

Town of Lake Clarke Shores, Florida
Notes to Financial Statements

Note 4: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Actuarial Assumptions and Other Inputs (continued)

At September 30, 2022, the Town reported a total OPEB liability of \$53,430 and for the year ended September 30, 2022, an OPEB expense (gain) of (\$2,238). The information has been provided as of the September 30, 2022 measurement date.

		Increase (Decrease)	
			Total OPEB Liability
Balance as of October 1, 2021	\$		61,617
Changes for the year			
Service cost			6,880
Interest			1,758
Changes of assumptions			(19,172)
Difference between expected and actual experience			5,396
Benefit payments			(3,049)
Net changes			(8,187)
Balance as of September 30, 2022	\$		53,430

The changes in the assumptions for the September 30, 2021 valuation date was an increase in the discount rate from 2.43% to 4.77% and updated health care cost trend rates.

Sensitivity of the Net OPEB Liability

The following table represents the Town's total and net OPEB liability calculated using the discount rate of 4.77%, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.77%) or one percentage point higher (5.77%) than the current rate:

		1% Decrease		Current		1% Increase
		3.77%		Discount Rate		5.77%
				4.77%		
Net OPEB Liability	\$	59,940	\$	53,430	\$	47,966

Town of Lake Clarke Shores, Florida
Notes to Financial Statements

Note 4: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Actuarial Assumptions and Other Inputs (continued)

The following table represents the Town’s total and net OPEB liability calculated using the health care cost trend rate of 4.00%-7.50%, as well as what the Town’s net OPEB liability would be if it were calculated using a health care cost trend rate that is one percentage point lower (3.00%-6.50%) or one percentage point higher (5.00%-8.50%) than the current rate:

	1% Decrease 3.00%-6.50%	Ultimate Trend 4.00%-7.50%	1% Increase 5.00%-8.50%
Net OPEB Liability	\$ 46,894	\$ 53,430	\$ 61,407

Note 5: RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Town purchases separate commercial insurance coverage for workers’ compensation, liability, and property damage. Coverage for workers’ compensation and automobile claims are limited to the maximum liability exposure the Town faces under Florida statutes. The Town had no settled claims in excess of insurance coverage during the last three fiscal years.

Note 6: COMMITMENTS AND CONTINGENCIES

During the ordinary course of its operation, the Town is party to various claims, legal actions, and complaints. While the ultimate effect of such litigation cannot be ascertained at this time, in the opinion of counsel for the Town, the liabilities which may arise from such actions would not result in losses which would exceed the liability insurance limits in effect at the time the claim arose or otherwise materially affect the financial condition of the Town or results of activities.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, and the federal and state government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund(s). The amount, if any, of expenditures from current or prior years which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts not recorded, if any, to be immaterial.

Note 6: COMMITMENTS AND CONTINGENCIES (Continued)

Waste Collection Services

The Town entered into a contract with Waste Management of Florida, Inc. for waste collection services effective October 1, 2020 through September 30, 2025. The contract has an escalation factor not to exceed 2% per year. For the year ended September 30, 2022, the Town was charged \$293,838 for waste collection services pursuant to the agreement.

Village of Palm Springs Interlocal Agreement to Purchase Bulk Water

On November 10, 1988, the Town entered into an open-ended interlocal agreement with the Village of Palm Springs, Florida (the "Village") for the purchase and sale of bulk potable water. Rates for water service are based on the Village's large user rates. The Town is billed monthly on an average of 400,000 gallons per day, the contracted minimum. For the year ended September 30, 2022, the Town was charged \$291,992 for purchased water pursuant to the agreement.

City of Lake Worth Interlocal Agreement to Provide Sewer Treatment Services

On September 17, 2013, the Town entered into a new interlocal agreement with the City of Lake Worth, Florida (the "City") for waste water service and wastewater facilities cost sharing, reducing the costs of service by more than 50% and providing for a methodology to calculate annual increases to service costs. An independent board has been created to oversee the operation of the City of Lake Worth's wastewater system and to approve and endorse costs which would impact Service Costs. The agreement rescinded all previous contracts relating to the subject matter between the Town and the City. The initial term of the agreement expires on September 20, 2023. The Town may extend the agreement for up to three additional ten-year periods. Charges for treatment of sewage disposal are billed to the Town monthly. For the year ended September 30, 2022, the Town was charged \$436,815 for sewage disposal services pursuant to the agreement.

City of Lake Worth Interlocal Agreement to Purchase Bulk Water

On October 13, 1993, the Town entered into an interlocal agreement with the City of Lake Worth, Florida for the purchase and sale of bulk potable water for the Seminole Manor Service Area for a period of ten years, renewable for successive periods of five years at the option of the City. The City agreed to provide bulk water service at a rate of \$0.65 cents per thousand gallons for a minimum of three years. In October 2002, the Town paid for an additional 82 equivalent residential units to serve the Hypoluxo Village Service Area. The agreement expired on October 13, 2008. On February 15, 2011, the Town entered into a new interlocal agreement with the City of Lake Worth for the purchase and sale of bulk potable water to serve residents living within the Hypoluxo Village Service Area for a period of ten years, renewable for successive periods of five years each, upon the same terms and conditions, by written agreement of both parties to the agreement prior to expiration of the initial term or any renewal thereof. Bulk potable water purchases and sales for the Seminole Manor Service Area were discontinued under the agreement. The City agreed to provide water service at a bulk service rate of \$0.303 cents per hundred gallons. Future rate changes will be allowed only at the time

Note 6: COMMITMENTS AND CONTINGENCIES (Continued)

City of Lake Worth Interlocal Agreement to Purchase Bulk Water (continued)

of the City's water system rate increases. The new rate to be charged will be equal to the current rate plus the monetary rate increases. The new rate to be charged will be equal to the current rate plus the monetary change in the rate of the lowest tier residential water rate placed into effect at the time of the new rate change. The Town is billed on a monthly basis for actual metered water service delivered by the City, based upon a reserve capacity of 200,000 gallons per day. A 25% surcharge shall be added for all usage exceeding the reserve capacity in any month. For the year ended September 30, 2022, the Town was charged \$328,075 for water purchased from the City.

Palm Beach County Interlocal Agreement to Purchase Bulk Water

On February 2, 2010, the Town entered into an interlocal agreement with Palm Beach County, Florida (the "County") for the purchase and sale of bulk potable water for a period of thirty years, renewable for successive periods of five years each, upon the same terms and conditions, by written agreement of both parties prior to expiration of the initial term or any renewal thereof. The Town pays the County a full cost recovery commodity fee based upon a reserve capacity of 400,000 gallons per day. The initial fee was \$2.43 per thousand gallons. Beginning October 1, 2010, and for each year thereafter, the fee shall be adjusted upward or downward by an amount equal to three-fourths (3/4) of the change in the Consumer Price Index all Urban Consumers, Water and Sewerage Maintenance, published by the U.S. Department of Labor, Bureau of Labor Statistics (CPI) or some other mutually agreed-upon index if the CPI is discontinued. The Town is obligated to take or pay the County a minimum amount of three-fourths of the capacity reserved under the agreement, calculated on an annual basis, regardless of actual usage. For the year ended September 30, 2022, the Town incurred charges of \$319,510 under the agreement.

Village of Palm Springs Interlocal Agreement to Purchase Police Dispatch Services

Effective October 1, 2010 the Town entered into an agreement with the Village of Palm Springs to provide Police Dispatch Services to the Town. On July 9, 2013 the agreement was amended to be a 5-year agreement with a second automatic 5-year renewal effective October 1, 2013. The agreement has an automatic cost escalation clause tied to the CPI but limited to a maximum of 3% per year. The cost for the fiscal year ending September 30, 2022 is \$53,228.

Palm Beach County Interlocal Agreement to Purchase Bulk Wastewater Service

On November 11, 2014, the Town entered into an interlocal agreement with Palm Beach County, Florida (the County) for the purchase and sale of bulk wastewater service for a period of thirty years. The Town may deliver, and the County shall accept varying wastewater flow rates required by the Town, not to exceed an average daily flow rate of 300,000 gallons per day. The initial wastewater commodity fee shall be \$2.37 per thousand gallons. Beginning October 1, 2015, and for each year thereafter, the wastewater commodity fee shall be adjusted by one-half of the Gross Domestic Product Implicit Price Deflator as published by the United States Department of Labor, Bureau of Labor Statistics Data, Water and Sewage Maintenance, or three percent, whichever is less as

Note 6: COMMITMENTS AND CONTINGENCIES (Continued)

Palm Beach County Interlocal Agreement to Purchase Bulk Wastewater Service (continued)

measured on an annual basis using the most recently published data as of the date of application. For the fiscal year ended September 30, 2022, the Town incurred charges of \$412 under the agreement.

Palm Beach County Interlocal Agreement for Public Safety Trunked Radio System

On February 7, 2017, the Town entered into an interlocal agreement with Palm Beach County under which the County will make access to its Public Safety Trunked Radio System available to the Town. The initial term of the agreement is for five years. The agreement may be renewed for two additional terms of four years each. Under the terms of the agreement the Town will pay a one-time access charge in the amount of \$3,234 per unit. The Town may elect to pay the onetime access charge in periodic installments of any amounts providing that the entire amount owed is paid prior to February 21, 2019. The Town is also required to pay an annual maintenance fee of \$226 per unit and an annual replacement fee of \$211.42 per unit. The maintenance fee and the replacement fee may be reviewed every three years starting January 3, 2018 and may be adjusted for the following fiscal year by notice to the Town by the County's Facilities & Operations Department by April 1st. During the fiscal year ended September 30, 2022, the Town incurred expenditures of \$5,174 pursuant to the agreement.

Note 7: SPECIAL ASSESSMENTS

Forest Hill Boulevard Sanitary Sewer Project

In 2015, non-ad valorem special assessments were levied on properties specially benefited by capital improvement project for the Forest Hill Boulevard sanitary sewer project. Property-owners were given the option to prepay the entire amount of the assessment. Assessments that were not prepaid are payable in twenty equal annual installments of principal and interest. During the fiscal year ended September 30, 2015, assessments were levied on the properties in Phase 1A in Service Area 1. During the fiscal year ended September 30, 2018, assessments were levied on the properties in Phase 1B in Service Area 1. The assessments bear interest at the rate of 3.5% per annum. At September 30, 2022, the special assessments receivable was \$759,580.

**REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN
MANAGEMENT'S DISCUSSION AND ANALYSIS**



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Town of Lake Clarke Shores, Florida Budgetary Comparison Schedule – General Fund

<i>For the year ended September 30, 2022</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes:				
Property Taxes	\$ 1,809,124	\$ 1,809,124	\$ 1,822,387	\$ 13,263
Utility Taxes	79,936	79,936	100,994	21,058
Franchise Fees	211,900	211,900	230,709	18,809
Licenses and Permits	217,600	217,600	262,175	44,575
Intergovernmental	467,052	467,052	642,342	175,290
Charges for services	100,900	100,900	142,550	41,650
Fines and forfeitures	21,100	21,100	9,825	(11,275)
Investment earnings	15,000	15,000	13,469	(1,531)
Miscellaneous revenue	73,785	73,785	56,842	(16,943)
Total revenues	2,996,397	2,996,397	3,281,293	284,896
Expenditures				
Current				
General government	1,226,672	1,251,622	1,252,520	(898)
Public safety	1,639,122	1,595,097	1,545,144	49,953
Transportation	43,000	56,250	56,248	2
Culture and recreation	80,400	105,864	105,805	59
Debt service principal	154,436	153,436	144,877	8,559
Debt service interest and fiscal agent fees	9,727	12,638	13,084	(446)
Capital outlay	25,500	3,950	59,944	(55,994)
Total expenditures	3,178,857	3,178,857	3,177,622	1,235
Deficiency of revenues under expenditures	(182,460)	(182,460)	103,671	286,131
Other Financing Sources				
Transfers in	180,000	180,000	180,000	-
Proceeds from issuance of debt	-	-	29,945	29,945
Proceeds from sale of capital assets	2,500	2,500	25,065	22,565
Total other financing sources	182,500	182,500	235,010	52,510
Net change in fund balance	40	40	338,681	338,641
Fund balance, beginning of the year	2,346,311	2,346,311	2,346,311	-
Fund balance, end of year	\$ 2,346,351	\$ 2,346,351	\$ 2,684,992	\$ 338,641

Note that this schedule is prepared on a budgetary basis, but is not different from Generally Accepted Accounting Principles (GAAP) in the presentation.

The accompanying notes to required supplementary information are an integral part of this schedule.

Town of Lake Clarke Shores, Florida
Budgetary Comparison Schedule – ARPA Fund

<i>For the year ended September 30, 2022</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental revenues	\$ 908,298.00	\$ 908,298	\$ 583,538	\$ (324,760)
Miscellaneous revenue	-	-	7,890	7,890
Total revenues	908,298	908,298	591,428	(316,870)
Expenditures				
Capital outlay	625,000	3,000	2,950	50
Total expenditures	625,000	3,000	2,950	50
Excess of revenues over expenditures	283,298	905,298	588,478	(316,820)
Other Financing Sources				
Transfers out	-	(622,000)	(580,588)	41,412
Total other financing sources	-	(622,000)	(580,588)	41,412
Net change in fund balance	283,298	283,298	7,890	(316,820)
Fund balance, beginning of the year	279	279	279	-
Fund balance, end of year	\$ 283,577	\$ 283,577	\$ 8,169	\$ (316,820)

The accompanying notes to required supplementary information are an integral part of this schedule.

Town of Lake Clarke Shores, Florida Budgetary Notes to Required Supplementary Information

Note 1: BUDGETARY INFORMATION

The Town adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- a) Prior to the first day of August of each year, the Town manager prepares a proposed budget for the next succeeding fiscal year and submits it to the council. The recommended budget includes proposed expenditures and the sources of receipts to finance them.
- b) Complete copies of the proposed budget are made available for public inspection. Public hearings are conducted to obtain taxpayers' comments.
- c) The budget is enacted through passage of an ordinance and becomes the basis for the millage levied by the council.
- d) The Town manager is authorized to transfer budgeted amounts of the General Fund between line items within a department within \$2,500; however, any revisions that alter the total expenditures of any department must be approved by the council. Expenditures may not exceed legal appropriations at the department level. All appropriations lapse at year end.
- e) Formal budgetary integration is employed as a management control device, during the year, for the General Fund and all major, special revenue funds (if any).
- f) Budgets are legally adopted on a basis consistent with GAAP except for transfers, debt service, capital outlay, and certain intragovernment amounts.
- g) The budgetary comparison schedule shown in the accompanying required supplementary information presents comparisons of the legally adopted budget, as amended, with actual results. The originally adopted budget is presented for purposes of comparison to the final, amended budget.

Town of Lake Clarke Shores, Florida
Required Other Postemployment Benefits Supplementary Information
Schedule of Changes in OPEB Liability and Related Ratios

<i>As of and for the year ended September 30,</i>	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	\$ 6,880	\$ 3,499	\$ 3,627	\$ 4,329	\$ 4,590
Interest	1,758	1,374	2,411	2,959	2,600
Difference between expected and actual experience	5,396	-	(11,964)	-	-
Changes of assumptions or other inputs	(19,172)	(2,518)	(5,894)	5,227	(4,506)
Benefit payments	(3,049)	(2,850)	(3,443)	(3,188)	(2,938)
Net change in total OPEB liability	(8,187)	(495)	(15,263)	9,327	(254)
Total OPEB liability - beginning	61,617	62,112	77,375	68,048	68,302
Total OPEB liability - ending	\$ 53,430	\$ 61,617	\$ 62,112	\$ 77,375	\$ 68,048
Covered employee payroll	\$ 1,694,322	\$ 1,503,595	\$ 1,466,922	\$ 1,455,338	\$ 1,419,842
Total OPEB liability as a percentage of covered employee payroll	3.15%	4.10%	4.23%	5.32%	4.79%

* GASB Codification P52 requires an employer to disclose a 10-year history. However, until a full 10-year trend is compiled, information will be presented only for those years which information is available.

* The following discount rate was used in each period:

9/30/2018 - 4.18%
9/30/2019 - 3.58%
9/30/2020 - 2.14%
9/30/2021 - 2.43%
9/30/2022 - 4.77%

OTHER SUPPLEMENTARY INFORMATION

Town of Lake Clarke Shores, Florida
Combining Balance Sheet – Nonmajor Governmental Funds

<i>September 30, 2022</i>	Community Redevelopment Agency Fund	Infrastructure Surtax Fund	Police Forfeiture Fund	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	\$ 162,420	\$ 428,762	\$ 30,101	\$ 621,283
Due from other governments	-	56,706	-	56,706
Total assets	\$ 162,420	\$ 485,468	\$ 30,101	\$ 677,989
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 4,149	\$ 50,800	\$ -	\$ 54,949
Due to other funds	303	-	-	303
Total liabilities	4,452	50,800	-	55,252
Fund balances				
Restricted				
Law enforcement	-	-	30,101	30,101
Community redevelopment	157,968	-	-	157,968
Infrastructure	-	434,668	-	434,668
Total fund balances	157,968	434,668	30,101	622,737
Total liabilities and fund balances	\$ 162,420	\$ 485,468	\$ 30,101	\$ 677,989

Town of Lake Clarke Shores, Florida
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances – Nonmajor Governmental Funds

<i>For the year ended September 30, 2022</i>	Community Redevelopment Agency Fund	Infrastructure Surtax Fund	Police Forfeiture Fund	Total Nonmajor Governmental Funds
Revenues				
Property taxes	\$ 71,390	\$ -	\$ -	\$ 71,390
Sales surtax	-	330,891	-	330,891
Fines and forfeitures	-	-	9,722	9,722
Investment earnings	574	2,294	-	2,868
Total revenues	71,964	333,185	9,722	414,871
Expenditures				
Current				
Public safety	-	-	14,732	14,732
Community redevelopment	20,878	-	-	20,878
Debt service				
Principal	-	88,000	-	88,000
Interest and fiscal agent fees	-	14,254	-	14,254
Capital outlay	-	216,810	-	216,810
Total expenditures	20,878	319,064	14,732	354,674
Net change in fund balances	51,086	14,121	(5,010)	60,197
Fund balances, beginning of year	106,882	420,547	35,111	562,540
Fund balances, end of year	\$ 157,968	\$ 434,668	\$ 30,101	\$ 622,737

Town of Lake Clarke Shores, Florida
Schedule of Departmental Expenditures – Budget and Actual
General Fund

<i>For the year ended September 30, 2022</i>	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Expenditures:			
General government:			
Mayor and council:			
Personal services:			
Executive salaries	\$ 6,000	\$ 5,821	\$ 179
FICA taxes	372	361	11
Medicare taxes	87	84	3
Operating:			
Travel and per diem	4,000	3,739	261
Communications	-	2,221	(2,221)
Other current charges	2,500	90	2,410
Operating supplies	975	693	282
Books, dues and education	3,000	3,890	(890)
Total mayor and council	16,934	16,899	35
Finance:			
Operating:			
Consulting finance director	18,000	18,000	-
Accounting and auditing	11,250	10,375	875
IT Professional Fees	3,000	2,950	50
Total finance	32,250	31,325	925
Administration and clerk:			
Personal services:			
Regular salaries and wages	252,307	252,135	172
Election workers	4,500	1,700	2,800
Overtime	5,500	3,742	1,758
FICA taxes	17,348	15,167	2,181
Medicare taxes	4,057	3,576	481
Pension contributions	21,516	21,273	243
Retirement	-	7,606	(7,606)
Life and health insurance	44,650	44,392	258
Other debt service costs	2,461	-	2,461
Operating:			
IT professional fees	-	11,567	(11,567)
Assessment for sewer	6,342	6,089	253
Travel and per diem	4,000	4,284	(284)
Communications	1,800	2,342	(542)
Postage and freight	600	-	600
Rental and leases	5,400	400	5,000
Repair and maintenance	6,500	6,233	267
Printing and binding	400	-	400
Other current charges	2,000	60	1,940
Advertising	2,700	4,164	(1,464)
Office supplies	1,000	531	469
Operating supplies	2,000	872	1,128
Transfer to CRA tif payment	40,530	40,530	-
Books, dues and education	5,600	4,054	1,546
Capital Outlay:			
Machinery and equipment	-	-	-
Debt Service:			
Debt service principal	40,000	40,000	-
Debt service interest	4,727	5,173	(446)
Debt service interest	-	-	-
Total administration and clerk	475,938	475,890	48

-Continued-

Town of Lake Clarke Shores, Florida
Schedule of Departmental Expenditures – Budget and Actual
General Fund

<i>For the year ended September 30, 2022</i>	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Legal:			
Operating:			
Professional fees	84,500	84,450	50
Total legal	84,500	84,450	50
Other general government:			
Operating:			
Professional fees	25,000	19,156	5,844
Other contractual service	11,500	11,718	(218)
Garbage collection service	293,838	293,734	104
Weed control	20,000	20,640	(640)
Lawn maintenance service	109,764	109,973	(209)
Communications	27,500	23,126	4,374
Postage and freight	3,000	270	2,730
Electricity	24,900	25,470	(570)
Water and sewer	5,000	8,070	(3,070)
Rental and leases	2,000	499	1,501
General liability insurance	76,500	83,988	(7,488)
Repair and maintenance	30,000	30,851	(851)
Reoccurring/annual/monthly cost	3,000	6,554	(3,554)
COVID-19 costs	-	-	-
Printing and binding	3,000	40	2,960
Other current charges	18,600	18,605	(5)
Office supplies	800	951	(151)
Operating supplies	6,500	6,551	(51)
Gas and oil	1,200	1,925	(725)
Books, dues and education	9,625	9,612	13
IT Professional Fees	15,000	17,396	(2,396)
Capital Outlay:			
Computers and Software	450	-	450
Machinery and equipment	2,000	-	2,000
Total other general government	689,177	689,129	48
Total general government	1,298,799	1,297,693	1,106

-Continued-

Town of Lake Clarke Shores, Florida
Schedule of Departmental Expenditures – Budget and Actual
General Fund

<i>For the year ended September 30, 2022</i>	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Public Safety:			
Law enforcement:			
Personal services:			
Regular salaries and wages	829,304	718,266	111,038
Police department special details	55,000	60,482	(5,482)
Overtime	22,000	32,979	(10,979)
State incentive pay	8,580	7,120	1,460
FICA taxes	53,313	48,886	4,427
Medicare taxes	12,468	11,433	1,035
Retirement	68,041	59,730	8,311
Life and health insurance	101,875	99,125	2,750
Unemployment compensation	-	-	-
IT professional fees	7,058	15,235	(8,177)
Operating:			
Other contractual service	6,000	13,139	(7,139)
Dispatch contract	51,624	53,228	(1,604)
Travel and per diem	2,000	83	1,917
Communications	35,000	41,323	(6,323)
Postage and freight	1,000	-	1,000
Rental and leases	2,500	499	2,001
Repair and maintenance	47,000	47,395	(395)
Vehicle repair and maint.	15,000	29,500	(14,500)
Reoccurring/annual/monthly cost	-	7,080	(7,080)
Printing and binding	200	82	118
Other current charges	300	160	140
Crime prevention operat.	500	384	116
Office supplies	1,050	514	536
Operating supplies	22,000	33,146	(11,146)
Gas and oil	25,000	35,908	(10,908)
Uniforms	8,000	8,651	(651)
Books, dues and education	4,000	4,530	(530)
Capital Outlay:			
Flooring PD	1,500	-	1,500
Machinery and equipment	-	59,944	(59,944)
Debt Service:			
Debt service principal	81,436	72,877	8,559
Debt service interest	7,911	7,911	-
Total law enforcement	1,469,660	1,469,610	50

-Continued-

Town of Lake Clarke Shores, Florida
Schedule of Departmental Expenditures – Budget and Actual
General Fund

<i>For the year ended September 30, 2022</i>	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Protective inspections :			
Personal services:			
Regular salaries and wages	86,992	75,761	11,231
Overtime	1,650	14	1,636
FICA taxes	6,478	4,405	2,073
Medicare taxes	1,515	1,030	485
Retirement	8,954	3,732	5,222
Life and health insurance	27,000	20,428	6,572
Professional fees	3,895	7,622	(3,727)
IT professional fees	-	11,567	(11,567)
Operating:			
Other contractual service	57,000	79,129	(22,129)
Travel and per diem	1,600	-	1,600
Communications	500	575	(75)
Postage and freight	1,800	-	1,800
Rental and leases	500	-	500
Repair and maintenance	6,000	5,406	594
Reoccurring/annual/monthly cost	4,000	3,408	592
Other current charges	1,750	99	1,651
AMS Monthly Fees	-	371	(371)
Office supplies	650	553	97
Operating supplies	3,000	2,091	909
Books, dues and education	3,000	75	2,925
Total protective inspections	216,284	216,266	18
Total public safety	1,685,944	1,685,876	68
Highways and streets:			
Operating:			
Professional fees	4,000	162	3,838
NPDES agreement	4,000	6,512	(2,512)
Electricity	27,700	28,679	(979)
Repair and maintenance	10,550	10,697	(147)
Other current charges	-	-	-
Operating supplies	9,000	9,551	(551)
Road materials and supplies	1,000	647	353
Capital Outlay:			
Improvements other than buildings	-	-	-
Storm drainage	-	-	-
Bridge improvements	-	-	-

-Continued-

Town of Lake Clarke Shores, Florida
Schedule of Departmental Expenditures – Budget and Actual
General Fund

<i>For the year ended September 30, 2022</i>	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Debt Service:			
Debt Service Principal	32,000	32,000	-
Total highways and streets	88,250	88,248	2
Culture and recreation:			
Parks and recreation:			
Operating:			
Professional fees	6,500	6,500	-
Other contractual service	5,450	5,838	(388)
Electricity	3,689	3,643	46
Water and sewer	600	791	(191)
Repair and maintenance	16,725	17,374	(649)
Operating supplies	7,600	7,818	(218)
Beautification/landscape	5,000	2,397	2,603
Books, dues and education	-	1,202	(1,202)
Total parks and recreation	45,564	45,563	1
Special events:			
Operating:			
Postage and freight	1,500	1,465	35
Reoccurring/annual/monthly cost	-	69	(69)
Printing and binding	2,000	442	1,558
Promotional activities	4,000	2,970	1,030
Other current charges	300	-	300
Operating supplies	52,500	55,296	(2,796)
Total special events	60,300	60,242	58
Total culture and recreation	105,864	105,805	59
Total expenditures	\$ 3,178,857	\$ 3,177,622	\$ 1,235

**Additional Information Required By Rules of the Auditor General
Florida Statutes Section 10.554(1)(i) 6-8
Community Redevelopment Agency Fund
Budget vs Actual**

<i>For the year ended September 30, 2022</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$ 71,390	71,390	\$ 71,390	\$ -
Investments earnings	610	610	574	(36)
Total revenues	72,000	72,000	71,964	(36)
Expenditures				
Community redevelopment	72,000	72,000	20,878	51,122
Total expenditures	72,000	72,000	20,878	51,122
Net change in fund balance	-	-	51,086	51,086
Fund balance, beginning of the year	106,882	106,882	106,882	-
Fund balance, end of year	\$ 106,882	\$ 106,882	\$ 157,968	\$ 51,086

Note that this schedule is prepared on a budgetary basis, but is not different from Generally Accepted Accounting Principles (GAAP) in the presentation.



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

Honorable Mayor and Town Council
Town of Lake Clarke Shores, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Lake Clarke Shores, Florida, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Lake Clarke Shores, Florida's basic financial statements, and have issued our report thereon dated February 21, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Lake Clarke Shores, Florida'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 Town of Lake Clarke Shores, Florida's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Lake Clarke Shores, Florida's internal control.

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

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

Compliance and Other Matters

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

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 result 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.

Melbourne, Florida

February 21, 2023

INDEPENDENT AUDITORS' MANAGEMENT LETTER

The Honorable Mayor and Town Council
Town of Lake Clarke Shores, Florida

Report on the Financial Statements

We have audited the financial statements of the Town of Lake Clarke Shores, Florida (the "Town") as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated February 21, 2023.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated February 21, 2023, 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 financial audit report. The 2020-001 and 2021-001 findings made in the preceding annual financial report were cleared.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The legal authority of the Town of Lake Clarke Shores, Florida and its component unit is disclosed in the footnotes. The Town of Lake Clarke Shores, Florida includes the Community Redevelopment Agency as a blended component unit.

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 Town of Lake Clarke Shores, Florida met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the Town of Lake Clarke Shores, Florida 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 for the Town of Lake Clarke Shores, Florida. It is management's responsibility to monitor the Town of Lake Clarke Shores, Florida's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

Special District Component Units

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Specific Information (UNAUDITED)

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the Town of Lake Clarke Shores Community Redevelopment Agency reported below. This information has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

- a. Total number of District employees compensated in the last pay period of the District's fiscal year as None
- b. Total number of independent contractors to whom nonemployee compensation was paid in the last month of the District's fiscal year as None
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency. None
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency. None
- e. Each construction project with a total cost of at least \$65,000 approved by the District that is scheduled to begin after October 1 of the following fiscal year being reported, together with the total expenditures for such projects 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 Agency amends a final adopted budget under Section 189.016(6), Florida Statutes. See Budget and Actual Statement on page 73

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7, Rules of the Auditor General, the Town of Lake Clarke Shores Community Redevelopment Agency reported:

- a. The millage rate or rates imposed by the District. 6.2798 mills
- b. The total amount of ad valorem taxes collected by or on behalf of the District. \$ 71,390
- c. The total amount of outstanding bonds issued by the District and the terms of such bonds as None

Information required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)8, Rules of the Auditor General, , does not need to be presented since the Town of Lake Clark Shores Community Redevelopment Agency did not impose any special assessments.

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, the Town Council members, 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.

Melbourne, Florida
February 21, 2023

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES

The Honorable Mayor and Town Council
Town of Lake Clarke Shores, Florida

We have examined the Town of Lake Clarke Shores, Florida's (the "Town") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2022. Management of the Town is responsible for the Town's compliance with the specified requirements. Our responsibility is to express an opinion on the Town'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 Town complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Town complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including as assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

In our opinion, the Town complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2022.

This report is intended solely for the information and use of Town Council, 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.

Melbourne, Florida
February 21, 2023