

TOWN OF LAKE PLACID, FLORIDA

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
SEPTEMBER 30, 2023**



MAULDIN & JENKINS

CPAs & ADVISORS

**TOWN OF LAKE PLACID, FLORIDA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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**TOWN OF LAKE PLACID, FLORIDA
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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of
the Town Council,
Town of Lake Placid, Florida

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town'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 on pages 4 through 11, Schedules of the Town's Net Pension Liability and Schedules of Contributions 48 through 51, 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.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2024, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Bradenton, Florida
June 28, 2024

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TOWN OF LAKE PLACID, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023
(Unaudited)

This discussion and analysis of the Town of Lake Placid, Florida (the "Town"), is to inform readers of the Town's financial performance and provide an overview of the activities for the fiscal year ending September 30, 2023. The information contained in this Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events and conditions. This discussion and analysis is intended to be read in conjunction with the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- Compared to last year, net position from Governmental Activities increased by \$398,763. Net position from Business-type Activities increased by \$2,023,028. Total Net Position increased \$2,421,791 from last year's net position.

OVERVIEW OF THE FINANCIAL STATEMENTS

This section of the discussion and analysis serves as an introduction to the Town's basic financial statements. The Town's basic financial statements are comprised of three components: (1) Government-Wide Financial Statements, (2) Fund Financial Statements, and (3) Notes to the Financial Statements.

Government-Wide Financial Statements

The Government-Wide Financial Statements are designed to provide readers with a broad view of the Town's overall financial status. Financial statements consist of the Statement of Net Position and the Statement of Activities.

The *Statement of Net Position* presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The Statement of Net Position combines and consolidates governmental funds, current financial resources with capital assets, and long-term obligations. Other non-financial factors should also be taken into consideration, such as changes to the Town's property tax base and the condition of the Town's infrastructure, to assess the overall health and financial condition of the Town.

The *Statement of Activities* presents information on how the Town's net position changed during the most recent fiscal year. All of the current year revenue and expenses are taken into account regardless of when cash is received or paid.

Both the Statement of Net Position and the Statement of Activities are prepared utilizing the accrual basis of accounting.

For classification reasons, the Statement of Net Position and the Statement of Activities is divided into two activities: (1) Governmental Activities, and (2) Business-Type Activities.

- Governmental Activities – The Town's basic services are reported here, including: general administration, planning and zoning, public safety, transportation, and recreation. Ad Valorem Taxes, Utility Service Taxes, Sales Taxes, Local Option Gas Taxes, Surtaxes, Local Communication Service Taxes, and franchise fees finance most of these activities.

TOWN OF LAKE PLACID, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023
(Unaudited)

- Business-Type Activities – The Town’s water, wastewater, cemetery, and sanitation operations are reported here. The Town charges a fee to customers to help cover all or most of the cost for services it provides.

Reporting the Town’s Most Significant Funds

Fund Financial Statements

The Town, like other states and local governments, uses fund accounting to ensure and demonstrate compliance with financial related requirements. The Town’s fund financial statements only provide detailed information about the most significant funds, not the Town as a whole. Each fund is considered a separate accounting entity and has its own accounts and sub-accounts, respectfully. The Town’s funds are also divided into two categories: (1) Governmental Funds, and (2) Proprietary Funds.

Governmental Fund Type – The Town’s basic services are reported in Governmental Funds. The statements focus on how money flows into and out of those funds and the balances left over at year-end, which are available for spending. General Fund expenditures are incurred to provide general administration, planning and zoning, public safety, transportation, and recreational services and facilities. These funds are reported using an accounting method, identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted into cash. The government fund statements also provide a detailed short-term view of the Town’s general operations and the basic services it provides. The Town maintains the General Fund, the Community Redevelopment Agency (CRA) Fund, the Infrastructure Fund, which are considered to be major funds. The General Fund, CRA Fund and the Infrastructure Fund information are presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances.

Proprietary Fund Types – The Town charges customers a fee for services provided. These services are reported as Proprietary Funds, which include water, wastewater, cemetery, and sanitation operations. Business-type funds are reported using an accrual method of accounting. Proprietary Fund information is presented separately in the Fund Financial Statement of Net Position, the Statement of Revenues, Expenses and Change in Net Position, and the Statement of Cash Flows.

Notes to the Financial Statements

Notes to the Financial Statements are additional information that is essential to a full understanding of the data provided in the Government-wide and Fund Financial Statements.

Notes to Financial Statements help explain the computation of specific items, as well as provide a more comprehensive assessment of the Town's financial condition. The Notes to Financial Statements may include information on debt, accounts, contingent liabilities, or contextual information explaining the financial numbers.

The information contained within the notes not only supplements financial statement information, but may also clarify line-items that are part of the financial statements. The Notes to the Financial Statements are also used to explain the method of accounting used to prepare the financial statements, and they provide valuations for how particular accounts have been represented. Notes to the Financial Statements can be found immediately after the Statement of Cash Flows.

TOWN OF LAKE PLACID, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023
(Unaudited)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The government-wide financial statements report information about the Town as a whole.

Statement of Net Position

The Statement of Net Position includes all of the government's assets and liabilities. Net position may serve over time as a useful indicator of the Town's financial position. The Statement of Net Position is divided into two categories: (1) Governmental Activities, and (2) Business-Type Activities.

At the end of the fiscal year, September 30, 2023, the Town reported positive balances in all three categories of net position: the Town as a whole, as well as for its separate governmental and business-type activities.

Statement of Net Position
As of September 30, 2023

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$7,506,962	\$7,073,148	\$ 3,565,779	\$ 3,972,143	\$11,072,741	\$11,045,291
Capital assets	4,122,140	4,227,346	13,289,088	10,362,061	17,411,228	14,589,407
Total assets	<u>11,629,102</u>	<u>11,300,494</u>	<u>16,854,867</u>	<u>14,334,204</u>	<u>28,483,969</u>	<u>25,634,698</u>
Deferred outflows	<u>549,105</u>	<u>462,783</u>	<u>479,621</u>	<u>430,797</u>	<u>1,028,726</u>	<u>893,580</u>
Other liabilities	961,686	1,406,757	931,315	581,503	1,893,001	1,988,260
Long-term liabilities	2,153,821	1,667,687	2,009,462	1,784,280	4,163,283	3,451,967
Total liabilities	<u>3,115,507</u>	<u>3,074,444</u>	<u>2,940,777</u>	<u>2,365,783</u>	<u>6,056,284</u>	<u>5,440,227</u>
Deferred inflows	<u>93,351</u>	<u>118,247</u>	<u>81,539</u>	<u>110,074</u>	<u>174,890</u>	<u>228,321</u>
Net position:						
Net investment in						
capital assets	4,122,140	4,227,346	13,080,459	10,030,085	17,202,599	14,257,431
Restricted	2,594,925	2,107,328	358,674	334,434	2,953,599	2,441,762
Unrestricted	2,252,284	2,235,912	873,039	1,924,625	3,125,323	4,160,537
Total net position	<u>\$8,969,349</u>	<u>\$8,570,586</u>	<u>\$14,312,172</u>	<u>\$12,289,144</u>	<u>\$23,281,521</u>	<u>\$20,859,730</u>

The largest portion of the Town's net position, \$17,202,599, reflects the Town's investment in capital assets less any related outstanding debt used to acquire those assets. The Town uses these capital assets to supply services to citizens. These assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay these debts must be provided from other sources, since the capital assets themselves cannot be used to liquidate liabilities.

An additional portion of the Town's net position, \$2,953,599, represents resources that are subjected to external restrictions, on how they may be used. The major restrictions on net position are funding source restrictions. The remaining balance of total net position of \$3,125,323 is unrestricted and may be utilized to meet the Town's obligations to citizens and creditors.

**TOWN OF LAKE PLACID, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023
(Unaudited)**

Statement of Activities

The Statement of Activities presents the operating results of the Town as well as miscellaneous revenue, expenses, capital revenue, capital expenses, and the combined net change for the fiscal year.

**Statement of Activities
For the Year Ended September 30, 2023**

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 129,898	\$ 126,790	\$ 3,558,751	\$ 3,358,553	\$ 3,688,649	\$ 3,485,343
Operating grants and contributions	391,794	290,687	-	-	391,794	290,687
Capital grants and contributions	49,015	-	2,533,984	205,370	2,582,999	205,370
General revenues:						
Property taxes	814,614	781,895	-	-	814,614	781,895
Other taxes	1,559,175	1,496,743	-	-	1,559,175	1,496,743
Other	42,936	287,037	420,688	63,973	463,624	351,010
Total revenues	<u>2,987,432</u>	<u>2,983,152</u>	<u>6,513,423</u>	<u>3,627,896</u>	<u>9,500,855</u>	<u>6,611,048</u>
Operating expenses:						
General government	443,100	262,189	-	-	443,100	262,189
Public safety	1,210,376	879,541	-	-	1,210,376	879,541
Physical environment	21,510	573	-	-	21,510	573
Transportation	522,626	441,052	-	-	522,626	441,052
Culture and recreation	595,323	535,653	-	-	595,323	535,653
Water	-	-	1,967,919	1,694,831	1,967,919	1,694,831
Wastewater	-	-	1,259,718	972,383	1,259,718	972,383
Sanitation	-	-	1,014,722	892,400	1,014,722	892,400
Cemetery	-	-	43,770	30,806	43,770	30,806
Total operating expenses	<u>2,792,935</u>	<u>2,119,008</u>	<u>4,286,129</u>	<u>3,590,420</u>	<u>7,079,064</u>	<u>5,709,428</u>
Increase in net position before transfers	194,497	864,144	2,227,294	37,476	2,421,791	901,620
Transfers	204,266	147,778	(204,266)	(147,778)	-	-
Change in net position	398,763	1,011,922	2,023,028	(110,302)	2,421,791	901,620
Net position, beginning	8,570,586	7,558,664	12,289,144	12,399,446	20,859,730	19,958,110
Net position, ending	<u>\$ 8,969,349</u>	<u>\$ 8,570,586</u>	<u>\$ 14,312,172</u>	<u>\$ 12,289,144</u>	<u>\$ 23,281,521</u>	<u>\$ 20,859,730</u>

Governmental Activities

Compared to last year, the Town's governmental net position changed by \$398,763, due to an increase of expenses.

TOWN OF LAKE PLACID, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023
(Unaudited)

Business-Type Activities

Compared to last year, the Town's total business-type net position increased by \$2,023,028. Most of this increase pertained to wastewater. In an effort to SAVE OUR LAKES the Town was awarded a grant to change households from septic to sewer. The grant replaces septic tanks with municipal sewer in order to reduce the pollutants entering local surrounding lakes. The initial part of this multi-year project is to build a new advanced wastewater treatment plant and to extend sewer lines to some of the areas that have the largest impact to nearby lakes.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

Governmental Funds

General Government, which includes administrative, planning and zoning expenses, are offset with revenues collected from taxes and governmental fees. This fiscal year, General Government expenditures increased by \$180,911, from the prior year, due to salary increases and three new full-time positions, retirement, health insurance and benefits for each. The new positions included a Town Planner, Code Enforcement officer, transferred-in from Public Safety, and a janitor. This increase also include other positions salary increases.

Public Safety, which includes police, increase in expenditures in the amount of \$330,835 due to an overall increase in operational costs. Personnel retention costs, such as salaries, retirement, retirement payouts, overtime pay, training, and architect fees to design new police station was some of the primary rises.

Physical Environment and Transportation, which includes streets and roads, experienced an increase in operating expenses of \$81,574 and \$20,937 respectively. The increases for Physical Environment were due to additional personnel and equipment upgrades. The increase for Transportation was also due to personnel salary increase and personnel costs.

Recreation and Culture services, which includes parks and recreational areas, increased costs by \$59,670, due to equipment purchase for lighting upgrades and mowing.

The *Infrastructure Fund*, which relates to fixed capital expenditure and fixed capital outlay related with the construction or improvement of public facilities, land acquisitions or improvement, design and engineering costs related thereto, had insignificant expenses for road repairs in fiscal year 2023.

Proprietary Funds

There are no significant differences between the fund statements and the Statement of Activities.

Business-type activities, which include: Water, Wastewater, Cemetery, and Sanitation netted an increase over last year's business-type expenses by \$695,709. The expenses were offset by total revenues, grants and transfers-in of the business-type activities.

Water system operational and capital outlay obligations are being met timely. When compared to last year, water expenses increased by \$273,088. Personnel, property insurance, repairs, but the primary increase was due to equipment and inventory costs.

TOWN OF LAKE PLACID, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023
(Unaudited)

Wastewater is a self-sufficient operation and does not depend on the Water Fund for support. Wastewater operational and capital outlay obligations are being met timely. Wastewater operating expenses increased \$287,335. Due to engineering projects, salaries increased almost \$93,000. Equipment and inventory cost was \$106,968. And property insurance and operational expenses increased in almost every area.

Sanitation, which includes miscellaneous trash and brush disposal for residential and commercial customers, had an increase in operating expenses of \$122,322. The main contributing factors in this increase were due to replaced equipment. Sanitation and refuse removal services are limited to commercial and residential customers residing within the Town's limits.

Cemetery, which includes cemetery lot sales, mausoleum spaces and memorial fees, experienced an increase in overall operating expenses in the amount of \$12,964, due to a increase in salaries and personnel costs.

BUDGETARY HIGHLIGHTS

Year-end budgets are amended to equal operational costs at September 30. Contributed capital, line-item adjustments and depreciation is normally reported separated from budget amendments process which at times will create budget verses actual variances.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets – The Town's capital assets, for its governmental and business-type activities, as of September 30, 2023, are \$17,411,228. This investment in capital assets includes land, buildings, improvements, vehicles and equipment, water system and wastewater system improvements and upgrades.

Governmental Activities

Government activities capital assets decreased by \$(105,206) from the prior year, due to depreciation expense exceeding current year additions. For further details, see Note 5 – Capital Assets.

This year's government-type capital projects completed:

- Purchase of Equipment
- Streets Paving
- Building Improvements

Future governmental projects:

- Road and Sidewalk Improvement
- Alleyways
- Parking

**TOWN OF LAKE PLACID, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023
(Unaudited)**

Business-Type Activities

Business-type capital assets increase \$2,927,027, from the prior year, due primarily to construction on the septic to sewer project. For further details, see Note 5 – Capital Assets.

This year's business-type capital projects completed:

- Meter and Line Replacements
- Equipment Purchase
- Generators
- Water Meters upgrade to cellular reading
- FDEP Sewer to Septic Project and future wastewater Connections which includes Wastewater Plant Improvement.

Business-type capital projects in progress, as of September 30, 2023:

- Water Meters upgrade to cellular reading
- Wastewater Plant Assessment
- Waterline upgrades
- Equipment
- CDBG Project Wastewater Services
- FDEP Sewer to Septic Project and future wastewater Connections which includes Wastewater Plant Improvement.

Future business-type projects:

- Water Lines Improvement
- Wastewater Lines Improvement

Long-Term Liabilities and Pension Plans

For further details, see Note 7 – Long-Term Liabilities and Note 8 – Pension Plan.

At the end of the fiscal year, the Town's total long-term liabilities outstanding is as follows:

	Long-Term Liabilities					
	As of September 30, 2023					
	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Compensated absences	\$ 200,894	\$ 166,835	\$ 95,026	\$ 55,185	\$ 295,920	\$ 222,020
Net pension liability	1,952,927	1,500,852	1,705,807	1,397,119	3,658,734	2,897,971
Loans payable	-	-	208,629	331,976	208,629	331,976
Total debt	<u>\$ 2,153,821</u>	<u>\$ 1,667,687</u>	<u>\$ 2,009,462</u>	<u>\$ 1,784,280</u>	<u>\$ 4,163,283</u>	<u>\$ 3,451,967</u>

TOWN OF LAKE PLACID, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023
(Unaudited)

Governmental Activities

Total governmental debt outstanding is \$0 as all debt related to governmental activities was paid off in prior years and no new debt was issued. There is a pension and compensated absence liability within governmental activities in the amount of \$2,153,821; of that amount \$60,934 is due within one year.

The remaining balance of Business-type loan payables is currently \$208,629. For further details, see Note 7 – Long-Term Liabilities. There is a pension and compensated absence liability within business activities in the amount of \$1,705,807 and \$95,026.

From wastewater revenue, the Town paid two semi-annual payments to the State of Florida Department of Environmental Protection (*SRF Loan I*) for the construction of the wastewater treatment plant, the North Main Street lift station and the maintenance warehouse. The principal payments amounted to \$64,352.

From wastewater revenue, the Town paid two semi-annual payments to the Department of Environmental Protection (*SRF Loan II*) for the Gravity and Low Pressure Wastewater Collection System. Total principal paid was \$58,995.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The General Fund adopted the final levying of Ad Valorem taxes is undetermined at the date of this report.

The following key factors were considered in preparing the budgets for the 2023-2024 fiscal year:

- Due to fiscal restraints, the Town researched various pay methods to retain quality employees and to ultimately meet the 2026 minimum wage requirement.
- As operating costs rise with demand and inflation, the agency is having to increase line-item budgets and decrease cost in other areas to offset increases.
- Due to construction and capital projects costs significantly increasing, some projects are progressing in a slower pace than expected and will cause projects to cost more than planned.
- Water and Wastewater rate study and possible rate increases.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town of Lake Placid's finances for anyone with an interest. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Finance Manager, Town of Lake Placid, 1069 US Hwy 27 N, Lake Placid, Florida 33852.

BASIC FINANCIAL STATEMENTS

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TOWN OF LAKE PLACID, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 6,350,886	\$ 2,464,434	\$ 8,815,320
Investments	61,438	-	61,438
Accounts receivables, net	92,535	360,945	453,480
Due from other governments	54,124	855,208	909,332
Internal balances	947,979	(947,979)	-
Inventory	-	283,059	283,059
Restricted cash and cash equivalents	-	550,112	550,112
Capital assets			
Non-depreciable	691,733	3,748,684	4,440,417
Depreciable, net	3,430,407	9,540,404	12,970,811
Total assets	<u>11,629,102</u>	<u>16,854,867</u>	<u>28,483,969</u>
Deferred outflows of resources			
Deferred outflows - pension	549,105	479,621	1,028,726
Total assets and deferred outflows	<u>\$ 12,178,207</u>	<u>\$ 17,334,488</u>	<u>\$ 29,512,695</u>
Liabilities			
Accounts payable	\$ 48,919	\$ 509,735	\$ 558,654
Accrued liabilities	56,668	230,142	286,810
Accrued interest payable	-	354	354
Customer deposits payable	856,099	191,084	1,047,183
Noncurrent liabilities			
Due within one year	60,934	96,695	157,629
Due in more than one year	2,092,887	1,912,767	4,005,654
Total liabilities	<u>3,115,507</u>	<u>2,940,777</u>	<u>6,056,284</u>
Deferred inflows of resources			
Deferred inflows - pension	93,351	81,539	174,890
Net position			
Net investment in capital assets	4,122,140	13,080,459	17,202,599
Restricted for			
Infrastructure	2,425,108	-	2,425,108
Park improvements	16,574	-	16,574
Law enforcement	611	-	611
Community development	152,632	-	152,632
Cemetery long-term care	-	228,674	228,674
Debt service	-	130,000	130,000
Unrestricted	2,252,284	873,039	3,125,323
Total net position	<u>8,969,349</u>	<u>14,312,172</u>	<u>23,281,521</u>
Total liabilities, deferred inflows and net position	<u>\$ 12,178,207</u>	<u>\$ 17,334,488</u>	<u>\$ 29,512,695</u>

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

TOWN OF LAKE PLACID, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Functions/programs							
Governmental activities							
General government	\$ 443,100	\$ 68,787	\$ 234,144	\$ -	\$ (140,169)	\$ -	\$ (140,169)
Public safety	1,210,376	49,026	-	-	(1,161,350)	-	(1,161,350)
Physical environment	21,510	-	47,650	49,015	75,155	-	75,155
Transportation	522,626	-	-	-	(522,626)	-	(522,626)
Culture/recreation	595,323	12,085	110,000	-	(473,238)	-	(473,238)
Total governmental activities	<u>2,792,935</u>	<u>129,898</u>	<u>391,794</u>	<u>49,015</u>	<u>(2,222,228)</u>	<u>-</u>	<u>(2,222,228)</u>
Business-type activities							
Water	1,967,919	1,594,253	-	-	-	(373,666)	(373,666)
Wastewater	1,259,718	1,017,985	-	2,533,984	-	2,292,251	2,292,251
Sanitation	1,014,722	823,643	-	-	-	(191,079)	(191,079)
Cemetery	43,770	122,870	-	-	-	79,100	79,100
Total business-type activities	<u>4,286,129</u>	<u>3,558,751</u>	<u>-</u>	<u>2,533,984</u>	<u>-</u>	<u>1,806,606</u>	<u>1,806,606</u>
Total primary government	<u>\$ 7,079,064</u>	<u>\$ 3,688,649</u>	<u>\$ 391,794</u>	<u>\$ 2,582,999</u>	<u>(2,222,228)</u>	<u>1,806,606</u>	<u>(415,622)</u>
General revenues							
Taxes							
					814,614	-	814,614
					112,884	-	112,884
					376,577	-	376,577
					131,983	-	131,983
					346,539	-	346,539
					416,507	-	416,507
					174,685	-	174,685
					12,406	39,640	52,046
					1,119	362,695	363,814
					21,311	-	21,311
					8,100	18,353	26,453
					204,266	(204,266)	-
					<u>2,620,991</u>	<u>216,422</u>	<u>2,837,413</u>
					398,763	2,023,028	2,421,791
					8,570,586	12,289,144	20,859,730
					<u>\$ 8,969,349</u>	<u>\$ 14,312,172</u>	<u>\$ 23,281,521</u>

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

**TOWN OF LAKE PLACID, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023**

	General Fund	Community Redevelopment Fund	Infrastructure Fund	Grant Fund (Nonmajor)	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 3,672,820	\$ 118,701	\$ 2,397,056	\$ 162,309	\$ 6,350,886
Investments	61,438	-	-	-	61,438
Accounts receivable, net	92,535	-	-	-	92,535
Due from other funds	397,741	33,931	7,731	224,099	663,502
Due from other governments	33,803	-	20,321	-	54,124
Advances to other funds	-	-	447,639	-	447,639
Total assets	<u>\$ 4,258,337</u>	<u>\$ 152,632</u>	<u>\$ 2,872,747</u>	<u>\$ 386,408</u>	<u>\$ 7,670,124</u>
Liabilities and fund balances					
Liabilities					
Accounts payable	\$ 48,919	\$ -	\$ -	\$ -	\$ 48,919
Accrued liabilities	56,668	-	-	-	56,668
Unearned revenue	856,099	-	-	-	856,099
Due to other funds	44,681	-	-	118,481	163,162
Total liabilities	<u>1,006,367</u>	<u>-</u>	<u>-</u>	<u>118,481</u>	<u>1,124,848</u>
Fund balances					
Nonspendable					
Advances to other funds	-	-	447,639	-	447,639
Restricted					
Community redevelopment	-	152,632	-	-	152,632
Infrastructure improvements	-	-	2,425,108	-	2,425,108
Park improvements	16,574	-	-	-	16,574
Law enforcement	611	-	-	-	611
Assigned					
Capital improvements	-	-	-	267,927	267,927
Unassigned	3,234,785	-	-	-	3,234,785
Total fund balances	<u>3,251,970</u>	<u>152,632</u>	<u>2,872,747</u>	<u>267,927</u>	<u>6,545,276</u>
Total liabilities and fund balances	<u>\$ 4,258,337</u>	<u>\$ 152,632</u>	<u>\$ 2,872,747</u>	<u>\$ 386,408</u>	<u>\$ 7,670,124</u>

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

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

Fund balances, total governmental funds \$ 6,545,276

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.

Governmental capital assets	\$ 8,761,366	
Accumulated depreciation	<u>(4,639,226)</u>	4,122,140

Deferred outflows, deferred inflows, and the net pension liability related to the Town's pension plan are not expected to be liquidated with expendable available financial resources and, therefore are not reported in the funds.

Deferred outflows - pensions	549,105	
Deferred inflows - pensions	(93,351)	
Net pension liability	<u>(1,952,927)</u>	(1,497,173)

Noncurrent liabilities, are not due and payable in the current period and therefore, are not reported in the funds.

Compensated absences		<u>(200,894)</u>
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Net position of governmental activities \$ 8,969,349

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

TOWN OF LAKE PLACID, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	General Fund	Community Redevelopment Fund	Infrastructure Fund	Grant Fund (Nonmajor)	Total Governmental Funds
Revenues					
Taxes	\$ 1,822,527	\$ -	\$ 376,577	\$ -	\$ 2,199,104
Licenses and permits	45,455	-	-	-	45,455
Intergovernmental revenues	471,651	143,843	-	-	615,494
Fines and forfeitures	48,497	-	-	-	48,497
Investment earnings	10,683	71	1,434	218	12,406
Miscellaneous revenues	37,065	-	-	-	37,065
Total revenues	<u>2,435,878</u>	<u>143,914</u>	<u>378,011</u>	<u>218</u>	<u>2,958,021</u>
Expenditures					
Current					
General government	307,544	175	-	844	308,563
Public safety	939,829	-	-	-	939,829
Transportation	336,221	-	-	-	336,221
Culture and recreation	436,047	5,320	-	-	441,367
Capital outlay	234,118	32,640	75	20,000	286,833
Total expenditures	<u>2,253,759</u>	<u>38,135</u>	<u>75</u>	<u>20,844</u>	<u>2,312,813</u>
Excess (deficiency) of revenues over (under) expenditures	<u>182,119</u>	<u>105,779</u>	<u>377,936</u>	<u>(20,626)</u>	<u>645,208</u>
Other financing sources (uses)					
Insurance proceeds	21,311	-	-	-	21,311
Proceeds from the sale of capital assets	8,100	-	-	-	8,100
Transfers in	84,473	-	-	155,266	239,739
Transfers out	-	-	(35,473)	-	(35,473)
Total other financing sources (uses)	<u>113,884</u>	<u>-</u>	<u>(35,473)</u>	<u>155,266</u>	<u>233,677</u>
Change in fund balances	296,003	105,779	342,463	134,640	878,885
Fund balances, beginning of year	<u>2,955,967</u>	<u>46,853</u>	<u>2,530,284</u>	<u>133,287</u>	<u>5,666,391</u>
Fund balances, end of year	<u>\$ 3,251,970</u>	<u>\$ 152,632</u>	<u>\$ 2,872,747</u>	<u>\$ 267,927</u>	<u>\$ 6,545,276</u>

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

TOWN OF LAKE PLACID, 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 \$ 878,885

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

Governmental funds report capital outlays as expenditures.

However, in the Statement of Activities, the cost of these assets is depreciated over their estimated useful lives.

Capital outlay	\$ 263,875	
Less current year depreciation	<u>(369,081)</u>	(105,206)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.

Pension expense	(340,857)	
Change in compensated absences	<u>(34,059)</u>	<u>(374,916)</u>

Change in net position of governmental activities \$ 398,763

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

TOWN OF LAKE PLACID, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES—BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 1,591,285	\$ 1,591,285	\$ 1,822,527	\$ 231,242
Licenses and permits	35,470	35,470	45,455	9,985
Intergovernmental revenues	995,049	995,049	471,651	(523,398)
Fines and forfeitures	37,750	37,750	48,497	10,747
Investment earnings	2,700	2,700	10,683	7,983
Miscellaneous revenues	8,711	8,711	37,065	28,354
Total revenues	<u>2,670,965</u>	<u>2,670,965</u>	<u>2,435,878</u>	<u>(235,087)</u>
Expenditures				
Current				
General government	281,588	281,588	307,544	(25,956)
Public safety	967,078	967,078	939,829	27,249
Transportation	338,661	338,661	336,221	2,440
Culture and recreation	494,041	494,041	436,047	57,994
Capital outlay	413,649	413,649	234,118	179,531
Total expenditures	<u>2,495,017</u>	<u>2,495,017</u>	<u>2,253,759</u>	<u>241,258</u>
Excess (deficiency) of revenues over (under) expenditures	<u>175,948</u>	<u>175,948</u>	<u>182,119</u>	<u>6,171</u>
Other financing sources (uses)				
Insurance proceeds	-	-	21,311	21,311
Proceeds from the sale of capital assets	-	-	8,100	8,100
Transfers in	(453,000)	(453,000)	84,473	537,473
Transfers out	(41,493)	(41,493)	-	41,493
Total other financing sources, net	<u>(494,493)</u>	<u>(494,493)</u>	<u>113,884</u>	<u>608,377</u>
Change in fund balance	(318,545)	(318,545)	296,003	614,548
Fund balance, beginning of year	<u>2,955,967</u>	<u>2,955,967</u>	<u>2,955,967</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,637,422</u>	<u>\$ 2,637,422</u>	<u>\$ 3,251,970</u>	<u>\$ 614,548</u>

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

TOWN OF LAKE PLACID, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES—BUDGET AND ACTUAL
COMMUNITY REDEVELOPMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental revenues	\$ 109,158	\$ 109,158	\$ 143,843	\$ 34,685
Investment loss	-	-	71	71
Total revenues	<u>109,158</u>	<u>109,158</u>	<u>143,914</u>	<u>34,756</u>
Expenditures				
Current				
General government	175	175	175	-
Culture and Recreation	-	-	5,320	(5,320)
Capital outlay	-	-	32,640	-
Total expenditures	<u>175</u>	<u>175</u>	<u>38,135</u>	<u>(5,320)</u>
Excess (deficiency) of revenues over expenditures	<u>108,983</u>	<u>108,983</u>	<u>105,779</u>	<u>29,436</u>
Other financing sources				
Transfers in	(102,983)	(102,983)	-	102,983
Total other financing sources	<u>(102,983)</u>	<u>(102,983)</u>	<u>-</u>	<u>102,983</u>
Change in fund balance	6,000	6,000	105,779	132,419
Fund balance, beginning of year	<u>46,853</u>	<u>46,853</u>	<u>46,853</u>	<u>-</u>
Fund balance, end of year	<u>\$ 52,853</u>	<u>\$ 52,853</u>	<u>\$ 152,632</u>	<u>\$ 132,419</u>

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

TOWN OF LAKE PLACID, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES—BUDGET AND ACTUAL
INFRASTRUCTURE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 260,407	\$ 260,407	\$ 376,577	\$ 116,170
Investment earnings (loss)	50	50	1,434	1,384
Total revenues	<u>260,457</u>	<u>260,457</u>	<u>378,011</u>	<u>117,554</u>
Expenditures				
Capital outlay	-	-	75	(75)
Total expenditures	<u>-</u>	<u>-</u>	<u>75</u>	<u>(75)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>260,457</u>	<u>260,457</u>	<u>377,936</u>	<u>117,479</u>
Other financing sources (uses)				
Transfers out	(184,128)	(184,128)	(35,473)	148,655
Total other financing sources (uses)	<u>(184,128)</u>	<u>(184,128)</u>	<u>(35,473)</u>	<u>148,655</u>
Change in fund balance	76,329	76,329	342,463	266,134
Fund balance, beginning of year	<u>2,530,284</u>	<u>2,530,284</u>	<u>2,530,284</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 2,606,613</u></u>	<u><u>\$ 2,606,613</u></u>	<u><u>\$ 2,872,747</u></u>	<u><u>\$ 266,134</u></u>

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

TOWN OF LAKE PLACID, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2023

	Enterprise Funds				Total
	Water	Wastewater	Sanitation	Cemetery (Nonmajor)	
Assets					
Current assets					
Cash and cash equivalents	\$ 1,909,412	\$ 232,814	\$ -	\$ 322,208	\$ 2,464,434
Restricted cash and cash equivalents	140,995	169,667	10,776	228,674	550,112
Accounts receivable, net	186,830	125,547	47,168	1,400	360,945
Due from other governments	-	855,208	-	-	855,208
Due from other funds	774,722	37,352	3,019	-	815,093
Prepays	-	-	-	-	-
Inventory	170,924	32,559	-	79,576	283,059
Total current assets	<u>3,182,883</u>	<u>1,453,147</u>	<u>60,963</u>	<u>631,858</u>	<u>5,328,851</u>
Noncurrent assets					
Capital assets, non-depreciable	232,267	3,271,489	11,416	233,512	3,748,684
Capital assets, net	5,400,674	2,938,614	1,174,241	26,875	9,540,404
Total noncurrent assets	<u>5,632,941</u>	<u>6,210,103</u>	<u>1,185,657</u>	<u>260,387</u>	<u>13,289,088</u>
Total assets	<u>8,815,824</u>	<u>7,663,250</u>	<u>1,246,620</u>	<u>892,245</u>	<u>18,617,939</u>
Deferred outflows of resources					
Deferred outflows - pension	213,557	152,459	109,319	4,286	479,621
Total assets and deferred outflows	<u>\$ 9,029,381</u>	<u>\$ 7,815,709</u>	<u>\$ 1,355,939</u>	<u>\$ 896,531</u>	<u>\$ 19,097,560</u>
Liabilities					
Current liabilities					
Accounts payable	\$ 262,265	\$ 183,367	\$ 60,013	\$ 4,090	\$ 509,735
Unearned revenue	230,142	-	-	-	230,142
Due to other funds	36,334	872,025	406,631	443	1,315,433
Compensated absences	23,656	2,356	9,417	2,737	38,166
Liabilities payable from restricted assets					
Accrued interest	-	354	-	-	354
Loan payable, current	-	58,529	-	-	58,529
Customer deposits payable	140,995	39,313	10,776	-	191,084
Total current liabilities	<u>693,392</u>	<u>1,155,944</u>	<u>486,837</u>	<u>7,270</u>	<u>2,343,443</u>
Noncurrent liabilities					
Compensated absences	29,076	-	25,013	2,771	56,860
Advances from other funds	-	-	447,639	-	447,639
Net pension liability	759,531	542,231	388,802	15,243	1,705,807
Loan payable, net of current portion	-	150,100	-	-	150,100
Total non-current liabilities	<u>788,607</u>	<u>692,331</u>	<u>861,454</u>	<u>18,014</u>	<u>2,360,406</u>
Total liabilities	<u>1,481,999</u>	<u>1,848,275</u>	<u>1,348,291</u>	<u>25,284</u>	<u>4,703,849</u>
Deferred inflows of resources					
Deferred inflows - pension	36,306	25,919	18,585	729	81,539
Net position (deficit)					
Net investment in capital assets	5,632,941	6,001,474	1,185,657	260,387	13,080,459
Restricted for					
Cemetery long-term care	-	-	-	228,674	228,674
Debt service	-	130,000	-	-	130,000
Unrestricted	1,878,135	(189,959)	(1,196,594)	381,457	873,039
Total net position (deficit)	<u>7,511,076</u>	<u>5,941,515</u>	<u>(10,937)</u>	<u>870,518</u>	<u>14,312,172</u>
Total liabilities, deferred inflows, and net position	<u>\$ 9,029,381</u>	<u>\$ 7,815,709</u>	<u>\$ 1,355,939</u>	<u>\$ 896,531</u>	<u>\$ 19,097,560</u>

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

TOWN OF LAKE PLACID, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Enterprise Funds				Total
	Water	Wastewater	Sanitation	Cemetery (Nonmajor)	
Operating revenues					
Charges for services	\$ 1,574,723	\$ 1,016,593	\$ 823,590	\$ -	\$ 3,414,906
Sale of cemetery plots and mausoleum spaces	-	-	-	48,400	48,400
Miscellaneous	19,530	1,392	53	74,470	95,445
Total operating revenues	<u>1,594,253</u>	<u>1,017,985</u>	<u>823,643</u>	<u>122,870</u>	<u>3,558,751</u>
Operating expenses					
Personal services	838,289	567,344	498,441	20,893	1,924,967
Administrative	35,929	13,949	5,190	624	55,692
Utilities	114,061	101,339	3,027	4,916	223,343
Landfill fees	-	-	197,786	-	197,786
Repairs and maintenance	307,089	219,771	100,534	7,838	635,232
Supplies	133,768	45,011	68,465	1,502	248,746
Depreciation	365,869	194,862	107,435	2,619	670,785
Insurance	107,156	61,232	22,962	2,551	193,901
Professional	47,925	40,436	6,325	361	95,047
Miscellaneous	17,833	11,464	4,557	2,466	36,320
Total operating expenses	<u>1,967,919</u>	<u>1,255,408</u>	<u>1,014,722</u>	<u>43,770</u>	<u>4,281,819</u>
Operating income (loss)	<u>(373,666)</u>	<u>(237,423)</u>	<u>(191,079)</u>	<u>79,100</u>	<u>(723,068)</u>
Nonoperating revenues (expenses)					
Other nonoperating revenue	-	362,695	-	-	362,695
Investment earnings (loss)	37,068	148	26	2,398	39,640
Gain on disposal of capital assets	18,353	-	-	-	18,353
Interest expense	-	(4,310)	-	-	(4,310)
Total nonoperating revenues (expenses)	<u>55,421</u>	<u>358,533</u>	<u>26</u>	<u>2,398</u>	<u>416,378</u>
Income (loss) before transfers	(318,245)	121,110	(191,053)	81,498	(306,690)
Capital contributions	-	2,533,984	-	-	2,533,984
Transfers in	61,211	283,523	336,503	-	681,237
Transfers out	<u>(365,503)</u>	<u>(512,000)</u>	<u>(6,000)</u>	<u>(2,000)</u>	<u>(885,503)</u>
Changes in net position	<u>(622,537)</u>	<u>2,426,617</u>	<u>139,450</u>	<u>79,498</u>	<u>2,023,028</u>
Total net position (deficit), beginning of year	8,133,613	3,514,898	(150,387)	791,020	12,289,144
Total net position (deficit), end of year	<u>\$ 7,511,076</u>	<u>\$ 5,941,515</u>	<u>\$ (10,937)</u>	<u>\$ 870,518</u>	<u>\$ 14,312,172</u>

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

TOWN OF LAKE PLACID, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Enterprise Funds				Total
	Water	Wastewater	Sanitation	Cemetery (Nonmajor)	
Cash flows from operating activities					
Cash received from customers	\$ 1,030,003	\$ 1,516,260	\$ 1,071,408	\$ 123,313	\$ 3,740,984
Cash paid to suppliers for goods and services	(627,448)	(1,020,195)	(399,269)	(20,507)	(2,067,419)
Cash paid to employees for services and benefits	(758,073)	(433,716)	(446,397)	(15,611)	(1,653,797)
Net cash provided (used) by operating activities	<u>(355,518)</u>	<u>62,349</u>	<u>225,742</u>	<u>87,195</u>	<u>19,768</u>
Cash flows from noncapital financing activities					
Transfer to other funds	(365,503)	(512,000)	(6,000)	(2,000)	(885,503)
Transfer from other funds	61,211	283,523	336,503	-	681,237
Cash received from perpetual care fees	-	-	-	-	-
Cash received from other nonoperating revenue	-	362,695	-	-	362,695
Net cash provided (used) by noncapital financing activities	<u>(304,292)</u>	<u>134,218</u>	<u>330,503</u>	<u>(2,000)</u>	<u>158,429</u>
Cash flows from capital and related financing activities					
Acquisition and construction of capital assets	(329,587)	(2,695,658)	(578,546)	(8)	(3,603,799)
Cash received from sale of capital assets	24,340	-	-	-	24,340
Principal paid on notes payable	-	(123,347)	-	-	(123,347)
Interest paid	-	(4,708)	-	-	(4,708)
Capital contributions	-	2,533,984	-	-	2,533,984
Cash paid on interfund loans payable	-	-	(39,355)	-	(39,355)
Cash received from issuance of loans payable	-	-	-	-	-
Net cash used in capital and related financing activities	<u>(305,247)</u>	<u>(289,729)</u>	<u>(617,901)</u>	<u>(8)</u>	<u>(1,212,885)</u>
Cash flows from investing activities					
Investment earnings	37,068	148	26	2,398	39,640
Net cash provided by investing activities	<u>37,068</u>	<u>148</u>	<u>26</u>	<u>2,398</u>	<u>39,640</u>
Net change in cash and cash equivalents	(927,989)	(93,014)	(61,630)	87,585	(995,048)
Cash and cash equivalents, beginning of year	2,978,396	495,495	72,406	463,297	4,009,594
Cash and cash equivalents, end of year	<u>\$ 2,050,407</u>	<u>\$ 402,481</u>	<u>\$ 10,776</u>	<u>\$ 550,882</u>	<u>\$ 3,014,546</u>
Cash and cash equivalents classified as					
Cash and cash equivalents	\$ 1,909,412	\$ 232,814	\$ -	\$ 322,208	\$ 2,464,434
Restricted cash and cash equivalents	140,995	169,667	10,776	228,674	550,112
Total cash and cash equivalents	<u>\$ 2,050,407</u>	<u>\$ 402,481</u>	<u>\$ 10,776</u>	<u>\$ 550,882</u>	<u>\$ 3,014,546</u>

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

(Continued)

TOWN OF LAKE PLACID, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Enterprise Funds				
	Water	Wastewater	Sanitation	Cemetery (Nonmajor)	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities					
Operating income (loss)	\$ (373,666)	\$ (237,423)	\$ (191,079)	\$ 79,100	\$ (723,068)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	365,869	194,862	107,435	2,619	670,785
Change in operating assets and liabilities:					
(Increase) decrease in assets:					
Accounts receivable	(36,414)	(28,552)	(4,423)	-	(69,389)
Due from other funds	(540,346)	-	(3,019)	-	(543,365)
Prepays	-	(631,109)	-	-	(631,109)
Inventory	(104,821)	(18,551)	-	(580)	(123,952)
Deferred outflows - pension	(4,459)	(39,299)	(4,954)	(112)	(48,824)
Increase (decrease) in liabilities:					
Accounts payable	212,401	122,667	9,577	331	344,976
Due to other funds	28,733	525,407	263,903	443	818,486
Compensated absences payable	20,393	680	14,742	4,026	39,841
Customer deposits payable	12,510	1,420	(8,696)	-	5,234
Deferred inflows - pension	(17,121)	(2,995)	(8,081)	(338)	(28,535)
Net pension liability	81,403	175,242	50,337	1,706	308,688
Net cash provided (used) by operating activities	<u>\$ (355,518)</u>	<u>\$ 62,349</u>	<u>\$ 225,742</u>	<u>\$ 87,195</u>	<u>\$ 19,768</u>

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

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TOWN OF LAKE PLACID, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the presentation of the financial report of the Town of Lake Placid, Florida (the "Town"), conform to generally accepted accounting principles (GAAP) as applicable to governmental units. This report, the accounting systems, and classification of accounts conform to standards of the Governmental Accounting Standards Board (GASB).

The following summary of the Town's significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

A. Reporting entity – The Town is a municipality of the State of Florida and is located in Highlands County, Florida. In addition to the public safety, recreation and general government services provided to its approximately 2,600 residents, the Town operates water, wastewater, sanitation, and cemetery enterprises. The Town is governed by an elected mayor and four-member council.

The financial statements of the Town have been prepared in conformity with Accounting Principles Generally Accepted (GAAP) in the United States of America as applied to governmental units. The more significant of the Town's accounting policies are described below.

In evaluating the Town as a reporting entity, management has included all component units in accordance with GASB statements. The financial reporting entity consists of the Town (the primary government), and its blended component unit. The blended component unit is a legally separate organization for which the Town is financially accountable. The component unit discussed below is included in the Town's reporting entity.

The following component unit is blended with the primary government for financial statement purposes because the component unit's governing body is substantially the same as the Town Council or because the component unit exclusively serves the Town.

Community Redevelopment Agency (the "CRA")

The CRA was created in 2017 under Local Ordinance 2017-762 and under Section 163.360, Florida Statutes. Its sole purpose is to eliminate and prevent conditions of slum and blight by funding eligible infrastructure projects such as: new sidewalks and sidewalk improvements; roadwork including repaving and new roads; traffic calming; storm water improvements; street lighting and other street improvements; water and wastewater collection and treatment system improvements, and other CRA-identified infrastructure. The CRA is governed by a Board, all of whom are members of the Town Council. The CRA is a blended component unit and is reported as a major governmental fund.

B. Basic financial statements – The government-wide and fund financial statements, along with the notes to the financial statements, comprise the basic financial statements. The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between the Town's water, wastewater and sanitation functions and various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

TOWN OF LAKE PLACID, FLORIDA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Statement of Net Position presents information on all of the Town's assets, deferred outflows, liabilities, and deferred inflows with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

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

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

C. Measurement focus, basis of accounting and financial statement presentation – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund 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 Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for federal, state and other grant resources, revenue is recognized at the time the expenditure is made. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Taxes, licenses and permits, intergovernmental revenue, charges for services and investment earnings 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.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses, and balance of current financial resources.

TOWN OF LAKE PLACID, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Town has presented the following governmental funds:

Major Governmental Funds

The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Resources are generated primarily from local property and utility service taxes, franchises, licenses and permits, and intergovernmental revenue.

The *Community Redevelopment Fund* accounts for various redevelopment projects that are funded by the Community Redevelopment Agency. Financial resources come from the Town of Lake Placid.

The *Infrastructure Fund* is also considered a major fund. It accounts for the voted one cent local option sales surtax. The proceeds for this surtax may only be expended on capital assets specified by statutes.

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determination of operating income and changes in net position, financial position and cash flow. All assets and liabilities are included on the Statement of Net Position. The Town's proprietary funds are all classified as enterprise funds. The Town has presented the following major proprietary funds:

Major Proprietary Funds

The *Water Fund* accounts for the operation of the Town's water and reuse services to customers.

The *Wastewater Fund* accounts for the operations of the Town's wastewater service to customers.

The *Sanitation Fund* accounts for the operations of the Town's garbage service.

Additionally, the Town reports the following nonmajor funds:

The *Grant Fund* accounts for the specific receipt and expenditure of large Town grants affecting governmental operations.

The *Cemetery Fund* accounts for the operations and maintenance of the Town's cemetery.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets and amortization of intangible assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

TOWN OF LAKE PLACID, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets and budgetary accounting – Annual appropriated budgets are adopted for all funds. The legally adopted budgets are prepared on a basis consistent with GAAP.

The Town's procedures in establishing the budgetary data reflected in the financial statements generally are as follows:

Enterprise Funds – The Town adopts an operating budget on a modified accrual basis which is not the same basis of accounting as that used to account for the actual results of operations (accrual basis). The primary differences between the budgetary basis and the basis used to account for the results of operation are that the Town budgets capital outlays and debt service transfers, which includes principal payments. Additionally, the Town does not budget depreciation expense.

The level of budgetary control is at the function level due to the Town Council's required approval of budget transfers among expenditure/expense categories.

Unexpended budgetary appropriations lapse at year-end. The Town utilizes purchase orders in the purchasing process to document the proper authorization of expenditure/expense and monitors year to date expenditure/expense on a monthly basis to avoid over-expenditures of the budget, but does not use formal encumbrance accounting.

The budgets are integrated into the accounting system, and the budgetary data, as presented in these financial statements for all funds with annual budgets, compare the expenditures with the final amended budgets. All budgets are presented on the modified accrual basis of accounting. Accordingly, the budgetary comparison schedule for the General Fund, and Infrastructure Fund presents actual expenditures in accordance with GAAP in the United States of America on a basis consistent with the legally adopted budgets as amended.

E. Cash and cash equivalents – Cash and cash equivalents are defined as short-term highly liquid investments that are both readily convertible to known amounts of cash and have an original maturity of three months or less. The cash and cash equivalents presented on the Statement of Cash Flows–Proprietary Funds are composed of restricted and unrestricted cash and cash equivalents.

F. Interfund transactions – During the course of operations, transactions occur between individual funds for certain operating expenses or services rendered. Short-term interfund loans are classified as "due to/from other funds." All short-term interfund receivables and payables are planned to be eliminated shortly after year-end. Any balances outstanding between governmental activities and business-type activities for due to/from are reported in the government-wide financial statements as internal balances. Long-term interfund loans are classified as advances.

G. Inventories – In the Water Fund and Wastewater Fund, inventories are valued at cost and are recorded as they are used (consumption method). Cost is determined on a weighted average method. In the Cemetery Fund, inventory includes costs incurred to construct a mausoleum at the Town's Cemetery. These costs will be recognized as a reduction to proceeds as the sale of spaces and niches takes place.

TOWN OF LAKE PLACID, FLORIDA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Prepaid items – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. A prepaid expense/expenditure is recognized when a cash expense/expenditure is made for goods or services that were purchased for consumption but not consumed as of September 30.

I. Restricted assets – Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Restricted assets in the proprietary funds consist of customer deposits, Wastewater loan reserve and debt service accounts, and a Cemetery Perpetual Care Fund. Customer deposits are used to ensure against nonpayment of billings and/or property damage. The deposits remain the property of the customers and therefore, are considered not available for current operations.

J. Capital assets – Capital assets, which include property, plant and equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost. Where cost could not be determined from the available records, estimated historical costs were used to record the estimated value of the assets. Assets acquired by gift or bequests are recorded at their acquisition value at the date of transfer.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	10 – 40
Improvements	5 – 40
Infrastructure	20 – 40
Equipment	3 – 15

K. Long-term obligations – In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. In the fund financial statements, governmental fund types recognize premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued and premiums received are reported as other financing sources. Discounts on debt issuances are reported as other financing uses. Issuance costs whether or not withheld from the actual debt proceeds received, are reported as expenditures.

TOWN OF LAKE PLACID, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-term debt and other obligations financed are reported as liabilities in the applicable governmental activities and business-type activities. Loan issuance costs are expensed when incurred.

L. Compensated absences – Vacation leave begins accumulating on the employee's date of hire. However, the employee is not eligible to use vacation benefits until after six months of employment. Vacation leave is earned each pay period based on the length of service. Upon voluntary separation of service, employees with up to five years of service will receive payment for up to but not more than 15 days. Employees with six to 15 years of service will receive payment for up to but not more than 20 days. Employees with 16 years or more of service will receive payment for up to but not more than 25 days. In addition, department heads shall be allowed to receive payment for an additional eight days of accrued time.

Sick leave accumulates at the rate of one sick day (eight hours) per month for all employees. However, new hires must be employed for three months before they can utilize sick time that has been accrued. Sick leave accrued shall not exceed a maximum of 960 hours. Upon separation of service, employees with ten years of service will receive payment for up to but not more than 60 days. Employees with 20 years or more of service will receive payment for up to but not more than 90 days.

A liability has been recorded at September 30, 2023 for unused vacation and vested sick leave. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

M. Fund balance/net position – Fund equity at the governmental fund financial reporting level is classified as “fund balance.” Fund equity for all other reporting is classified as “net position.”

Government-wide and proprietary fund net position are divided into three categories:

Net investment in capital assets—consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding and was used to finance those assets.

Restricted net position—consist of amounts constrained to specific purposes by their providers (such as grantors, bondholders, higher levels of government, and contributors), through constitutional provisions by enabling legislation or contributor restrictions.

Unrestricted – all other net position is reported in this category.

Fund balance – Generally, fund balance represents the difference between current assets and current liabilities. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

Nonspendable – Fund balances are reported as nonspendable when amounts cannot be spent because they are either: (1) not in spendable form (i.e. items that are not expected to be converted to cash such as inventory and prepaid items), or (2) legally or contractually required to be maintained intact.

TOWN OF LAKE PLACID, FLORIDA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted – Fund balances are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the Town Council through the adoption of a resolution or ordinance. Only the Town Council may modify or rescind the commitment. These self-imposed limitations must be set in place prior to the end of the fiscal year.

Assigned – Fund balances are reported as assigned when amounts are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed. Intent is stipulated by the Town Council or an official for whom that authority has been given by Town Council. With the exception of the General Fund, amounts in all other governmental funds that are not *nonspendable, restricted, or committed* will be considered to be *assigned*. Also, at fiscal year-end, any appropriation of existing fund balance to eliminate a projected budgetary deficit in the next year's budget is considered to be an assignment of fund balance.

Unassigned – Fund balances reported as unassigned are the residual amount of balances that do not meet any of the above criterion. The Town reports positive unassigned fund balance only in the General Fund. Negative unassigned fund balances may be reported in other funds.

Net position – Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

N. Property taxes – Ad valorem taxes for the current fiscal year (beginning October 1, 2022) are assessed on July 1, 2022 based on property values as of January 1, 2022. The taxes are billed in the month of November 2022, by the Highlands County Tax Collector who remits collected taxes to the Town monthly. Taxes are due November 1, 2022 and become delinquent April 1, 2023. Tax certificates are sold for delinquent taxes by June 1, 2023. Generally, the Town collects substantially all of its current year property taxes during the year in which they are due. No accrual for the property tax levy becoming due in November 2023 is included in the accompanying financial statements since such taxes were levied to finance expenditures of the next fiscal year.

O. Use of estimates – The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

TOWN OF LAKE PLACID, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Deferred outflows/inflows of resources – The Town has deferred inflows and deferred outflows related to the recording of changes in its net pension liability. Certain changes in the net pension liability are recognized as pension expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the Town’s actuary which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service life of plan members. Changes in actuarial assumptions which adjust the net pension liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining lives of plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five year period. The changes in proportion and differences between Town contributions and proportionate share of contributions are also deferred and amortized against pension expense over a five year period. Additionally, any contributions made by the Town to the pension plan before year-end but subsequent to the measurement date of the Town’s net pension liability are reported as deferred outflows of resources.

Q. Pension – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Town’s FRS plan and additions to/deductions from this plan’s fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 2. DEPOSITS AND INVESTMENTS

Cash and cash equivalents at September 30, 2023 consist of the following:

	<u>Governmental</u>	<u>Business-Type</u>
Unrestricted		
Petty cash and change funds	\$ 100	\$ 500
Demand deposits	6,350,786	2,463,934
Certificates of deposit	61,438	-
Total unrestricted cash	6,412,324	2,464,434
Restricted		
Demand deposits	-	550,112
Total restricted cash	-	550,112
Total cash and cash equivalents	\$ 6,412,324	\$ 3,014,546

Deposits – Custodial Credit Risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. At year-end, all deposits were entirely insured by federal depository insurance or guaranteed by qualified public depositories in Florida pursuant to Chapter 280.07, Florida Statutes. Other than the preceding, the Town has no formal policy on custodial credit risk.

TOWN OF LAKE PLACID, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)

Investments – Florida Statutes authorize the Town to invest in direct obligations of the U.S. Treasury, Florida State Board of Administration (SBA) Local Government Surplus Funds Trust Fund ("Florida PRIME"), savings accounts or certificates of deposit in qualified public depositories, and SEC registered money market funds. As of September 30, 2023, the Town was invested in only certificates of deposit.

NOTE 3. RECEIVABLES

Receivables at September 30, 2023 consist of the following:

	<u>General Fund</u>	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Sanitation Fund</u>	<u>Cemetery Fund</u>	<u>Total</u>
Receivables						
Accounts	\$ 22,898	\$ 195,383	\$ 128,782	\$ 48,782	\$ 1,400	\$ 397,245
Franchise fees	27,764	-	-	-	-	27,764
Taxes	41,873	-	-	-	-	41,873
Less allowance for uncollectible receivables	-	(8,553)	(3,235)	(1,614)	-	(13,402)
	<u>\$ 92,535</u>	<u>\$ 186,830</u>	<u>\$ 125,547</u>	<u>\$ 47,168</u>	<u>\$ 1,400</u>	<u>\$ 453,480</u>

The following is a summary of the amounts due from other governments at September 30, 2023 which are considered fully collectible:

	<u>Governmental Activities</u>	<u>Business-Type Activities/Sewer Fund</u>
State of Florida	\$ 54,124	\$ 855,208
Total	<u>\$ 54,124</u>	<u>\$ 855,208</u>

NOTE 4. INTERFUND TRANSACTIONS

At September 30, 2023, the Town had the following due to/from and advances to/from other funds:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
Major governmental funds		
General Fund	\$ 397,741	\$ 44,681
Community Redevelopment Fund	33,931	-
Infrastructure Fund	455,370	-
Non-major governmental fund		
Grant Fund	224,099	118,481
Major enterprise funds		
Water Fund	774,722	36,334
Wastewater Fund	37,352	872,025
Sanitation Fund	3,019	854,270
Non-major enterprise fund		
Cemetery Fund	-	443
Totals	<u>\$ 1,926,234</u>	<u>\$ 1,926,234</u>

TOWN OF LAKE PLACID, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 4. INTERFUND TRANSACTIONS (CONTINUED)

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. The balances result from the time lag between the dates that interfund goods or services are provided, transactions are recorded in the accounting system, and the payments between funds are made. Included in the balances above is an advance of \$447,639 from the Infrastructure Fund to the Sanitation Fund.

Interfund transfers for the year ended September 30, 2023 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major governmental funds		
General Fund	\$ 84,473	\$ -
Infrastructure Fund	-	35,473
Grant Fund	155,266	-
Major enterprise funds		
Water Fund	61,211	365,503
Wastewater Fund	283,523	512,000
Sanitation Fund	336,503	6,000
Non-major enterprise fund		
Cemetery Fund	-	2,000
Totals	<u>\$ 920,976</u>	<u>\$ 920,976</u>

Transfers between funds are primarily due to the following:

1. Transfers from the Wastewater Fund to the Water Fund represent monthly service fees and funding of capital improvements.
2. Transfers from the Water Fund, Wastewater Fund, Sanitation Fund, and Cemetery Fund to the General Fund represent the amounts budgeted for operations of general government activities.
3. Transfer from the Infrastructure Fund to the General Fund for Capital Improvements.
4. Transfer from the General Fund to the Community Redevelopment Fund for operations.

TOWN OF LAKE PLACID, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 5. CAPITAL ASSETS

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

	Balance October 1	Increases	Transfers	Decreases	Balance September 30
Governmental Activities					
Capital assets, not being depreciated					
Land	\$ 691,733	\$ -	\$ -	\$ -	\$ 691,733
Total capital assets, not being depreciated	<u>691,733</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>691,733</u>
Capital assets, being depreciated					
Buildings	979,320	18,000	-	-	997,320
Improvements	3,689,916	49,720	-	-	3,739,636
Equipment	1,497,806	196,155	-	-	1,693,961
Infrastructure	1,638,716	-	-	-	1,638,716
Total capital assets, being depreciated	<u>7,805,758</u>	<u>263,875</u>	<u>-</u>	<u>-</u>	<u>8,069,633</u>
Less accumulated depreciation for					
Buildings	(347,317)	(41,246)	-	-	(388,563)
Improvements	(2,382,497)	(134,610)	-	-	(2,517,107)
Equipment	(1,112,282)	(118,521)	-	-	(1,230,803)
Infrastructure	(428,049)	(74,704)	-	-	(502,753)
Total accumulated depreciation	<u>(4,270,145)</u>	<u>(369,081)</u>	<u>-</u>	<u>-</u>	<u>(4,639,226)</u>
Total capital assets, being depreciated, net	<u>3,535,613</u>	<u>(105,206)</u>	<u>-</u>	<u>-</u>	<u>3,430,407</u>
Governmental activities capital assets, net	<u>\$ 4,227,346</u>	<u>\$ (105,206)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,122,140</u>
Business-Type Activities					
Capital assets, not being depreciated					
Land	\$ 923,199	\$ 205,477	\$ -	\$ -	\$ 1,128,676
Construction in progress	228,739	2,391,269	-	-	2,620,008
Total capital assets, not being depreciated	<u>1,151,938</u>	<u>2,596,746</u>	<u>-</u>	<u>-</u>	<u>3,748,684</u>
Capital assets, being depreciated					
Buildings	894,517	-	-	-	894,517
Improvements	14,989,997	125,342	-	-	15,115,339
Equipment	2,764,266	875,724	-	(49,069)	3,590,921
Total capital assets, being depreciated	<u>18,648,780</u>	<u>1,001,066</u>	<u>-</u>	<u>(49,069)</u>	<u>19,600,777</u>
Less accumulated depreciation for					
Buildings	(251,405)	(39,345)	-	-	(290,750)
Improvements	(7,435,153)	(437,362)	-	-	(7,872,515)
Equipment	(1,752,099)	(194,078)	-	49,069	(1,897,108)
Total accumulated depreciation	<u>(9,438,657)</u>	<u>(670,785)</u>	<u>-</u>	<u>49,069</u>	<u>(10,060,373)</u>
Total capital assets, being depreciated, net	<u>9,210,123</u>	<u>330,281</u>	<u>-</u>	<u>-</u>	<u>9,540,404</u>
Business-type activities capital assets, net	<u>\$ 10,362,061</u>	<u>\$ 2,927,027</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,289,088</u>

TOWN OF LAKE PLACID, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 5. CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs as follows:

Governmental Activities

General government	\$ 42,415
Public safety	52,650
Transportation	142,901
Culture/recreation	131,115
Total depreciation expense, governmental activities	\$ 369,081

Business-Type Activities

Water	\$ 365,869
Wastewater	194,862
Sanitation	107,435
Cemetery	2,619
Total depreciation expense, business-type activities	\$ 670,785

NOTE 6. RESTRICTED ASSETS

The balances of the restricted cash and cash equivalents at September 30, 2023 are as follows:

Enterprise funds

Customer deposits

Water Fund	\$ 140,995
Wastewater Fund	39,313
Sanitation Fund	10,776

Wastewater Fund

Loan debt reserve and debt service accounts	130,354
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Cemetery Fund

Perpetual Care Fund	228,674
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Total enterprise funds restricted assets	\$ 550,112
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TOWN OF LAKE PLACID, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 7. LONG-TERM LIABILITIES

A. Changes in Long-Term Obligations for the year ended September 30, 2023 are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental activities					
Net pension liability	\$ 1,500,852	\$ 1,146,550	\$ (694,475)	\$ 1,952,927	\$ -
Compensated absences	166,835	89,454	(55,395)	200,894	60,934
Total governmental activities	<u>\$ 1,667,687</u>	<u>\$ 1,236,004</u>	<u>\$ (749,870)</u>	<u>\$ 2,153,821</u>	<u>\$ 60,934</u>
Business-type activities					
Direct Borrowing:					
Loans payable	\$ 331,976	\$ -	\$ (123,347)	\$ 208,629	\$ 58,529
Net pension liability	1,397,119	1,001,467	(692,779)	1,705,807	-
Compensated absences	55,185	79,474	(39,633)	95,026	38,166
Total business-type activities	<u>\$ 1,784,280</u>	<u>\$ 1,080,941</u>	<u>\$ (855,759)</u>	<u>\$ 2,009,462</u>	<u>\$ 96,695</u>

For governmental activities, compensated absences and the net pension liability are liquidated by the General Fund. For business-type activities, compensated absences are liquidated by the Water, Wastewater and Sanitation Funds. For business-type activities, the net pension liability is liquidated by the Water, Wastewater, Sanitation, and Cemetery Funds.

B. Loan Covenants

The loan agreements with the State Department of Environmental Protection provide for:

- The Town to maintain rates and charges for the services furnished by the water and wastewater system to provide pledged revenue at least equal to 1.15 times the sum of payments due in such fiscal year. During 2023, the Town's coverage ratio was 4.50.
- The Town to maintain a loan debt service account where six monthly deposits are made. The first five monthly deposits are one-sixth of the semi-annual loan payment and the sixth monthly deposit is equal to at least the amount required to make the total on deposit in the account equal to the semiannual loan payment.
- The Town to deposit and maintain in the loan repayment reserve account an amount specified in the loan agreements. This account can only be used by the Town to cure a temporary and unexpected deficiency in any semiannual loan payment.

TOWN OF LAKE PLACID, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 7. LONG-TERM LIABILITIES (CONTINUED)

C. Loans Payable

Loans payable at September 30, 2023 were as follows:

Business-Type Activities

Loan payable, \$135,810 at 1.46% and \$890,390 at 1.46%; from the State of Florida, Department of Environmental Protection's State Revolving Loan Program; semi-annual payments of \$30,681 beginning August 15, 2007 through 2027; secured by a pledge of net revenues of the water and wastewater system.

Total loans payable

208,629	
\$ 208,629	

Debt Service Requirements to Maturity

Fiscal Year Payable	Business-Type Activities - Direct Borrowings		
	Principal	Interest	Total
2024	\$ 58,529	\$ 2,834	\$ 61,363
2025	59,386	1,976	61,362
2026	60,256	1,106	61,362
2027	30,458	222	30,680
	\$ 208,629	\$ 6,138	\$ 214,767

Total interest expense incurred for business-type activities amounted to \$4,310 for the year ended September 30, 2023.

NOTE 8. PENSION PLAN

Florida Retirement System (FRS)

General Information – All of the Town’s full-time and part-time employees working in a regularly established position participate in the Florida Retirement System (FRS). As provided by Chapters 121 and 112, Florida Statutes, the FRS provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan (“Pension Plan”) and the Retiree Health Insurance Subsidy (“HIS Plan”). Under Section 121.4501, Florida Statutes, the FRS also provides a defined contribution plan (“Investment Plan”) alternative to the FRS Pension Plan, which is administered by the State Board of Administration (“SBA”). As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating Town or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, Florida Statutes, and Chapter 60S, *Florida Administrative Code*. Amendments to the law can be made only by an act of the Florida State Legislature.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or from the website: www.dms.myflorida.com/workforce_operations/retirement/publications.

TOWN OF LAKE PLACID, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 8. PENSION PLAN (CONTINUED)

Pension Plan

Plan Description – The Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (“DROP”) for eligible employees.

Benefits Provided – Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Special Risk Administrative Support class members who retire at or after age 55 with at least six years of credited service or 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Special Risk class members (sworn law enforcement officers, firefighters, and correctional officers) who retire at or after age 55 with at least six years of credited service, or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% of their final average compensation based on the five highest years of salary for each year of credited service. Senior Management Service class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation based on the five highest years of salary for each year of credited service. Elected Officers’ class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% (3.33% for judges and justices) of their final average compensation based on the five highest years of salary for each year of credited service.

For Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age, for Regular, Senior Management Service, and Elected Officers’ class members, and to age 60 or 30 years of service regardless of age for Special Risk and Special Risk Administrative Support class members. Also, the final average compensation for all these members will be based on the eight highest years of salary.

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. Plan members initially enrolled on or after July 1, 2011 will not have a cost-of-living adjustment after retirement.

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

TOWN OF LAKE PLACID, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 8. PENSION PLAN (CONTINUED)

Contributions – The contribution requirements of plan members and the employer are established and may be amended by the Florida Legislature. Employees are required to contribute 3% of their salary to FRS. The employer’s contribution rates for the period October 1, 2022 through June 30, 2023 and July 1, 2023 through September 30, 2023 were as follows: Regular Class 11.91% and 13.57%, Senior Management 31.57% and 34.52%, Special Risk Employee Class 27.83% and 32.67%, Elected Officials 57.00% and 58.68%, and DROP Participants 18.60% and 21.13%.

The Town’s contributions to the Pension Plan totaled \$341,274 for the fiscal year ended September 30, 2023.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2023, the Town reported a liability of \$2,812,894 for its proportionate share of the Pension Plan’s net pension liability. 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 July 1, 2023. The Town’s proportionate share of the net pension liability was based on the Town’s 2022-2023 fiscal year contributions relative to the 2021-2022 fiscal year contributions of all participating members. At June 30, 2023, the Town's proportionate share was 0.007059%, which was an increase of 0.000706% from its proportionate share measured as of June 30, 2022.

For the fiscal year ended September 30, 2023, the Town recognized a pension expense of \$616,319. In addition, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 264,106	\$ -
Change of assumptions	183,368	-
Net difference between projected and actual earnings on Pension Plan investments	117,474	-
Changes in proportion and differences between Town Pension Plan contributions and proportionate share of contributions	259,614	90,329
Town Pension Plan contributions subsequent to the measurement date	85,841	-
Total	<u>\$ 910,403</u>	<u>\$ 90,329</u>

TOWN OF LAKE PLACID, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 8. PENSION PLAN (CONTINUED)

The deferred outflows of resources related to the Pension Plan, totaling \$85,841 resulting from Town contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30:	Amount
2024	\$ 100,067
2025	(39,646)
2026	600,445
2027	57,037
2028	16,330
	\$ 734,233

Actuarial Assumptions – The total pension liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumption, applied to all period included in the measurement:

Inflation	2.40 %
Salary increases	3.25%, average, including inflation.
Investment rate of return	6.70%, net of pension plan investment expense, including inflation

Mortality rates were based on the PUB-2010 base table, which varies by member category and sex, projected generationally with Scale MP-2018.

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

The long-term expected rate of return on Pension Plan investments is not based on historical returns, but instead is based on a forward-looking capital market economic model. 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. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the table on the following page.

TOWN OF LAKE PLACID, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 8. PENSION PLAN (CONTINUED)

<u>Asset Class</u>	<u>Target Allocation ⁽¹⁾</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.00%	2.90%	2.90%	1.10%
Fixed income	19.80%	4.50%	4.40%	3.40%
Global equity	54.00%	8.70%	7.10%	18.10%
Real estate (property)	10.30%	7.60%	6.60%	14.80%
Private equity	11.10%	11.90%	8.80%	26.30%
Strategic investments	3.80%	6.30%	6.10%	7.70%
Total	<u>100.00%</u>			
Assumed inflation - mean			2.40%	1.40%

⁽¹⁾ As outlined in the Pension Plan's investment policy.

Discount Rate – The discount rate used to measure the total pension liability was 6.70%. The Pension 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 calculation the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the Town's Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.70%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.70%) or one percentage point higher (7.70%) than the current rate:

	<u>1% Decrease (5.70%)</u>	<u>Current Discount Rate (6.70%)</u>	<u>1% Increase (7.70%)</u>
Town's proportionate share of the net pension liability	\$ 4,804,996	\$ 2,812,894	\$ 1,146,263

Pension Plan Fiduciary Net Position – Detailed information regarding the Pension Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Annual Comprehensive Financial Report.

Payables to the Pension Plan – At September 30, 2022, the Town reported a payable in the amount of \$21,882 for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2023.

TOWN OF LAKE PLACID, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 8. PENSION PLAN (CONTINUED)

HIS Plan

Plan Description – The HIS Plan is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida legislature at any time. The benefit is a monthly payment to assist retirees of state-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided – For the fiscal year ended September 30, 2021, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions – The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2022, the HIS contribution for the period October 1, 2022 through September 30, 2023 was 1.66%. The Town contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contribution are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The Town's contributions, including employee contributions, to the HIS Plan totaled \$36,418 for the fiscal year ended September 30, 2023.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2023, the Town reported a liability of \$845,840 for its proportionate share of the HIS Plan's net pension liability. 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 July 1, 2023. The Town's proportionate share of the net pension liability was based on the Town's 2022-2023 fiscal year contributions relative to the 2021-2022 fiscal year contributions of all participating members. At June 30, 2023, the Town's proportionate share was 0.005326%, which was a decrease of 0.000522% from its proportionate share measured as of June 30, 2022.

TOWN OF LAKE PLACID, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 8. PENSION PLAN (CONTINUED)

For the fiscal year ended September 30, 2023, the Town recognized pension expense of \$333,560. In addition the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 12,383	\$ 1,985
Change of assumptions	22,237	73,295
Net difference between projected and actual earnings on HIS Plan investments	437	-
Changes in proportion and differences between Town HIS Plan contributions and proportionate share of contributions	73,475	9,281
Town HIS Plan contributions subsequent to the measurement date	9,791	-
Total	\$ 118,323	\$ 84,561

The deferred outflows of resources related to the HIS Plan, totaling \$9,791 resulting from Town contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

Fiscal Year Ending	Amount
September 30:	
2024	\$ 4,188
2025	2,539
2026	4,225
2027	8,287
2028	4,390
Thereafter	342
	\$ 23,971

Actuarial Assumptions – The total pension liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.25%, average, including inflation
Municipal bond rate	3.65%

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

TOWN OF LAKE PLACID, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 8. PENSION PLAN (CONTINUED)

Discount Rate – The discount rate used to measure the total pension liability was 3.65%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the Town’s Proportionate Share of the Net Position Liability to Changes in the Discount Rate – The following represents the Town’s proportionate share of the net pension liability calculated using the discount rate of 3.65%, as well as what the Town’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.65%) or one percentage point higher (4.65%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	<u>(2.65%)</u>	<u>(3.65%)</u>	<u>(4.65%)</u>
Town's proportionate share of the net pension liability	\$ 964,971	\$ 845,840	\$ 747,088

Pension Plan Fiduciary Net Position – Detailed information regarding the HIS Plan’s fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Annual Comprehensive Financial Report.

Payables to the Pension Plan – At September 30, 2023, the Town reported a payable in the amount of \$0 for outstanding contributions to the HIS Plan required for the fiscal year ended September 30, 2023.

Defined Contribution Plan

Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan (FRS Investment Plan), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class. Required employer contributions made to the plan during the year ended September 30, 2023, totaled \$47,177.

TOWN OF LAKE PLACID, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 9. RISK MANAGEMENT

The Town, in October 1996, entered into an agreement with other political subdivisions to join a local government risk management pool called Public Risk Management of Florida (PRM). PRM was organized to develop and administer a protected self-insured retention program for its member organizations. PRM provides the Town with coverage from risks in the areas of property, automobile, general liability, police professional, workmen's compensation, public officials' liability, and crime. Health insurance, which is provided by the Town to its employees, is purchased from a commercial carrier. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

PRM is a total risk and cost sharing pool for its members. PRM uses specific excess insurance to cover losses above predetermined self-insured retention levels and aggregate excess insurance to protect the loss fund in the event it becomes exhausted. In the event any or all of the reinsurance providers are unable to meet their obligations under existing agreements, PRM would be liable for such defaulted amounts.

Premium payments to PRM are allocated to each fund pro-ratably based upon the fund's share of the cost.

NOTE 10. RELATED PARTY TRANSACTIONS

During the year ended September 30, 2023, the Town paid Royce Supply a total of \$2,678. This vendor is related to Vice-Mayor Royce with no business affiliation.

NOTE 11. COMMITMENTS AND CONTINGENCIES

The Town is subject to various disputes, legal proceedings and labor relation claims which arise in the normal course of its operations. Although the outcome of these issues is not presently determinable, it is the opinion of the Town that the resolution of these matters will not have a material adverse effect to the financial condition of the Town.

NOTE 12. SUBSEQUENT EVENTS

The Town has evaluated all subsequent events through June 28, 2024 the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

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TOWN OF LAKE PLACID, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM PENSION PLAN**

Reporting period ending Measurement date	<u>9/30/2023</u> <u>6/30/2023</u>	<u>9/30/2022</u> <u>6/30/2022</u>	<u>9/30/2021</u> <u>6/30/2021</u>	<u>9/30/2020</u> <u>6/30/2020</u>	<u>9/30/2019</u> <u>6/30/2019</u>
Town's proportion of the FRS net pension liability	0.007059%	0.006353%	0.005848%	0.006325%	0.006566%
Town's proportionate share of the FRS net pension liability	\$ 2,812,894	\$ 2,363,867	\$ 441,767	\$ 2,741,224	\$ 2,261,185
Town's covered payroll	\$ 2,166,521	\$ 1,851,110	\$ 1,644,468	\$ 1,559,896	\$ 1,543,498
Town's proportionate share of the FRS net pension liability as a percentage of its covered payroll	129.83%	127.70%	26.86%	175.73%	146.50%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	82.38%	82.89%	96.40%	78.85%	82.61%
Reporting period ending Measurement date	<u>9/30/2018</u> <u>6/30/2018</u>	<u>9/30/2017</u> <u>6/30/2017</u>	<u>9/30/2016</u> <u>6/30/2016</u>	<u>9/30/2015</u> <u>6/30/2015</u>	<u>9/30/2014</u> <u>6/30/2014</u>
Town's proportion of the FRS net pension liability	0.006424%	0.006202%	0.006554%	0.005998%	0.005665%
Town's proportionate share of the FRS net pension liability	\$ 2,812,894	\$ 1,834,614	\$ 1,654,875	\$ 774,708	\$ 345,627
Town's covered payroll	\$ 1,442,527	\$ 1,392,693	\$ 1,176,658	\$ 1,203,485	\$ 1,355,238
Town's proportionate share of the FRS net pension liability as a percentage of its covered payroll	195.00%	131.73%	140.64%	64.37%	25.50%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	82.38%	83.89%	84.88%	92.00%	96.09%

TOWN OF LAKE PLACID, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM PENSION PLAN**

Reporting period ending	<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>
Contractually required FRS contribution	\$ 341,274	\$ 289,766	\$ 234,584	\$ 213,216	\$ 205,082
FRS contributions in relation to the contractually required FRS contribution	341,274	289,766	234,584	213,216	205,082
FRS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,114,244	\$ 1,916,177	\$ 1,709,338	\$ 1,574,583	\$ 1,548,347
FRS contributions as a percentage of covered payroll	16.14%	15.12%	13.72%	13.54%	13.25%
Reporting period ending	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
Contractually required FRS contribution	\$ 188,197	\$ 161,462	\$ 159,828	\$ 146,234	\$ 124,080
FRS contributions in relation to the contractually required FRS contribution	188,197	161,462	159,828	146,234	124,080
FRS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,812,894	\$ 1,834,614	\$ 1,176,658	\$ 1,203,485	\$ 1,355,238
FRS contributions as a percentage of covered payroll	6.69%	8.80%	13.58%	12.15%	9.16%

TOWN OF LAKE PLACID, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
HEALTH INSURANCE SUBSIDY PENSION PLAN**

Reporting period ending	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019
Measurement date	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019
Town's proportion of the HIS net pension liability	0.005326%	0.005848%	0.004639%	0.004494%	0.004686%
Town's proportionate share of the HIS net pension liability	\$ 845,840	\$ 534,104	\$ 569,057	\$ 548,766	\$ 524,316
Town's covered payroll	\$ 2,166,521	\$ 1,851,110	\$ 1,644,468	\$ 1,559,896	\$ 1,543,498
Town's proportionate share of the HIS net pension liability as a percentage of its covered payroll	39.04%	28.85%	34.60%	35.18%	33.97%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	4.12%	4.81%	3.56%	3.00%	2.63%
		-0.000522%			
Reporting period ending	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Measurement date	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Town's proportion of the HIS net pension liability	0.004620%	0.004369%	0.004439%	0.004221%	0.004165%
Town's proportionate share of the HIS net pension liability	\$ 488,963	\$ 467,197	\$ 517,237	\$ 430,443	\$ 389,423
Town's covered payroll	\$ 1,442,527	\$ 1,392,693	\$ 1,176,658	\$ 1,203,485	\$ 1,355,238
Town's proportionate share of the HIS net pension liability as a percentage of its covered payroll	33.90%	33.55%	43.96%	35.77%	28.73%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	2.15%	1.64%	0.97%	0.50%	1.06%

TOWN OF LAKE PLACID, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
HEALTH INSURANCE SUBSIDY PENSION PLAN**

Reporting period ending	<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>
Contractually required HIS contribution	\$ 36,418	\$ 31,437	\$ 28,381	\$ 26,108	\$ 25,876
HIS contributions in relation to the contractually required HIS contribution	36,418	31,437	28,381	26,108	25,876
HIS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Covered payroll	 \$ 2,114,244	 \$ 1,916,177	 \$ 1,709,338	 \$ 1,574,583	 \$ 1,548,347
HIS contributions as a percentage of covered payroll	1.72%	1.64%	1.66%	1.66%	1.67%
 Reporting period ending	 <u>9/30/2018</u>	 <u>9/30/2017</u>	 <u>9/30/2016</u>	 <u>9/30/2015</u>	 <u>9/30/2014</u>
Contractually required FRS contribution	\$ 25,236	\$ 23,124	\$ 22,752	\$ 16,134	\$ 14,267
FRS contributions in relation to the contractually required FRS contribution	25,236	23,124	22,752	16,134	14,267
FRS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Covered payroll	 \$ 2,812,894	 \$ 467,197	 \$ 1,176,658	 \$ 1,203,485	 \$ 1,355,238
FRS contributions as a percentage of covered payroll	0.90%	4.95%	1.93%	1.34%	1.05%

OTHER REPORTS

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

Honorable Mayor and Members of
the Town Council,
Town of Lake Placid, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lake Placid, Florida (the "Town"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated June 28, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

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

Town of Lake Placid, Florida's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town of Lake Placid, Florida's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Town of Lake Placid, Florida's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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



Bradenton, Florida
June 28, 2024



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE
UNIFORM GUIDANCE**

Honorable Mayor and Members of
the Town Council,
Town of Lake Placid, Florida

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Bradenton, Florida
June 28, 2024

Mauldin & Jenkins, LLC

TOWN OF LAKE PLACID, FLORIDA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Federal Grantor/Pass-through Grantor/Program Title	AL Number	Grantors Number	Expenditures
Federal Expenditures			
U.S. Department of Treasury			
Direct			
Coronavirus State and Local Fiscal Recovery Funds	21.027	Y5164	\$ 385,517
Passed through the State of Florida Department of Environmental Protection			
Coronavirus State and Local Fiscal Recovery Funds	21.027	WG017	<u>2,533,984</u>
Total Department of Homeland Security			<u>2,919,501</u>
Total Expenditures of Federal Awards			<u>\$ 2,919,501</u>

Notes:

This schedule includes the federal grant activity of the Town of Lake Placid, Florida, for the fiscal year ended September 30, 2023, and is presented using the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts in, or used in the preparation of the basic financial statements.

The Town chose not to use the 10% de minimis indirect cost rate for the year ended September 30, 2023.

The Town did not receive noncash federal awards during the year ended September 30, 2023.

TOWN OF LAKE PLACID, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:
Material weaknesses identified? yes no

Significant deficiencies identified not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards and State Financial Assistance Projects

Internal Control over major federal programs:
Material weaknesses identified? yes no

Significant deficiencies identified not considered to be material weaknesses? yes none reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes no

Identification of major federal programs:

<u>AL Number</u>	<u>Name of Federal Program or Cluster</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B federal programs: \$750,000

State Financial Assistance Projects

There was not an audit of major state financial assistance projects as of September 30, 2023 due to the total amount expended being less than \$750,000.

Auditee qualified as low-risk auditee? yes no

TOWN OF LAKE PLACID, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2023-001. Interfund Activity – Material Weakness

Criteria: Internal controls should be in place to provide reasonable assurance that all transactions are recorded in accordance with accounting principles generally accepted in the United States of America. As part of the audit process, we identified several adjustments that were required to be made to the general ledger balances for several opinion units in order for interfund activity to reconcile.

Condition: The Town's internal control policies and procedures failed to detect that postings were made to interfund balances in one fund, but a corresponding entry was not made in the applicable other fund.

Context: Our testing identified that the Town's interfund activity in its Governmental Activities, Business Type Activities, General Fund, and Sewer Fund, did not properly reconcile.

Effect: Audit adjustments to the Governmental Activities and General Fund for \$130,481, and for the Business-Type Activities and Sewer Fund for \$65,217 were required to be made to the Town's general ledger to properly record interfund activity.

Recommendation: We have noted that the Town has begun to implement a pooled cash system, which will provide additional internal controls over interfund activity, and limit the number of transactions. We recommend the Town continuing implementing the pooled cash system that allows for these transactions to be processed automatically through its general ledger system. Additionally, we recommend the Town evaluate and settle interfund receivable/payable amounts currently outstanding. This would provide a more efficient approach to reporting the true cash and interfund balances within each fund.

View of Responsible Officials and Planned Corrective Action: We concur with the finding. We will continue to improve our reporting process for interfund activity in future years, and will evaluate the implementation of a pooled cash system.

2023-002. Receivables and Revenue – Material Weakness

Criteria: Internal controls should be in place to provide reasonable assurance that all transactions are recorded in accordance with accounting principles generally accepted in the United States of America. As part of the audit process, we identified two transactions that were required to adjust the general ledger balances in order to properly record revenue within the financial statements.

Condition: The Town's internal control policies and procedures failed to detect entries that were required to properly account for grant revenue.

Context: Our testing identified that the Town's revenues were understated in the Grants Fund and Sewer Fund.

Effect: Audit adjustments to the Grants Fund for \$631,109 and Sewer Fund for \$205,477 were required to be made to the Town's general ledger to properly record interfund activity.

Recommendation: We recommend the Town implement a process to track grant activity to ensure they are properly accounted for in its general ledger system.

View of Responsible Officials and Planned Corrective Action: We concur with the finding. We will continue to improve our reporting process for grant activity in future years.

TOWN OF LAKE PLACID, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None noted.

TOWN OF LAKE PLACID, FLORIDA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

None.

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INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Honorable Mayor and Members of
the Town Council,
Town of Lake Placid, Florida

Report on the Financial Statements

We have audited the financial statements of the Town of Lake Placid, Florida (the "Town"), as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated June 28, 2024.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our 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*, Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs, and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 28, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no audit findings 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. The Town of Lake Placid, Florida was incorporated in 1927. Additional information on the Town's creation and the Town's component unit is disclosed within the Town's footnotes.

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 Town has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions(s) met. In connection with our audit, we determined that the Town did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the Town'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 the same.

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

Special District Component Units

Section 10.554(1)(i)5.c, Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we determined that all special district component units provided the necessary information for proper recording in accordance with Section 218.39(3)(b), Florida Statutes.

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 mayor and members of the Town Council, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Mauldin & Jenkins, LLC

Bradenton, Florida
June 28, 2024



INDEPENDENT ACCOUNTANT'S REPORT

Honorable Mayor and Members of
the Town Council,
Town of Lake Placid, Florida

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

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

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

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

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

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

Mauldin & Jenkins, LLC

Bradenton, Florida
June 28, 2024

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