

CITY OF LAKE HELEN, FLORIDA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2023



PRINCIPAL OFFICIALS (AS OF FEBRUARY 8, 2024)

CITY COMMISSION

Mayor – Vernon Burton
Vice Mayor/ Zone 2 – Roger Eckert
Zone 1 – Heather Rutledge
Zone 3 – Lynda Donato
Zone 4 – Charlene Bishop

CITY STAFF

City Administrator – Jim Gleason
Director of Administration – Roxann Reid Goodman
Police Chief – Robert Mullins
Public Works Director – Rick Mullen
City Attorney – Scott Simpson
Finance Director – Zach Chalifour, CPA

**CITY OF LAKE HELEN, FLORIDA
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SEPTEMBER 30, 2023**

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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

Summary of Opinions

Unmodified

General Fund
Stormwater Fund
Impact Fees Fund
Disaster Reserve Fund
Municipal Police Officers' Retirement Fund

Qualified

Governmental Activities
Business-type Activities
Water Utility Fund

Unmodified Opinions on the General Fund, Stormwater Management Special Revenue Fund, Impact Fee Special Revenue Fund, Disaster Reserve Special Revenue Fund, and Municipal Police Officers' Retirement Fiduciary Fund

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the General Fund, Stormwater Management Special Revenue Fund, Impact Fee Special Revenue Fund, Disaster Reserve Special Revenue Fund, and Municipal Police Officers' Retirement Fiduciary Fund of the City, as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, Stormwater Management Special Revenue Fund, and Impact Fee Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Qualified Opinions on Governmental Activities, Business-type Activities, and Water Utility Fund

In our opinion, except for the effects, if any, of not implementing the provisions of GASB Statement No. 75, as described in the basis for qualified opinions section, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and the Water Utility Fund of the City, as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of Lake Helen 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.

Basis for Qualified Opinion on Governmental Activities, Business-type Activities, and Water Utility Fund

The City has not implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Accounting principles generally accepted in the United States of America require recording of an obligation for postemployment benefits other than pensions, which would increase liabilities, decrease net position, and change the expenses in governmental activities, business-type activities and the Water Utility Fund. The amount by which this departure from accounting principles generally accepted in the United States of America on the governmental activities, business-type activities and the Water Utility Fund has not been determined.

Responsibilities of Management for the Financial Statements

The City's 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS, we:

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

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

Required Supplementary Information

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

Management has omitted the schedule of changes in the City's total OPEB liability and related ratios that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2024 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

McDiernit Davis

Orlando, Florida
February 8, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the City of Lake Helen, Florida (hereinafter referred to as the "City") offers the readers of these basic financial statements this narrative overview and analysis of the City's financial activities for the fiscal year ended September 30, 2023. This discussion and analysis is designed to assist the reader in focusing on significant financial issues and activities and to identify any significant changes in financial position. The City encourages readers to consider the information presented here in conjunction with the financial statements, which follow this section.

Financial Highlights

- The total assets of the City of Lake Helen, Florida exceeded its liabilities at the close of the most recent fiscal year by \$9,395,094 (net position). Of this amount, \$2,268,231 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$4,879 in fiscal year 2023. Net position of the City's governmental activities (General, Stormwater Management, and Disaster Reserve funds) increased (decreased) by (\$115,232), while net position of its business type activities (Water Utility Fund) increased (decreased) by \$120,111.
- The City's governmental funds reported a combined ending fund balance of \$2,598,539 at the end of the current fiscal year, which increased (decreased) by (\$123,348) in comparison to the \$2,721,887 reported at the end of the prior fiscal year. Approximately \$841,147 of this amount or 32% is available for spending at the City's discretion (unassigned fund balance).
- At the end of the 2023 fiscal year, unassigned fund balance for the General Fund was \$841,147 or 25% of the total fiscal year 2023 General Fund expenditures and transfers out of \$3,431,917. This represents a decrease of \$35,539 in unassigned fund balance from the amount reported at the end of 2022.
- The City's total long-term debt obligations decreased by \$46,591 during the fiscal year, due to scheduled current-year principal maturities/reductions on both police car leases, as well as an SRF loan. The City's combined long-term commitment for compensated absences totaled \$67,681 at year-end.

Overview of the Financial Statements

The City's basic financial statements are comprised of three parts: 1) management's discussion and analysis, 2) the basic financial statements, including notes to the financial statements, and 3) required supplementary information, including various pension-related schedules.

Management's discussion and analysis (MD&A) is intended to serve as an introduction to the basic financial statements and required supplementary information. The MD&A represents management's examination and analysis of the City's financial condition and performance. Summary financial statement data, key financial and operational indicators used in the strategic plan, budget, as well as other management tools were used for this analysis.

The basic financial statements include two kinds of statements that present different views of the City. The first two statements consist of entity-wide financial statements that provide both the short- and long-term financial information about the City's overall financial status, including its governmental activities and its business-type activities. These statements report information about the City using full accrual accounting methods, and an economic resources focus, as utilized by similar business activities in the private sector. Information concerning the City's assets and liabilities, both financial and capital, and short-term and long-

short-term and long-term debt are included. Likewise, all revenues and expenses received during the year, regardless of when cash is received or paid are reported. However, rate-regulated accounting principles applicable to private sector utilities are not used by governmental utilities. The remaining statements are fund financial statements that focus on individual parts of the City government and report the City's operations in more detail than the government-wide financial statements. The governmental funds statements tell how general government services like public safety were financed in the short-term as well as what remains for future spending. Proprietary fund statements offer short- and long-term financial information about the activities the government operates like businesses, such as the City's water utility system. Fiduciary fund statements provide information about the financial relationships in which the City acts solely as a trustee or agent for the benefit of others (like the retirement plan for the City's police officers), to whom the resources in question belong.

The financial statements also include notes which provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the City's significant accounting policies, account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. This section also contains budgetary comparisons for the City's governmental fund activities.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business. The basic financial statements of the City include a statement of net position and a statement of activities, which are described as follows:

- A statement of net position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the end of its fiscal year, with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the City's financial position is improving or deteriorating. Net position increases when revenues exceed expenses. Increases to assets without a corresponding increase to liabilities results in increased net position, which indicates an improved financial condition.
- The statement of activities presents the results of business operations over the course of the fiscal year and information as to how the City's net position changed during the 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 the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., delinquent taxes and earned but unused personal leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government services, public safety (police and building inspection), streets, storm water management, solid waste management, and recreation and leisure services. The business-type activities of the City include its water utility system.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds - not the City as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. These funds are reported using the modified accrual accounting method, which measures cash and all other financial assets that can be readily converted into cash. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations can be found on pages 15 and 17.

The City maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, stormwater management fund, impact fees fund, and disaster reserve fund, all of which are considered to be major funds.

Proprietary Funds. Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary fund financial statements, like the government-wide statements, provide both long- and short-term financial information. The City's single enterprise fund (water utility system) is the only item included in the business-type activities presented in the government-wide statements. Since the accounting for these operations is similar to that provided in the government-wide financial statements, the fund financial statements provide limited supplemental information in more detail, such as cash flows data. The basic proprietary fund financial statements can be found on pages 21 to 23 of this report.

Financial Analysis of the City as a Whole

Net Position. As noted previously, net position may serve over time as a useful indicator of a government's financial position. This year, the City's combined total assets exceeded liabilities (net position) by \$9,395,094 at the end of 2023, compared to \$9,390,215 at the end of 2022. This represents a total increase of \$4,879 or 0.1% over the amount reported at the end of the prior fiscal year.

The following is a summary of net position at year end:

**Net Position
September 30, 2023 and 2022**

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
ASSETS						
Current and other assets	\$ 2,757,410	2,988,987	\$ 1,049,183	841,353	\$ 3,806,593	\$ 3,830,340
Capital assets	4,591,098	4,454,226	1,714,186	1,817,946	6,305,284	6,272,172
Total assets	\$ 7,348,508	\$ 7,443,213	\$ 2,763,369	\$ 2,659,299	\$ 10,111,877	\$ 10,102,512
DEFERRED OUTFLOWS	\$ 450,375	\$ 446,281	\$ 31,473	\$ 27,319	\$ 481,848	\$ 473,600
LIABILITIES						
Current liabilities	\$ 201,654	\$ 177,029	\$ 45,775	\$ 35,179	\$ 247,429	\$ 212,208
Noncurrent liabilities:	465,310	389,111	213,725	207,210	679,035	596,321
Total liabilities	\$ 666,964	\$ 566,140	\$ 259,500	\$ 242,389	\$ 926,464	\$ 808,529
DEFERRED INFLOWS	\$ 213,611	\$ 289,814	\$ 58,556	\$ 87,554	\$ 272,167	\$ 377,368
NET POSITION						
Net investment in capital assets	\$ 4,492,678	4,323,886	\$ 1,625,957	1,715,046	\$ 6,118,635	\$ 6,038,932
Restricted	737,731	822,694	270,497	247,097	1,008,228	1,069,791
Unrestricted	1,687,899	1,886,960	580,332	394,532	2,268,231	2,281,492
Total net position	\$ 6,918,308	\$ 7,033,540	\$ 2,476,786	\$ 2,356,675	\$ 9,395,094	\$ 9,390,215

The most significant component of the City's net position (approximately 65%) is, by far, its investment in capital assets (land, buildings and equipment), less any related debt used to acquire or construct those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (11%) represents resources that are subject to external restrictions on how they may be used. Consequently, the remaining 24% of unrestricted net position, represents amounts that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, and totaled \$2,268,231 at year-end, compared to \$2,281,492 in 2022.

Changes in Net Position. While the statement of net position shows a snapshot of the City's financial position at the end of the fiscal year, the statement of changes in net position provides answers as to the nature and source of those changes. During 2023, total revenues were \$4,108,454 compared to \$5,658,046 in the prior year. Approximately 25% of the City's revenue came from property taxes, 22% from other taxes, 45% came from fees charged for services, and most of the remaining revenue included state and federal financial assistance and other miscellaneous revenues.

The most substantial change related to approximately \$1.4 million in Federal fiscal recovery funding from the American Rescue Plan Act (ARPA) that was recognized in fiscal year 2022 with no similar grant revenues in fiscal year 2023.

During 2023, expenses were \$4,103,575 as opposed to \$3,851,821 in the prior year, for a increase of approximately 7%. City-wide, general government expenses account for approximately 31% of the City's expenses, public safety expenses totaled approximately 29%, physical environment expenses totaled approximately 13%, and the water utility expenses were 16%. The other functions, including the solid waste system, stormwater, transportation, and culture and recreation each individually totaled around 10% of expenses relative to the City as a whole.

The following is a summary of changes in net position at year end:

**Changes in Net Position
For the Fiscal Years Ended September 30, 2023 and 2022**

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
REVENUES						
Property taxes	1,005,391	864,484	\$ -	\$ -	\$ 1,005,391	\$ 864,484
Other taxes	884,511	821,783	-	-	884,511	821,783
Charges for services	1,067,281	1,068,992	766,858	785,449	1,834,139	1,854,441
Intergovernmental and grants	280,384	2,062,291	-	-	280,384	2,062,291
Other revenues	98,029	28,047	6,000	27,000	104,029	55,047
Total revenues	3,335,596	4,845,597	772,858	812,449	4,108,454	5,658,046
EXPENSES						
General government	1,271,826	911,119	-	-	1,271,826	911,119
Public safety	1,187,198	1,109,015	-	-	1,187,198	1,109,015
Physical environment	536,540	516,222	-	-	536,540	516,222
Transportation	279,824	372,847	-	-	279,824	372,847
Culture and recreation	175,440	199,853	-	-	175,440	199,853
Water utility	-	-	650,030	738,492	650,030	738,492
Interest expense	-	-	2,717	4,273	2,717	4,273
Total expenses	3,450,828	3,109,056	652,747	742,765	4,103,575	3,851,821
Change in net position	(115,232)	1,736,541	120,111	69,684	4,879	1,806,225
Net position, beginning of year	7,033,540	5,296,999	2,356,675	2,286,991	9,390,215	7,583,990
Net position, end of year	\$ 6,918,308	\$ 7,033,540	\$ 2,476,786	\$ 2,356,675	\$ 9,395,094	\$ 9,390,215

Governmental Activities

Revenues for the City’s governmental activities totaled \$3,335,596 in 2023. This represents a decrease of approximately \$1.5 million less than last year’s reported revenues of \$4,845,597, primarily due to the ARPA funding mentioned previously that was received in fiscal year 2022 and not in fiscal year 2023.

Governmental activities expenses totaled \$3,450,828, which represents an increase over the prior year’s total of \$3,109,056 of approximately \$341,000, which was primarily due to increased general government expenses.

Business-Type Activities

The major source of operating revenues for the City’s business-type activities is charges for services (potable water), which during the year decreased to a total of \$772,858, or approximately \$40,000 less than utility billings of \$812,449 in 2022. This decrease was largely due to various identified issues related to defective meters for which the City has actively engaged in seeking grant funding to conduct a widespread meter replacement project.

Total operating expenses of the water utility fund in 2023 and totaled \$650,030, compared to \$738,492 in 2022, a decrease of approximately \$88,000.

Financial Analysis of the City's Funds

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

Governmental Funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As the City completed the year, its governmental funds reported a combined fund balance of \$2,598,539, which was a decrease of (\$123,348) compared with the amount reported last year.

The general fund is the chief operating fund of the City. As of September 30, 2023, the unassigned fund balance in the general fund totaled \$841,147. This unassigned fund balance represents approximately 25% of the City's general spending requirements experienced during 2023.

The Storm Water Management Fund is a special revenue fund which was established to separately account for the collection and disposition of the City's annual storm water utility fees. At the end of 2023, there was a fund balance of \$81,136, compared to \$43,244 at the end of the prior year.

The Impact Fees Fund is a special revenue fund which was established in 2021 to separately account for the City's general impact fees. At the end of 2023, there was a fund balance of \$173,074.

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

Unrestricted net position of the Water Utility Fund at the end of the year amounted to \$580,332 which is an increase of \$185,800 compared with than last year's reported amount of \$394,532. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

Actual earned revenues were \$187,466 more than the amounts originally budgeted to be received during the year in the City's General Fund, primarily due to higher tax revenue than originally budgeted. Actual expenditures incurred were \$159,083 less than budgeted, primarily due to lower parks and recreation expenses than originally budgeted.

Capital Assets and Debt Administration

Capital Assets. At September 30, 2023, the City had around \$10 million of gross investments in a broad range of capital assets, including land buildings, park facilities, police equipment, public works equipment and water lines. See Note (6) for further information on the City's capital assets.

Long-Term Debt. The City has revenue note obligations payable to the State of Florida, Department of Environmental Protection Drinking Water State Revolving Fund Loan Program totaling \$88,229 at year-end, compared to \$102,900 one year earlier. The proceeds of these loans, which were drawn in increments over 2011 and preceding years, were used to finance the construction of improvements to the City's potable water system. Under these agreements, the City must repay these loans with semiannual payments. The City also holds one long-term financed purchase agreement for police vehicles.

More detailed information about the City's long-term debt is presented in Note (7) to the financial statements.

Economic Factors and Next Year's Budgets and Rates

Many factors are considered each year by the City Commission in its efforts to establish an operating budget, to evaluate its personnel needs, and to develop uniform user fees that are reasonable, and more importantly, capable of cost recovery. Some of the major factors considered in this process are the local economy, civilian labor force, unemployment rates, and inflation rates.

- The most recent estimates available for unemployment data in the Lake Helen, Volusia County, and the State of Florida are compiled by the Florida Department of Commerce. This agency estimates a countywide unemployment rate of 3.5% at the end of September 2023, which is 0.7% higher than the 2.8% rate experienced one year earlier. The rate continues to level out from a record high in April 2020 where it reached 14.6% as the State temporarily shut down due to COVID-19, and it is expected to continue to level out as the State recovers from the pandemic.
- Property tax revenue in fiscal year 2024 is expected to be slightly higher compared to the property taxes collected in fiscal year 2023. This is due to rising property values and the 6.85 millage rate for the 2024 tax levy staying the same as the millage rate for fiscal year 2023.
- The City has seen an increase since 2014 in residential homes as well as few commercial structures and is projecting more residential and commercial development.
- The City is in the process of obtaining state revolving fund loans and grants from the Florida Department of Environmental Protection for water utility system meter replacements and future capital improvements.
- The fiscal year 2024 budgets adopted for the General Fund, Storm Water Utility Fund, and Water Utility Fund utilized the prior year's final adopted budgets and the City's actual financial results as the baseline from which priority setting and decisions were made to formulate the new budgets. The final budget was further modified to reflect changing revenue projections and anticipated changes in expenditure trends.
- Inflationary trends for Volusia County are consistent with those trends experienced at the state and national levels.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report, or requests for additional information should be addressed to the Office of the City Administrator, City of Lake Helen, P.O. Box 39, Lake Helen, Florida 32744-0039.

CITY OF LAKE HELEN, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,719,697	\$ 557,712	\$ 2,277,409
Investments	864,280	-	864,280
Receivables, net	62,046	220,858	282,904
Due from other governments	65,213	-	65,213
Prepays	41,815	-	41,815
Restricted assets:			
Cash and cash equivalents	-	270,613	270,613
Net pension asset	4,359	-	4,359
Capital assets:			
Non-depreciable	810,834	17,982	828,816
Depreciable, net	3,780,264	1,696,204	5,476,468
Total assets	<u>\$ 7,348,508</u>	<u>\$ 2,763,369</u>	<u>\$ 10,111,877</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>\$ 450,375</u>	<u>\$ 31,473</u>	<u>\$ 481,848</u>
LIABILITIES			
Accounts payable and accrued expenses	\$ 149,421	\$ 14,908	\$ 164,329
Customer deposits	5,091	13,977	19,068
Accrued interest payable	-	116	116
Noncurrent liabilities:			
Due within one year:			
Bonds and notes payable	-	15,076	15,076
Financed purchases	31,920	-	31,920
Compensated absences	15,222	1,698	16,920
Due in more than one year:			
Bonds and notes payable	-	73,153	73,153
Financed purchases	66,500	-	66,500
Compensated absences	45,666	5,095	50,761
Net pension liability	353,144	135,477	488,621
Total liabilities	<u>\$ 666,964</u>	<u>\$ 259,500</u>	<u>\$ 926,464</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	<u>\$ 213,611</u>	<u>\$ 58,556</u>	<u>\$ 272,167</u>
NET POSITION			
Net investment in capital assets	\$ 4,492,678	\$ 1,625,957	\$ 6,118,635
Restricted for:			
Capital projects	-	216,887	216,887
Debt service	-	53,610	53,610
Pensions	311,720	-	311,720
Law enforcement training	12,894	-	12,894
Fire rescue services	63,117	-	63,117
Disaster reserve	350,000	-	350,000
Unrestricted	1,687,899	580,332	2,268,231
Total net position	<u>\$ 6,918,308</u>	<u>\$ 2,476,786</u>	<u>\$ 9,395,094</u>

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

**CITY OF LAKE HELEN, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 1,271,826	\$ 131,658	\$ -	\$ 1,400	\$ (1,138,768)	\$ -	\$ (1,138,768)
Public safety	1,187,198	495,244	-	1,400	(690,554)	-	(690,554)
Physical environment	536,540	378,157	-	-	(158,383)	-	(158,383)
Transportation	279,824	-	62,573	48,337	(168,914)	-	(168,914)
Culture and recreation	175,440	62,222	-	1,400	(111,818)	-	(111,818)
Total governmental activities	<u>3,450,828</u>	<u>1,067,281</u>	<u>62,573</u>	<u>52,537</u>	<u>(2,268,437)</u>	<u>-</u>	<u>(2,268,437)</u>
Business-type activities:							
Water utility	652,747	766,858	-	6,000	-	120,111	120,111
Total business-type activities	<u>652,747</u>	<u>766,858</u>	<u>-</u>	<u>6,000</u>	<u>-</u>	<u>120,111</u>	<u>120,111</u>
Total primary government	<u>\$ 4,103,575</u>	<u>\$ 1,834,139</u>	<u>\$ 62,573</u>	<u>\$ 58,537</u>	<u>(2,268,437)</u>	<u>120,111</u>	<u>(2,148,326)</u>
General revenues:							
Property taxes					1,005,391	-	1,005,391
Sales and use taxes					203,639	-	203,639
Franchise fees					266,488	-	266,488
Public service taxes					369,463	-	369,463
Other taxes					9,261	-	9,261
Insurance premium taxes					35,660	-	35,660
State revenue sharing					157,798	-	157,798
Other intergovernmental revenues					7,476	-	7,476
Investment earnings (loss)					84,880	-	84,880
Miscellaneous revenues					13,149	-	13,149
Total general revenues					<u>2,153,205</u>	<u>-</u>	<u>2,153,205</u>
Change in net position					(115,232)	120,111	4,879
Net position - beginning					7,033,540	2,356,675	9,390,215
Net position - ending					<u>\$ 6,918,308</u>	<u>\$ 2,476,786</u>	<u>\$ 9,395,094</u>

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

**CITY OF LAKE HELEN, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023**

	<u>General</u>	<u>Stormwater Management</u>	<u>Impact Fees</u>	<u>Disaster Reserve</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 1,456,910	\$ 89,713	\$ 173,074	\$ -	\$ 1,719,697
Investments	514,280	-	-	350,000	864,280
Receivables, net	62,046	-	-	-	62,046
Due from other governments	65,213	-	-	-	65,213
Prepaid items	41,815	-	-	-	41,815
Total assets	<u>\$ 2,140,264</u>	<u>\$ 89,713</u>	<u>\$ 173,074</u>	<u>\$ 350,000</u>	<u>\$ 2,753,051</u>
LIABILITIES					
Accounts payable	\$ 113,974	\$ 8,577	\$ -	\$ -	\$ 122,551
Accrued payroll and employee benefits	26,870	-	-	-	26,870
Customer deposits	5,091	-	-	-	5,091
Total liabilities	<u>145,935</u>	<u>8,577</u>	<u>-</u>	<u>-</u>	<u>154,512</u>
FUND BALANCES					
Nonspendable:					
Prepaid items	41,815	-	-	-	41,815
Restricted for:					
Disaster reserve	-	-	-	350,000	350,000
Capital projects	-	-	173,074	-	173,074
Law enforcement training	12,894	-	-	-	12,894
Fire rescue services	63,117	-	-	-	63,117
Committed to:					
Hurricane reserve	230,000	-	-	-	230,000
ARPA transition	805,356	-	-	-	805,356
Stormwater improvements	-	37,892	-	-	37,892
Assigned to:					
Stormwater improvements	-	43,244	-	-	43,244
Unassigned	841,147	-	-	-	841,147
Total fund balances	<u>1,994,329</u>	<u>81,136</u>	<u>173,074</u>	<u>350,000</u>	<u>2,598,539</u>
Total liabilities and fund balances	<u><u>\$ 2,140,264</u></u>	<u><u>\$ 89,713</u></u>	<u><u>\$ 173,074</u></u>	<u><u>\$ 350,000</u></u>	<u><u>\$ 2,753,051</u></u>

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

CITY OF LAKE HELEN, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

Fund balances - total governmental funds		\$ 2,598,539
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		
Total governmental capital assets	7,102,224	
Less: accumulated depreciation	<u>(2,511,126)</u>	4,591,098
On the governmental fund statements, a net pension liability (asset) is not recorded until an amount is due and payable and the pension plan's fiduciary net position is not sufficient for payment of those benefits (no such liability exists at the end of the current fiscal year). On the statement of net position, the City's net pension liability (asset) of the defined benefit pension plans is reported as a noncurrent liability (asset). Additionally, deferred outflows and deferred inflows related to pensions are also reported.		
Net pension liability	(353,144)	
Net pension asset	4,359	
Deferred outflows related to pensions	450,375	
Deferred inflows related to pensions	<u>(213,611)</u>	(112,021)
Long-term liabilities, including bonds payable and notes payable, are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities and other long-term liabilities consist of the following:		
Financed purchases	(98,420)	
Compensated absences	<u>(60,888)</u>	(159,308)
Net position of governmental activities		<u><u>\$ 6,918,308</u></u>

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

CITY OF LAKE HELEN, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>General</u>	<u>Stormwater Management</u>	<u>Impact Fees</u>	<u>Disaster Reserve</u>	<u>Total Governmental Funds</u>
Revenues					
Taxes	\$ 1,727,183	\$ -	\$ -	\$ -	\$ 1,727,183
Licenses, permits, and assessments	875,337	-	7,500	-	882,837
Intergovernmental	169,115	-	-	-	169,115
Charges for services	305,538	64,919	-	-	370,457
Fines and forfeitures	16,253	-	-	-	16,253
Investment income	84,880	-	-	-	84,880
Miscellaneous	84,871	-	-	-	84,871
Total revenues	<u>3,263,177</u>	<u>64,919</u>	<u>7,500</u>	<u>-</u>	<u>3,335,596</u>
Expenditures					
Current:					
General government	1,187,829	-	-	-	1,187,829
Public safety	1,031,696	-	-	-	1,031,696
Physical environment	463,093	27,027	-	-	490,120
Public works	245,628	-	-	-	245,628
Parks and recreation	141,305	-	-	-	141,305
Capital outlay	330,446	-	-	-	330,446
Debt service					
Principal	31,920	-	-	-	31,920
Total expenditures	<u>3,431,917</u>	<u>27,027</u>	<u>-</u>	<u>-</u>	<u>3,458,944</u>
Excess (deficiency) of revenues over expenditures	<u>(168,740)</u>	<u>37,892</u>	<u>7,500</u>	<u>-</u>	<u>(123,348)</u>
Net change in fund balances	<u>(168,740)</u>	<u>37,892</u>	<u>7,500</u>	<u>-</u>	<u>(123,348)</u>
Fund balances, beginning of year	2,163,069	43,244	165,574	350,000	2,721,887
Fund balances, end of year	<u>\$ 1,994,329</u>	<u>\$ 81,136</u>	<u>\$ 173,074</u>	<u>\$ 350,000</u>	<u>\$ 2,598,539</u>

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

**CITY OF LAKE HELEN, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Net change in fund balances - total governmental funds	\$ (123,348)
Differences in amounts reported for governmental activities in the statement of activities are:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.	
Capital outlay expenditures	330,446
Depreciation expense	(193,574)
Financed purchase proceeds are reported as financing sources in the governmental funds. However, the issuance of debt is reported as long-term debt payable in the statement of net position. Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment of principal reduces long-term liabilities in the statement of net position. These amounts are as follows:	
Principal repayment of governmental financed purchases	31,920
Governmental funds report contributions to defined benefit pension plans as expenditures. However, in the statement of activities, the amount contributed to defined benefit pension plans reduces future net pension liability. Also included in pension expense in the statement of activities are amounts required to be amortized.	
Change in net pension liability (asset) and deferred inflows/outflows related to pensions	(158,283)
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. These adjustments are as follows:	
Change in compensated absences liability	(2,393)
Change in net position of governmental activities	\$ (115,232)

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

CITY OF LAKE HELEN, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget - Positive (Negative)
Revenues				
Taxes	\$ 1,630,500	\$ 1,630,500	\$ 1,727,183	\$ 96,683
Licenses, permits, and assessments	848,500	848,500	875,337	26,837
Intergovernmental	193,500	193,500	169,115	(24,385)
Charges for services	315,711	315,711	305,538	(10,173)
Fines and forfeitures	9,000	9,000	16,253	7,253
Interest revenues	17,000	17,000	84,880	67,880
Miscellaneous	61,500	61,500	84,871	23,371
Total revenues	<u>3,075,711</u>	<u>3,075,711</u>	<u>3,263,177</u>	<u>187,466</u>
Expenditures				
Current:				
General government:				
Legislative	88,100	88,100	58,305	29,795
Executive	136,300	136,300	138,408	(2,108)
Administration	240,100	240,100	259,399	(19,299)
Legal	85,000	85,000	149,682	(64,682)
Grants & special projects	394,500	489,500	582,035	(92,535)
Public safety:				
Police	634,000	634,000	578,546	55,454
Fire	454,000	454,000	453,150	850
Physical environment	506,000	506,000	463,093	42,907
Public works	299,000	299,000	245,628	53,372
Parks and recreation	247,000	247,000	141,305	105,695
Capital outlay	130,000	380,000	330,446	49,554
Debt Service:				
Principal	32,000	32,000	31,920	80
Total expenditures	<u>3,246,000</u>	<u>3,591,000</u>	<u>3,431,917</u>	<u>159,083</u>
Excess (deficiency) of revenues over expenditures	<u>(170,289)</u>	<u>(515,289)</u>	<u>(168,740)</u>	<u>346,549</u>
Other financing sources (uses)				
Transfers out	(266,349)	(266,349)	-	266,349
Total other financing sources (uses)	<u>(266,349)</u>	<u>(266,349)</u>	<u>-</u>	<u>266,349</u>
Net change in fund balances	<u>(436,638)</u>	<u>(781,638)</u>	<u>(168,740)</u>	<u>612,898</u>
Fund balances, beginning of year	2,163,069	2,163,069	2,163,069	-
Fund balances, end of year	<u>\$ 1,726,431</u>	<u>\$ 1,381,431</u>	<u>\$ 1,994,329</u>	<u>\$ 612,898</u>

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

CITY OF LAKE HELEN, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - STORMWATER MANAGEMENT
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Licenses, permits, and assessments	\$ 2,000	\$ 2,000	\$ -	\$ (2,000)
Charges for services	69,651	69,651	64,919	(4,732)
Total revenues	71,651	71,651	64,919	(6,732)
Expenditures				
Current:				
Physical environment	50,000	50,000	27,027	22,973
Capital outlay	288,000	288,000	-	288,000
Total expenditures	338,000	338,000	27,027	310,973
Excess (deficiency) of revenues over expenditures	(266,349)	(266,349)	37,892	304,241
Other financing sources (uses)				
Transfers in	266,349	266,349	-	(266,349)
Total other financing sources (uses)	266,349	266,349	-	(266,349)
Net change in fund balances	-	-	37,892	37,892
Fund balances, beginning of year	43,244	43,244	43,244	-
Fund balances, end of year	\$ 43,244	\$ 43,244	\$ 81,136	\$ 37,892

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

CITY OF LAKE HELEN, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - IMPACT FEES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Licenses, permits, and assessments	\$ 25,000	\$ 25,000	\$ 7,500	\$ (17,500)
Expenditures				
Capital outlay	25,000	25,000	-	25,000
Net change in fund balances	-	-	7,500	7,500
Fund balances, beginning of year	165,574	165,574	165,574	-
Fund balances, end of year	\$ 165,574	\$ 165,574	\$ 173,074	\$ 7,500

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

**CITY OF LAKE HELEN, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2023**

	Water Utility
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 557,712
Restricted cash	116
Accounts receivable, net	220,858
Total current assets	778,686
Noncurrent assets:	
Restricted cash	270,497
Capital assets:	
Land	17,982
Buildings and improvements	2,965,027
Equipment	567,730
Accumulated depreciation	(1,836,553)
Total noncurrent assets	1,984,683
Total assets	\$ 2,763,369
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	\$ 31,473
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 14,908
Deposits	13,977
Compensated absences	1,698
Payable from restricted assets:	
Current maturities on long-term debt	15,076
Accrued interest payable	116
Total current liabilities	45,775
Noncurrent liabilities:	
Notes payable	73,153
Compensated absences	5,095
Net pension liability	135,477
Total noncurrent liabilities	213,725
Total liabilities	\$ 259,500
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	\$ 58,556
NET POSITION	
Net investment in capital assets	\$ 1,625,957
Restricted for:	
Debt service	53,610
Utility expansion	216,887
Unrestricted	580,332
Total net position	\$ 2,476,786

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

CITY OF LAKE HELEN, FLORIDA
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Water Utility
Operating revenues	
Charges for services	\$ 766,858
Total operating revenues	766,858
Operating expenses	
Personnel services	195,053
Contractual services	151,700
Other operating expenses	199,517
Depreciation	103,760
Total operating expenses	650,030
Operating income (loss)	116,828
Nonoperating revenues (expenses)	
Interest and amortization expense	(2,717)
Income (loss) before capital contributions and transfers	114,111
Capital contributions and impact fees	6,000
Change in net position	120,111
Net position , beginning of year	2,356,675
Net position , end of year	\$ 2,476,786

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

**CITY OF LAKE HELEN, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Water Utility
Cash flows from operating activities	
Cash received from customers	\$ 708,774
Cash paid to employees	(206,527)
Cash paid to suppliers	(341,733)
Net cash provided by operating activities	160,514
Cash flows from capital and related financing activities	
Impact fees and capital contributions	6,000
Principal payments of long-term debt	(14,671)
Interest paid	(2,717)
Net cash used in capital and related financing activities	(11,388)
Net change in cash and cash equivalents	149,126
Cash and cash equivalents, beginning of year	679,199
Cash and cash equivalents, end of year	\$ 828,325
Reconciliation of operating income to net cash provided by (used in) operating activities:	
Operating income (loss)	\$ 116,828
Adjustments to reconcile net operating income to net cash provided by (used in) operating activities:	
Depreciation	103,760
Changes in assets and liabilities:	
Accounts receivable	(58,704)
Accounts payable and accrued liabilities	9,484
Deposits	620
Compensated absences	355
Net pension liability	(11,829)
Net cash provided by (used in) operating activities	\$ 160,514
Cash and cash equivalents classified as:	
Unrestricted	\$ 557,712
Restricted	270,613
Total cash and cash equivalents	\$ 828,325

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

**CITY OF LAKE HELEN, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2023**

	<u>Municipal Police Officers' Retirement Trust Fund</u>
ASSETS	
Cash and cash equivalents with trustee	\$ 22,498
Receivables	
State premium taxes	35,660
Employee contributions receivable	<u>3,608</u>
Total receivables	<u>39,268</u>
Investments, at fair value	
Mutual and pooled funds	1,584,471
Total assets	<u><u>\$ 1,646,237</u></u>
NET POSITION	
Restricted for pensions	<u><u>\$ 1,646,237</u></u>

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

CITY OF LAKE HELEN, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Municipal Police Officers' Retirement Trust Fund
Additions	
Contributions:	
Plan members	\$ 3,608
State - insurance premium taxes	35,660
Total contributions	39,268
Investment earnings:	
Net appreciation (depreciation) in fair value of investments	130,835
Less: investment expense	(3,213)
Net investment income (loss)	127,622
Total additions	166,890
Deductions	
Benefit payments	42,112
Administrative expenses	1,000
Total deductions	43,112
Change in net position	123,778
Net position , beginning of year	1,522,459
Net position , end of year	\$ 1,646,237

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

CITY OF LAKE HELEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

(1) Summary of Significant Accounting Policies:

The financial statements of the City of Lake Helen, Florida (the City), have been prepared in accordance with accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted body for promulgating governmental accounting and financial reporting principles. The following is a summary of the City's significant accounting policies:

(a) **Reporting entity**—The City is a municipal corporation created by the Laws of Florida, located in Volusia County. The City was originally incorporated under the general Laws of Florida in October 1888, and adopted its first charter in April 1945, under the provisions of Senate Bill No. 627 and the Municipal Home Rule Power Act, F.S. Chapter 166. The legislative branch of the City is composed of an elected five-member City Commission consisting of the Mayor and four commissioners. The City Commission is governed by the City Charter and by state and local laws and regulations. The City Commission is responsible for the establishment and adoption of policy. The execution of such policy is the responsibility of the Commission-appointed City Administrator.

The accompanying financial statements present the financial position, results of operations, and cash flows of the applicable funds governed by the City Commission of the City, the reporting entity of government for which the City Commission is considered to be financially accountable. In evaluating the City as a reporting entity, management has addressed all potential component units that may or may not fall within the City's oversight and control, and thus, be included in the City's financial statements. No such entities or component units have been identified.

(b) **Government-wide and fund financial statements**—The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business type. In the government-wide statement of net position, both the governmental and business-type activities columns are presented on a consolidated basis and are reflected, on a full accrual, economic resource basis, which incorporates long term assets and receivables as well as long term debt and obligations.

The government-wide statement of activities reflects both the gross and net costs per functional category (public safety, public works, etc.), which are otherwise being supported by general government revenues (property, sales taxes, certain intergovernmental revenues, etc.). The statement of activities reduces gross expenses (including depreciation) by the related program revenues, operating and capital grants. The program revenues must be directly associated with the function or a business-type activity. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net cost (by function or business-type activity) is normally covered by general revenue (property, sales or gas taxes, intergovernmental revenues, interest income, etc.). This government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The fund financial statements emphasize the major funds in either the governmental or business-type categories.

CITY OF LAKE HELEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

(1) **Summary of Significant Accounting Policies:** (Continued)

The governmental funds' major fund statements in the fund financial statements are presented on a current financial resource and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to demonstrate legal compliance and demonstrate how the City's actual experience conforms to the budgeted fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented on the page following the Governmental Funds – Balance Sheet and the Governmental Funds – Statement of Revenues, Expenditures, and Changes in Fund Balances, which briefly explains the adjustment necessary to transform the fund based financial statements into the governmental column of the government-wide presentation.

The City's fiduciary fund is presented in the fund financial statements by type (pension). Since, by definition, these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

As a general rule the effect of interfund City activities has been eliminated from the government-wide financial statements.

(c) **Measurement focus and basis of accounting**—The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when 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.

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 property tax 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 pensions, are recorded only when payment is due.

Taxes, intergovernmental revenue, licenses and permits, charges for services, 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. All other revenue items are considered to be measurable and available only when cash is received by the government.

CITY OF LAKE HELEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

(1) **Summary of Significant Accounting Policies:** (Continued)

(d) **Financial statement presentation**—The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows, liabilities, deferred inflows, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The GASB Codification sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds.

The City reports the following major governmental funds:

The **General Fund** accounts for all financial transactions not accounted for in other funds. The majority of current operating expenditures of the City other than proprietary fund activities are financed through revenues received by the General Fund.

The **Stormwater Management Special Revenue Fund** is a special revenue fund which accounts for the financial resources related to the development and maintenance of the City's stormwater management system.

The **Impact Fees Fund** is a special revenue fund which accounts for the financial resources related to the City's general impact fees.

The **Disaster Reserve Fund** is a special revenue fund which accounts for the financial resources related to the investment of proceeds from the sale of the City's electric distribution system in 1981.

The City reports the following major proprietary fund:

The **Water Utility Fund** accounts for the financial activities of the City's potable water utility system, including the pumping, treatment, and distribution systems.

Additionally, the City reports the following fiduciary fund:

The **Municipal Police Officers' Retirement Trust Fund** accounts for the financial activities of the Police Officers' Retirement Trust Fund, which accumulates financial resources to pay pension benefits to qualified police officers.

(e) **Budgets and budgetary accounting**—Annual budgets for all governmental and proprietary funds were adopted in compliance with Florida law. The basis on which the budgets are prepared is consistent with the basis of accounting utilized by the various fund types. The governmental funds' budgets are prepared on the modified accrual basis of accounting. The proprietary funds' budgets are prepared on a full accrual basis of accounting. The City uses the following procedures in establishing the budgetary data reflected in the accompanying financial statements:

- i. On or before July 15th, the City Administrator submits a preliminary budget to the City Commission for the ensuing fiscal year.
- ii. Budget workshop sessions are scheduled by the City Commission, as needed.
- iii. A general summary of the budget and notice of public hearing is published in a local newspaper.

CITY OF LAKE HELEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

(1) **Summary of Significant Accounting Policies:** (Continued)

- iv. Prior to October 1st, the budget is legally enacted through passage of an ordinance.
- v. The City Commission, by ordinance, may make supplemental appropriations in excess of those estimated for the year up to the amount of available revenue. Prior to the end of the fiscal year, supplemental appropriations are made for unanticipated spending requirements by the Commission.
- vi. The City Commission must approve all inter-departmental budget amendments and/or appropriations transfers. Budgetary control is exercised at the fund level.
- vii. Every appropriation lapses at the close of the fiscal year.

The budgets for governmental funds that were either adopted or amended during the year by the City Commission were prepared using the modified accrual basis of accounting in accordance with generally accepted accounting principles. The general, stormwater management, and water utility funds have legally adopted budgets. The disaster reserve fund does not have a legally adopted budget.

(f) **Use of estimates**—Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates assumed in preparing the financial statements.

(g) **Deposits and investments**—The City’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 are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

(h) **Receivables and payables**—Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

All trade and property tax receivables are reported net of an allowance for uncollectible accounts, which is based upon management's analysis of historical trends. Utility operating sales are generally recognized on the basis of cycle billings rendered quarterly. Unbilled accounts receivable are accrued by the City at year-end to recognize the sales revenues earned through the end of the fiscal year. All unpaid property taxes receivable at year end are at least 180 days past due, at which time the applicable property is subject to lien, and penalties and interest are assessed.

**CITY OF LAKE HELEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

(1) Summary of Significant Accounting Policies: (Continued)

(i) **Capital assets**—Capital assets include property, plant, equipment and infrastructure assets. The terms general capital assets and general infrastructure assets relate only to the assets associated with governmental activities, whereas the terms capital assets and infrastructure assets relate to all such assets belonging to the City.

Capital assets are defined by the City as assets with an initial individual cost of \$5,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost, if purchased or constructed. Contributed assets, including donations and easements or other intangible rights of use, are recorded at acquisition value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are only capitalized if they meet the dollar threshold above for capitalization. Maintenance and repairs of capital assets are charged to operating expenses.

Depreciation is reported for the primary government using the straight-line method calculated on a service-life basis to amortize the cost of the asset over their estimated economic useful lives, which are as follows:

Assets	Years
Buildings and improvements	15 – 40 years
Utility plants	25 – 50 years
Infrastructure	15 – 50 years
Equipment	2 – 25 years

(j) **Compensated absences**—City policy permits employees to accumulate a limited amount of earned, but unused annual and personal leave, up to maximums of 240 and 360 hours, respectively. These benefits are payable at 100% and 25%, respectively, to employees upon separation from service. All leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in accordance with the GASB Codification. Such liability will be liquidated by the general and water funds as it becomes due.

(k) **Long-term obligations**—In the government-wide financial statements and proprietary fund financial statements, long-term debt obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Debt issuance costs are expensed when paid.

(l) **Deferred outflows/inflows of resources**—In addition to assets, the statement of financial position will, if required, report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the only item in this category consisted of deferred amounts related to pensions, as discussed further in Note (10).

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 or fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the only item in this category consisted of deferred inflows of resources related to pensions, as discussed further in Note (10).

CITY OF LAKE HELEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

(1) **Summary of Significant Accounting Policies:** (Continued)

(m) **Fund equity**—In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Those classifications are as follows:

Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash such as inventories and prepaid amounts.

Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation (i.e., when the government assesses, levies, charges, or otherwise mandates payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.

Committed – Fund balance amounts that can only be used for specific purposes pursuant to constraints imposed by ordinance of the City Commission are reported as committed fund balance. Those committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned – Fund balance amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, are reported as assigned fund balance, except for stabilization arrangements. Assignments can be made by the City Commission or the City Administrator.

Unassigned – Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

For spendable resources, it is the City’s policy to use its resources in the following order as needed to fund expenses: restricted, committed, assigned, unrestricted.

(n) **Net position flow assumption**—Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to determine amounts reported as restricted and unrestricted net position, it is the City’s policy to consider restricted net position to have been used before unrestricted net position is applied.

(o) **Implementation of new accounting standards**—At September 30, 2023, and for the year then ended, the City has not implemented any new accounting standards with a material effect on the City’s financial statements.

**CITY OF LAKE HELEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

(2) Reconciliation of Government-Wide and Fund Financial Statement:

(a) **Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position**—Following the governmental fund balance sheet is a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. A detailed explanation of these differences is provided in this reconciliation.

(b) **Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**—Following the governmental fund statement of revenues, expenditures, and changes in fund balances, there is a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. A detailed explanation of these differences is provided in this reconciliation.

(3) Property Tax Calendar:

Under Florida law, the assessment of all properties and collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser. State laws regulating tax assessment are designed to ensure a consistent property valuation method statewide, and permit municipalities to levy property taxes at a rate of up to 10 mills. For the fiscal year ended September 30, 2023, the millage rate assessed by the City was 6.8500 per \$1,000.

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

The current year taxes for the fiscal year, beginning October 1, are billed in the month of November and are due no later than March 31. On April 1, all unpaid amounts become delinquent and are subject to interest and penalties.

Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January, 1% in the month of February, and without discount in March.

The City recognizes property tax revenues on an accrual basis. Delinquent taxes on real property bear interest of 18% per year. On or prior to June 1 following the tax year, certificates are sold for all delinquent taxes on real property. After sale, tax certificates bear interest of 18% per year or any lower rate bid by the buyer. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years. The City tax calendar is as follows:

Valuation Date:	January 1, 2022
Preliminary Tax Roll Date:	July 1, 2022
Commission Tax Rate Hearings:	September 2022
Levy Date:	November 1, 2022
Due Date:	March 31, 2023
Lien Date:	June 1, 2023

**CITY OF LAKE HELEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

(4) Deposits and Investments:

The City, for accounting and investment purposes, maintains a pooled noninterest-bearing banking account for substantially all City funds. Additional accounts are held for various other purposes, or to segregate cash balances for amounts which are restricted or held on behalf of others.

State statutes authorize the City to invest excess funds in time deposits, obligations of, or obligations the principal and interest of which are unconditionally guaranteed by, the United States Government, commercial paper, corporate bonds, repurchase agreements and/or the State Board of Administration (SBA) Local-Government Surplus Trust Fund Investment Pool or other investment vehicles authorized by local ordinance.

As of September 30, 2023, all City deposits were covered by private bank acquired insurance, Securities Investor Protection Corporation (SIPC) insurance, private broker/dealer acquired insurance, Federal Depository Insurance Corporation (FDIC) insurance, and/or the State of Florida collateral pool established under the Florida Security for Public Deposits Act (the Act). The Act established guidelines for qualification and participation by banks and savings associations, procedures for administration of the collateral requirements and characteristics of eligible collateral. Under the Act, the qualified depository must pledge at least 50% of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance. Additional collateral, up to 125% may be required if deemed necessary.

Obligations pledged to secure deposits must be delivered to the State Treasurer, or with the approval of the State Treasurer to a bank, savings association, or trust company provided a power of attorney is delivered to the Treasurer. Under the Act, the City is authorized to deposit funds only in Qualified Public Depositories.

The City is a member of Florida PRIME, the Local Government Surplus Funds Trust Fund Investment Pool (the Pool), that is administered by the State Board of Administration of Florida (SBA). The Regulatory Oversight of the Local Government Surplus Funds Trust fund is governed by Ch. 19-7 of the Florida Administrative Code, which identifies the Rules for the State Board of Administration. These rules provide guidance and establish the general procedure for the administration of the Local Government Surplus Funds Trust Fund. The Local Government Surplus Trust Fund is not a registrant with the Securities and Exchange Commission (SEC); however, the Board has adopted operating procedure consistent with the requirements for a 2a-7 fund. As of September 30, 2023, the investment pool had a weighted average of 35 days to maturity and was rated AAAM by Standard & Poor's.

The City's investment portfolio held no assets or investments carried at fair value at September 30, 2023, and subject to the required disclosures of GASB 72.

City Investment Portfolio

As of September 30, 2023, the City's governmental and business-type investment portfolio is composed of the following investments:

Investment Type	Credit Quality Rating (S&P)	Carrying Value	Maturities (in Years)		
			Less Than 1	1-5	Over 5
Cash and cash equivalents	NR	\$ 2,548,022	\$ 2,548,022	\$ -	\$ -
SBA funds	AAAm	864,280	864,280	-	-
Total Portfolio		\$ 3,412,302	\$ 3,412,302	\$ -	\$ -

**CITY OF LAKE HELEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

(4) Deposits and Investments: (Continued)

Interest Rate Risk: The City limits its exposure to fair value losses arising from increases in interest rates by limiting the investment of its operating funds in investments with maturities of less than one year. Substantially all of the City’s surplus funds are invested in the Local Government Surplus Trust Fund. Investments held in the City’s Police pension trust fund are generally held to maturity to provide a stable investment interest rate platform which is vital to the projection of actuarial pension costs in the future. Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment’s fair value. The City’s bank deposits are held in noninterest-bearing accounts.

Credit Risk: Credit risk is the risk that a debt issuer or other counter-party to an investment will not fulfill its obligations. The City’s portfolio is held entirely with public depositories and is invested in SBA funds, as described above.

Concentration of Credit Risk: In addition to describing the credit risk of investments in the portfolio, governmental entities will need to disclose the concentration of credit risk with a single issuer, if 5 or more percent of the total assets of the portfolio are invested with one issuer. The City’s policy limits certain type of investments to no more than 5% of the total portfolio. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools and other pooled investments are excluded from the concentration of credit risk disclosure requirements.

Custodial Credit Risk: All demand deposits are held with qualified public depositories, as defined above. In the case of investments, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of September 30, 2023, the City’s investment of \$864,280 in SBA funds are backed by the full faith and credit of the State of Florida, or explicitly guaranteed by the State of Florida.

Municipal Police Officers’ Retirement Trust Fund Investment Portfolio

The Municipal Police Officers’ Retirement Trust Fund has adopted an investment policy which authorizes the pension manager to invest in equities, fixed income investments, money market funds, and pooled funds.

The Plan is subject to using fair value measurement guidelines established by GASB Statement No. 72. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1:* Quoted prices for identical investments in active markets;
- Level 2:* Observable inputs other than quoted market prices; and,
- Level 3:* Unobservable inputs.

The following chart shows the Municipal Police Officers’ Retirement Trust Fund cash and investment accounts by investment portfolios and their respective maturities (in years) and fair value measurement levels:

Investment Type	Carrying Value	Weighted Average Maturity (years)	Credit Rating (Fitch)	Fair Value Hierarchy Classification
Pooled Funds – Fixed Income Gov’t	\$ 234,617	6.90	AAf/S4	Level 2
Pooled Funds – Fixed Income Funds	218,548	8.03	NR	Level 3
Pooled Funds – Equities	925,614	N/A	NR	Level 2
Pooled Funds – Real Estate	205,692	N/A	NR	Level 3
Cash	22,498	N/A	NR	N/A
Total Portfolio	<u>\$ 1,606,969</u>			

CITY OF LAKE HELEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

(4) **Deposits and Investments:** (Continued)

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of investments. Generally, the longer the time to maturity, the greater the exposure to interest rate risk. The established performance objectives of the Pension Plan require investment maturities to provide sufficient liquidity to pay obligations as they become due. At September 30, 2023, all investments were held in cash or other assets that could be liquidated at any time.

Credit Risk: Credit risk is the risk that a debt issuer or other counter-party to an investment will not fulfill its obligations. The Pension Plan utilizes portfolio diversification in order to limit investments to the highest rated securities as rated by nationally recognized rating agencies. All investments are rated within the investment policy guidelines at September 30, 2023.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The Police Pension trust fund policy does not allow more than five (5) percent of its assets in the common stock, capital stock, or convertible securities of any one issuing company. At September 30, 2023, the investment portfolios met these limitations.

Custodial Credit Risk: Custodial credit risk is the risk that the City may not recover cash and investments held by another party in the event of financial failure. Custodial credit risk is limited since investments are held in independent custodial safekeeping accounts or mutual funds.

Foreign Currency Risk: Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. At September 30, 2023, the investment portfolio had no foreign investments.

(5) **Accounts Receivable:**

The City's receivables consist of the following at September 30, 2023:

	<u>Gross Receivable</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Receivable</u>
Governmental Activities:			
General Fund			
Accounts receivable	\$ 62,046	\$ -	\$ 62,046
Totals – Governmental Type Activities	<u>62,046</u>	<u>-</u>	<u>62,046</u>
Business-Type Activities			
Water Utility Fund			
Accounts receivable	243,358	(22,500)	220,858
Totals – Business-Type Activities	<u>243,358</u>	<u>(22,500)</u>	<u>220,858</u>
Totals	<u>\$ 305,404</u>	<u>\$ (22,500)</u>	<u>\$ 282,904</u>

In addition to accounts receivable, the City also recorded \$65,213 in due from other governments at September 30, 2023.

CITY OF LAKE HELEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

(6) Capital Assets:

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated –				
Land	\$ 535,233	\$ -	\$ -	\$ 535,233
Construction in progress	25,601	250,000	-	275,601
Total capital assets, not being depreciated	<u>560,834</u>	<u>250,000</u>	<u>-</u>	<u>810,834</u>
Capital assets, being depreciated –				
Buildings and improvements	5,344,874	36,015	-	5,380,889
Equipment	866,070	44,431	-	910,501
Total capital assets, being depreciated	<u>6,210,944</u>	<u>80,446</u>	<u>-</u>	<u>6,291,390</u>
Less: accumulated depreciation	<u>(2,317,552)</u>	<u>(193,574)</u>	<u>-</u>	<u>(2,511,126)</u>
Total capital assets, being depreciated, net	<u>3,893,392</u>	<u>(113,128)</u>	<u>-</u>	<u>3,780,264</u>
Governmental activities capital assets, net	<u>\$ 4,454,226</u>	<u>\$ 136,872</u>	<u>\$ -</u>	<u>\$ 4,591,098</u>
Business-type activities:				
Capital assets, not being depreciated –				
Land	\$ 17,982	\$ -	\$ -	\$ 17,982
Total capital assets, not being depreciated	<u>17,982</u>	<u>-</u>	<u>-</u>	<u>17,982</u>
Capital assets, being depreciated –				
Buildings and improvements	2,965,027	-	-	2,965,027
Equipment	567,730	-	-	567,730
Total capital assets, being depreciated	<u>3,532,757</u>	<u>-</u>	<u>-</u>	<u>3,532,757</u>
Less: accumulated depreciation	<u>(1,732,793)</u>	<u>(103,760)</u>	<u>-</u>	<u>(1,836,553)</u>
Total capital assets, being depreciated, net	<u>1,799,964</u>	<u>(103,760)</u>	<u>-</u>	<u>1,696,204</u>
Business-type activities capital assets, net	<u>\$ 1,817,946</u>	<u>\$ (103,760)</u>	<u>\$ -</u>	<u>\$ 1,714,186</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General governmental	\$ 34,921
Public safety	43,902
Physical environment	46,420
Transportation	34,196
Culture and recreation	34,135
Total depreciation expense - governmental activities	<u>\$ 193,574</u>
Business-type activities:	
Water utility	\$ 103,760
Total depreciation expense - business-type activities	<u>\$ 103,760</u>

**CITY OF LAKE HELEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

(7) Long-Term Debt:

For the fiscal year ended September 30, 2023, a summary of the long-term liability transactions for the City is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Financed purchases	\$ 130,340	\$ -	\$ (31,920)	\$ 98,420	\$ 31,920
Compensated absences	58,495	40,703	(38,310)	60,888	15,222
Business-type activities – Total long-term liabilities	<u>\$ 188,835</u>	<u>\$ 40,703</u>	<u>\$ (70,230)</u>	<u>\$ 159,308</u>	<u>\$ 47,142</u>
Business-type activities:					
State revolving fund loans	\$ 102,900	\$ -	\$ (14,671)	\$ 88,229	\$ 15,076
Compensated absences	6,438	6,675	(6,320)	6,793	1,698
Business-type activities – Total long-term liabilities	<u>\$ 109,338</u>	<u>\$ 6,675</u>	<u>\$ (20,991)</u>	<u>\$ 95,022</u>	<u>\$ 16,774</u>

Annual debt service requirements to maturity for the City’s state revolving fund loans are as follows:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 15,076	\$ 2,313	\$ 17,389
2025	15,492	1,897	17,389
2026	15,919	1,470	17,389
2027	16,357	1,031	17,388
2028	16,808	581	17,389
2029	8,577	117	8,694
Total	<u>\$ 88,229</u>	<u>\$ 7,409</u>	<u>\$ 95,638</u>

Annual debt service requirements to maturity for the City’s financed purchases are as follows:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 31,920	\$ -	\$ 31,920
2025	31,920	-	31,920
2026	31,920	-	31,920
2027	2,660	-	2,660
Total	<u>\$ 98,420</u>	<u>\$ -</u>	<u>\$ 98,420</u>

The state revolving fund notes payable are secured by pledged water utility revenues. The City was in compliance with all applicable debt covenants as of and for the year ended September 30, 2023. In the event of default, the Florida Department of Environmental Protection may cause the City to establish rates and collect fees, require the City to account for all monies received and used, appoint a receiver to manage the water utility, intercept delinquent amounts plus a penalty due to the City under state revenue sharing, recover all amounts due including costs of collection and attorney fees, and accelerate the repayment schedule or increase the interest rate by a factor of up to 1.66%.

CITY OF LAKE HELEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

(8) Conduit Debt:

The City has the ability to provide financial assistance to private-sector entities by allowing such entities to obtain financing to acquire or construct equipment and facilities deemed to be in the public interest. Bonds issued on behalf of the entities are not deemed to constitute a debt of the City, the State of Florida, or any political subdivision thereof. Bonds or other debt obligations are payable solely from the revenues or other resources pledged under the terms of the debt agreements.

As of September 30, 2023, there was one conduit debt issuance outstanding, held by Volusia Charter Schools of Excellence, Inc. d/b/a Ivy Hawn Charter School the Arts, with an outstanding balance of approximately \$17.5 million.

(9) Interfund Loans, Advances, and Transfers:

There were no interfund transfers, loans or advances as of or during the year ended September 30, 2023.

(10) Employees' Retirement Plans:

A. Deferred Compensation Plan

The City offers employees' participation in an unqualified deferred compensation plan created in accordance with Internal Revenue Code Section 457 to receive employee contributions, which is administered by Nationwide Retirement Solutions, P.O. Box 182797, Columbus, OH, 43218-2797. Annual contributions are limited to the amount allowed by federal tax laws. Employees immediately vest in the elective deferral contributions made to the 457 plan. The City may also contribute to the plan for participants; these contributions vest at the time such contributions are made to the plan. For the year ended September 30, 2023, employee contributions to the 457 plan were approximately \$1,000. There were no employer contributions for the year ended September 30, 2023.

B. Florida Retirement System

Plan Description and Administration

The City participates in the Florida Retirement System (FRS), a multiple-employer, cost-sharing defined public employee retirement system which covers all of the City's employees with the exception of sworn law enforcement officers. The System is administered by the State of Florida, Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan (Investment Plan).

CITY OF LAKE HELEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

(10) **Employees' Retirement Plans:** (Continued)

In addition, all regular employees of the entity are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$7.50. The minimum payment is \$45 and the maximum payment is \$225 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

Benefits Provided and Employees Covered

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Members of both Plans may include up to four years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

Employees may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular, DROP, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service.

**CITY OF LAKE HELEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

(10) **Employees' Retirement Plans:** (Continued)

Financial Statements

Financial statements and other supplementary information of the FRS are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services, Bureau of Financial Reporting Statewide Financial Reporting Section by mail at 200 E. Gaines Street, Tallahassee, Florida 32399-0364; by telephone at (850) 413-5511; or at the Department's Web site (www.myfloridacfo.com). An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from:

Florida Department of Management Services
Division of Retirement, Research and Education Services
P.O. Box 9000
Tallahassee, FL 32315-9000
850-488-5706 or toll free at 877-377-1737

Contributions

The entity participates in certain classes of FRS membership. Each class had descriptions and contribution rates in effect during the fiscal year ended September 30, 2023, as follows (contribution rates are in agreement with the actuarially determined rates):

FRS Membership Plan & Class	Through June 30, 2023	After June 30, 2023
Regular Class	11.91%	13.57%
Senior Management	31.57%	34.52%

Current-year employer HIS contributions were made at a rate of 1.66% of covered payroll through June 30, 2023, and 2.00% thereafter, which are included in the above rates.

Actual contributions made for entity employees participating in FRS and HIS for the plan year ended June 30, 2023, were as follows:

Entity Contributions – FRS	\$ 36,935
Entity Contributions – HIS	7,567
Employee Contributions – FRS	13,676

Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions

At September 30, 2023, the City reported a net pension liability related to FRS and HIS as follows:

Plan	Net Pension Liability
FRS	\$ 305,931
HIS	182,690
Total	\$ 488,621

CITY OF LAKE HELEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

(10) Employees' Retirement Plans: (Continued)

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer proportion of the net pension liability was based on a projection of the organization's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. At June 30, 2023 and 2022, the organization's proportionate share of the FRS and HIS net pension liabilities were as follows:

Plan	2023	2022
FRS	0.000767766%	0.000687022%
HIS	0.001150346%	0.000994624%

For the plan year ended June 30, 2023, pension expense was recognized related to the FRS and HIS plans as follows:

FRS	\$	15,778
HIS		59,021
Total	\$	74,799

Deferred outflows/inflows related to pensions:

At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 28,724	\$ -	\$ 2,674	\$ (429)
Changes of assumptions	19,943	-	4,803	(15,831)
Net difference between projected and actual investment earnings	12,776	-	94	-
Change in proportionate share	18,606	(145,511)	14,983	(49,422)
Contributions subsequent to measurement date	8,656	-	2,254	-
Total	\$ 88,705	\$ (145,511)	\$ 24,808	\$ (65,682)

The above amounts for deferred outflows of resources for contributions related to pensions resulting from entity contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

	FRS	HIS	Total
2024	\$ (35,223)	\$ (11,833)	\$ (47,056)
2025	(40,968)	(11,241)	(52,209)
2026	16,414	(9,181)	7,233
2027	(8,350)	(9,321)	(17,671)
2028	2,665	(2,267)	398
Thereafter	-	715	715
	\$ (65,462)	\$ (43,128)	\$ (108,590)

**CITY OF LAKE HELEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

(10) **Employees' Retirement Plans:** (Continued)

Actuarial assumptions:

The actuarial assumptions for both defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS was completed in 2019 for the period July 1, 2013, through June 30, 2018. Because HIS is funded on a pay-as-you-go basis, no experience study has been completed.

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS investments is 6.70%. This rate is consistent with the prior year rate of 6.70%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.65% was used to determine the total pension for the program. This rate increased from the prior year rate, which was 3.54%. Mortality assumptions for both plans were based on the PUB-2010 base table varies by member category and sex, projected generationally with Scale MP-2018 details.

Long-term expected rate of return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2023, the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by both Milliman's capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Expected Rate of Return</u>
Cash	1.0%	2.9%
Fixed income	19.8%	4.5%
Global equities	54.0%	8.7%
Real estate	10.3%	7.6%
Private equity	11.1%	11.9%
Strategic investments	3.8%	6.3%
Total	<u>100.0%</u>	

CITY OF LAKE HELEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

(10) **Employees' Retirement Plans:** (Continued)

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the proportionate shares of the FRS and HIS net pension liability of the City calculated using the current discount rates, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

Plan	Current Discount Rate	NPL with 1% Decrease	NPL at Current Discount Rate	NPL with 1% Increase
FRS	6.70%	\$ 522,592	\$ 305,931	\$ 124,668
HIS	3.65%	208,421	182,690	161,361

C. Municipal Police Officers' Retirement Trust Fund

Plan Description and Administration

The City contributes to the Florida Municipal Pension Trust Fund Defined Benefit Plan and Trust (the Plan), a single-employer defined benefit pension plan which is administered by Florida League of Cities, Inc., P.O. Box 1757, Tallahassee, FL 32302-1757. Under Resolution No. 95-5, the City established this Plan for all full-time sworn police officers hired on or after January 1, 1996, by temporarily revoking its prior participation in the Florida Retirement System pursuant to Chapter 95-338, Laws of Florida with respect to such employees. No stand-alone financial report is issued for the Plan.

Benefits Provided and Employees Covered

The Plan provides retirement, disability and death benefits to plan participants and beneficiaries. No cost of living adjustments are provided to retirees and beneficiaries. The Plan's Board of Trustees has contracted with an actuary to provide an actuarial valuation of each plan as of October 1 of every other year. Current membership in the Plan was composed of the following at October 1, 2022:

Inactive participants	2
Active participants	6
Retired participants (including beneficiaries)	3
Total current membership	11

Employees vest with 100% full benefits after 6 years of service. Employees are eligible for normal retirement after attaining age 55 with 6 years of credited service, or 25 years of credited service, regardless of age. Employees are eligible for early retirement after at any age with 10 years of credited service. Benefits at normal retirement are equal to 3.00% of average earnings (average of the highest five years of pensionable wages out of the last 10 years) time years of service. Early retirement benefits are reduced by 3% for each year by which the early retirement date precedes the normal retirement date.

Financial Statements

The financial statements of the Plan are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The government's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. All plan investments are reported at fair value. Separate financial statements have not been prepared for the Plan.

CITY OF LAKE HELEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

(10) **Employees' Retirement Plans:** (Continued)

Contributions

The participant contribution rates for the Plan are established by and may be amended by the City Commission. Employees covered under the plan are required to make contributions of 1% of their compensation. The City's annual required contribution for the current year was determined as part of the October 1, 2022, actuarial valuations. The City is required under the Florida Protection of Public Employee Retirement Benefits Act to contribute a payment which represents annual normal cost plus amortization of the unfunded actuarial accrued liability over various periods as prescribed by law. The City's contributions (and if applicable, any liquidations of a net pension liability) to the Plan are funded by the General Fund.

The State of Florida also makes contributions to the Plan in accordance with Chapter 185 of the Florida Statutes as amended by the State Legislature. This contribution by the State of Florida is first recognized as revenue in the General Fund before being transferred to the Pension Fund. The City's actual annual contribution for the plan is determined by subtracting estimated employee contributions and actual State of Florida contributions from the total annual required contribution as determined by the actuary.

Contributions to the Plan for the year ended September 30, 2023, were as follows:

Employee contributions	\$	3,608
City contributions		-
State contributions		35,660
Total contributions	\$	39,268

Investment Policy

See Note (4) for additional discussion of the investment policies for the Plan.

Net Pension Liability (Asset)

The components of the net pension liability (asset) for the Plan at September 30, 2023, was as follows:

Total pension liability	\$	1,632,444
Plan fiduciary net position		(1,636,803)
Net pension liability (asset)	\$	(4,359)
Plan fiduciary net position as percentage of total pension liability		
		100.27%

The total pension liability (asset) was determined by an actuarial valuation as of October 1, 2022, with a measurement date of September 30, 2023, using the following actuarial assumptions to all measurement periods.

Inflation		2.62%
Salary increases		4.00%
Discount rate		7.00%

The plan fiduciary net position for purposes of determining the net pension liability (asset) typically varies by minor amounts from the statement of fiduciary net position due to the treatment of accruals, share plan balances, and other timing differences.

**CITY OF LAKE HELEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

(10) **Employees' Retirement Plans:** (Continued)

Mortality rates for the Plan were based on the PUB-2010 Headcount-Weighted Healthy Retiree Mortality Table for public safety employees, with full generational improvements in mortality using Scale MP-2018.

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

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

Asset Class	Target Allocation	Long-Term Arithmetic Expected Rate of Return
Core Bonds	15.0%	1.60%
Core Plus	15.0%	2.10%
U.S. Large Cap Equity	25.0%	4.60%
U.S. Small Cap Equity	14.0%	5.50%
Non-U.S. Equity	21.0%	6.70%
Core Real Estate	10.0%	5.00%
Total	100.0%	4.38%

Discount rate:

The discount rate used to measure the total pension liability for the pension plan was 7.00%. The projection of cash flows used to determine the discount rate assumed the plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF LAKE HELEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

(10) **Employees' Retirement Plans:** (Continued)

Changes in net pension liability:

Changes in the plan's net pension liability were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a - b)
Beginning Balance	\$ 1,385,844	\$ 1,522,459	\$ (136,615)
Changes for year:			
Service cost	81,540	-	81,540
Interest	101,266	-	101,266
Differences between expected/actual experience	105,906	-	105,906
Assumption changes	-	-	-
Contributions – employer/state	-	26,226	(26,226)
Contributions – employee	-	3,608	(3,608)
Net investment income (loss)	-	130,834	(130,834)
Benefit payments, including refunds	(42,112)	(42,112)	-
Administrative expenses	-	(4,212)	4,212
Net changes	<u>246,600</u>	<u>114,344</u>	<u>132,256</u>
Ending Balance	<u>\$ 1,632,444</u>	<u>\$ 1,636,803</u>	<u>\$ (4,359)</u>

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the net pension liability (asset) of the City calculated using the discount rate of 7.00%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

City's Net Pension Liability (Asset)	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Municipal Police Officers' Retirement Trust Fund	\$ 204,694	\$ (4,359)	\$ (175,877)

Money-weighted rate of return:

For the year ended September 30, 2023, the annual money-weighted rate of return on Plan investments, net of pension plan investment expense was as follows:

Annual money-weighted rate of return 9.31%

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**CITY OF LAKE HELEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

(10) **Employees' Retirement Plans:** (Continued)

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

For the year ended September 30, 2023, the City recognized pension expense of \$137,826 in the Plan.

At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual investment earnings	\$ 121,639	\$ -
Changes of assumptions	7,293	(8,231)
Changes in demographic experience	239,403	(52,743)
	\$ 368,335	\$ (60,974)

Amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

2024	\$ 59,441
2025	67,816
2026	126,166
2027	28,269
2028	6,996
Thereafter	18,673
Total	\$ 307,361

(11) **Risk Management:**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There were no significant reductions in coverage from the prior year.

The City is engaged in routine litigation incidental to the conduct of its municipal affairs. In the opinion of the City's legal counsel, no legal proceedings are pending which would have a material adverse effect on the financial position or results of operations of the City.

(12) **Contingencies:**

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

The City is involved in various legal proceedings incidental to the conduct of its affairs. It is the City's policy to accrue for amounts related to these legal matters if it is possible that a liability has been incurred and an amount is reasonably estimable. At September 30, 2023, no amounts have been accrued.

CITY OF LAKE HELEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

(13) **Recent Accounting Pronouncements:**

The Governmental Accounting Standards Board (“GASB”) has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates effective for subsequent fiscal years that have not yet been implemented. Management has not currently determined what, if any, impact implementation of the following will have on the City’s financial statements:

- (a) GASB issued Statement No. 101, *Compensated Absences*, in June 2022. GASB Statement No. 101 amends various provisions regarding the calculation methodology and required disclosures related to the liability for compensated absences. The provisions for GASB 101 are effective for fiscal years beginning after December 15, 2023.
- (b) GASB issued Statement No. 102, *Certain Risk Disclosures*, in December 2023. GASB Statement No. 102 amends GASB Statement No. 62 regarding the disclosure of a government’s vulnerability to risks related to certain concentrations and constraints that limit its ability to acquire resources or control spending. The provisions for GASB 102 are effective for fiscal years beginning after June 15, 2024.

CITY OF LAKE HELEN, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
MUNICIPAL POLICE OFFICERS' RETIREMENT TRUST FUND
SEPTEMBER 30, 2023

	<u>9/30/2023</u>	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>
Total Pension Liability									
Service cost	\$ 81,540	\$ 60,399	\$ 35,213	\$ 37,261	\$ 36,021	\$ 35,330	\$ 27,860	\$ 25,732	\$ 23,991
Interest	101,266	81,351	84,536	79,336	75,715	72,118	66,835	55,997	51,961
Differences between expected and actual experience	105,906	163,716	(129,268)	1,827	(3,941)	(14,612)	(20,254)	109,621	(2,118)
Assumption changes	-	-	(19,066)	-	(15,196)	-	35,664	-	-
Benefit payments	(42,112)	(42,112)	(42,112)	(42,112)	(42,112)	(42,112)	(42,112)	(31,754)	(10,022)
Net change in total pension liability	246,600	263,354	(70,697)	76,312	50,487	50,724	67,993	159,596	63,812
Total pension liability – beginning	1,385,844	1,122,490	1,193,187	1,116,875	1,066,388	1,015,664	947,671	788,075	724,263
Total pension liability – ending (a)	<u>\$ 1,632,444</u>	<u>\$ 1,385,844</u>	<u>\$ 1,122,490</u>	<u>\$ 1,193,187</u>	<u>\$ 1,116,875</u>	<u>\$ 1,066,388</u>	<u>\$ 1,015,664</u>	<u>\$ 947,671</u>	<u>\$ 788,075</u>
Total Fiduciary Net Position									
Contributions – employer/state	\$ 26,226	\$ 30,144	\$ 29,026	\$ 26,059	\$ 20,617	\$ 28,215	\$ 21,127	\$ 31,182	\$ 14,745
Change in excess state money	-	-	-	-	-	-	-	148,696	-
Contributions – employee	3,608	3,076	2,267	1,573	1,318	1,812	1,338	1,194	1,562
Net investment income (loss)	130,834	(232,034)	287,701	91,883	73,193	96,697	154,813	89,248	350
Benefit payments	(42,112)	(42,112)	(42,112)	(42,112)	(42,112)	(42,112)	(42,112)	(31,754)	(10,022)
Administrative expense	(4,212)	(9,332)	(4,305)	(6,598)	(6,501)	(6,461)	(6,757)	(8,431)	(8,015)
Net change in plan fiduciary net position	114,344	(250,258)	272,577	70,805	46,515	78,151	128,409	230,135	(1,380)
Plan fiduciary net position – beginning	1,522,459	1,772,717	1,500,140	1,429,335	1,382,820	1,304,669	1,176,260	946,125	947,505
Plan fiduciary net position – ending (b)	<u>\$ 1,636,803</u>	<u>\$ 1,522,459</u>	<u>\$ 1,772,717</u>	<u>\$ 1,500,140</u>	<u>\$ 1,429,335</u>	<u>\$ 1,382,820</u>	<u>\$ 1,304,669</u>	<u>\$ 1,176,260</u>	<u>\$ 946,125</u>
Net pension liability (asset) – ending (a) - (b)	<u>\$ (4,359)</u>	<u>\$ (136,615)</u>	<u>\$ (650,227)</u>	<u>\$ (306,953)</u>	<u>\$ (312,460)</u>	<u>\$ (316,432)</u>	<u>\$ (289,005)</u>	<u>\$ (228,589)</u>	<u>\$ (158,050)</u>
Plan fiduciary net position as percentage of total pension liability	100.27%	109.86%	157.93%	125.73%	127.98%	129.67%	128.45%	124.12%	120.06%
Covered payroll	\$ 319,878	\$ 252,984	\$ 163,616	\$ 166,229	\$ 160,347	\$ 155,218	\$ 124,155	\$ 119,879	\$ 119,534
Net pension liability as a percentage of covered payroll	-1.36%	-54.00%	-397.41%	-184.66%	-194.86%	-203.86%	-232.78%	-190.68%	-132.22%

*10 years of data will be presented as it becomes available.

**CITY OF LAKE HELEN, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
MUNICIPAL POLICE OFFICERS' RETIREMENT TRUST FUND
SEPTEMBER 30, 2023**

Fiscal Year	Actuarially Determined Contributions (ADC)	Contributions in Relation to ADC	Contribution Excess (Deficiency)	Covered Payroll	Contributions as Percentage of Employee Payroll
2023	\$ 121,976	\$ 26,226	(95,750)	\$ 319,878	8.20%
2022	37,924	30,144	(7,780)	252,984	11.92%
2021	8,998	29,026	20,028	163,616	17.74%
2020	26,713	26,059	(654)	166,229	15.68%
2019	25,094	20,617	(4,477)	160,347	12.86%
2018	33,155	28,215	(4,940)	155,218	18.18%
2017	31,251	21,127	(10,124)	124,155	17.02%
2016	27,469	179,878	152,409	119,879	150.05%
2015	7,203	14,745	7,542	119,534	12.34%
2014	24,900	6,873	(18,027)	157,302	4.37%

Notes to Schedule:

Valuation Date: October 1, 2022
Measurement Date: September 30, 2023

Actuarial Assumptions

Funding Method: Aggregate Method (Level Dollar)
Amortization Method: Level Dollar
Remaining Amortization Period: 30 years
Asset Valuation Method: Market value
Discount Rate: 7.0% per year, compounded annually, net of investment related expenses.
Inflation: 2.62% per year
Salary Increases: 4.0% per year
Cost-of-living Increases: None assumed.
Mortality: Sex-distinct rates set forth in selected PUB-2010 Mortality Tables with generational improvements in mortality using Scale MP-2018.
Retirement Age: Assumed retirement at normal age.
Termination Rates: None assumed.
Disability Rates: None assumed.

**CITY OF LAKE HELEN, FLORIDA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF INVESTMENT RETURNS
 MUNICIPAL POLICE OFFICERS' RETIREMENT TRUST FUND
 SEPTEMBER 30, 2023**

For the Year Ending	Annual Money- Weighted Rate of Return
9/30/2023	9.31%
9/30/2022	-14.47%
9/30/2021	21.49%
9/30/2020	7.21%
9/30/2019	5.99%
9/30/2018	8.45%
9/30/2017	15.42%
9/30/2016	9.61%
9/30/2015	-0.04%
9/30/2014	10.10%

CITY OF LAKE HELEN, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY - FRS/HIS
SEPTEMBER 30, 2023

	As of the Plan Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Florida Retirement System (FRS)										
Proportion of the net pension liability (NPL)	0.000767766%	0.000687022%	0.001386458%	0.001471374%	0.001474351%	0.001657343%	0.001879676%	0.001907692%	0.001662429%	0.002001152%
Proportionate share of the net pension liability	\$ 305,931	\$ 255,627	\$ 104,731	\$ 637,715	\$ 507,746	\$ 499,200	\$ 555,996	\$ 481,694	\$ 214,725	\$ 122,100
Covered payroll	360,337	362,549	525,145	535,395	517,529	580,170	589,518	555,746	508,097	609,282
Proportionate share of the net pension liability as a percentage of covered payroll	84.90%	70.51%	19.94%	119.11%	98.11%	86.04%	94.31%	86.68%	42.26%	20.04%
Plan fiduciary net position as a percentage of the total pension	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%
Health Insurance Subsidy Program (HIS)										
Proportion of the net pension liability	0.001150346%	0.000994624%	0.001483055%	0.001542302%	0.001547116%	0.001775913%	0.001787584%	0.001737530%	0.001657310%	0.002175855%
Proportionate share of the net pension liability	\$ 182,690	\$ 105,347	\$ 181,919	\$ 188,313	\$ 173,107	\$ 187,965	\$ 191,137	\$ 202,502	\$ 169,020	\$ 203,448
Covered payroll	455,854	362,549	525,145	535,395	517,529	580,170	589,518	555,746	508,097	609,282
Proportionate share of the net pension liability as a percentage of covered payroll	40.08%	29.06%	34.64%	35.17%	33.45%	32.40%	32.42%	36.44%	33.27%	33.39%
Plan fiduciary net position as a percentage of the total pension	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

**CITY OF LAKE HELEN, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS - FRS/HIS
SEPTEMBER 30, 2023**

	For the Fiscal Year Ending September 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Florida Retirement System (FRS)										
Contractually required contribution	\$ 32,518	\$ 44,180	\$ 45,868	\$ 48,887	\$ 45,716	\$ 47,233	\$ 53,896	\$ 53,144	\$ 47,227	\$ 52,288
Contributions in relation to the contractually required contribution	32,518	44,180	45,868	48,887	45,716	47,233	53,896	53,144	47,227	52,288
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 307,619	\$ 398,286	\$ 484,457	\$ 535,395	\$ 517,529	\$ 580,170	\$ 589,518	\$ 555,746	\$ 508,097	\$ 609,282
Contributions as a percentage of covered payroll	10.57%	11.09%	9.47%	9.13%	8.83%	8.14%	9.14%	9.56%	9.29%	8.58%
Health Insurance Subsidy Program (HIS)										
Contractually required contribution	\$ 7,432	\$ 6,612	\$ 8,042	\$ 8,888	\$ 8,591	\$ 9,631	\$ 9,789	\$ 9,225	\$ 6,402	\$ 7,311
Contributions in relation to the contractually required contribution	7,432	6,612	8,042	8,888	8,591	9,631	9,789	9,225	6,402	7,311
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 424,598	\$ 398,286	\$ 484,457	\$ 535,395	\$ 517,529	\$ 580,170	\$ 589,518	\$ 555,746	508,097	609,282
Contributions as a percentage of covered payroll	1.75%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.26%	1.20%



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

Honorable Mayor and City Commission
City of Lake Helen, Florida

We have audited, 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, the financial statements of the governmental activities, the business-type activities, and each major fund of City of Lake Helen as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise City of Lake Helen's basic financial statements, and have issued our report thereon dated February 8, 2024. Our report includes a qualified opinion on governmental activities, business-type activities, and the Water Utility Fund due to not implementing GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

McDiarmid Davis

Orlando, Florida
February 8, 2024

MANAGEMENT LETTER

Honorable Mayor and City Commission
City of Lake Helen, Florida

Report on the Financial Statements

We have audited the financial statements of the City of *Lake Helen, Florida*, as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated February 8, 2024, which includes a qualified opinion on governmental activities, business-type activities and Water Utility Fund.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated February 8, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, require that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings and recommendations made in the preceding financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information has been disclosed in the notes to the financial statements.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the City of Lake Helen, Florida has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the City of Lake Helen, 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 City of Lake Helen, Florida. It is management's responsibility to monitor the City of Lake Helen, 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.

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

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 which 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 City Commission, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

McDermitt Davis

Orlando, Florida
February 8, 2024



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**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH
THE REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES**

The Honorable Mayor and City Commission
City of Lake Helen, Florida

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

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in Government Auditing Standards issued by the Comptroller General of the United States and, accordingly, included examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

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

McDermitt Davis

Orlando, Florida
February 8, 2024