

Comprehensive Annual Financial Report

The City of Lake Alfred, Florida

For the Year Ended
September 30, 2019



TABLE OF CONTENTS

Introductory Section

Principal City Officials	i
Organizational Chart	ii
Letter of Transmittal	iii-vi
Certificate of Achievement for Excellence in Financial Reporting	vii

Financial Section

Report of Independent Certified Public Accountant	1-3
Management's Discussion and Analysis (required supplementary information)	4-13

Basic Financial Statements

Government-Wide Financial Statements:

Statement of Net Position	14
Statement of Activities	15

Fund Financial Statements

Balance Sheet – Governmental Funds	16
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	17
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	19
Statement of Net Position – Proprietary Fund	20
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Fund	21
Statement of Cash Flows – Proprietary Fund	22-23
Statement of Fiduciary Net Position – Fiduciary Funds	24
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	25
Notes to Financial Statements	26-52

TABLE OF CONTENTS (continued...)

Required Supplementary Information

Budgetary Comparison Schedule – General Fund	53
Budgetary Comparison Schedule – Community Redevelopment Fund	54
Schedule of Changes in Net Pension Liability and Related Ratios	55-59
Schedule of Contributions	60-61
Schedule of Changes in the Total OPEB Liability and Related Ratios	62

Other Supplementary Information

Combining Statement of Fiduciary Net Position – Fiduciary Funds	63
Combining Statement of Changes in Fiduciary Net Position – Fiduciary Funds	64

Statistical Section

Table 1 – Net Position by Component	65
Table 2 – Change in Net Position	66-67
Table 3 – Fund Balances of Governmental Funds	68
Table 4 – Changes in Fund Balances of Governmental Funds	69
Table 5 – Assessed Value and Actual Value of Taxable Property	70
Table 6 – Property Tax Rates – Direct and Overlapping Governments	71
Table 7 – Principal Property Taxpayers	72
Table 8 – Property Tax Levies and Collections	73
Table 9 – Ratios of Outstanding Debt by Type	74
Table 10 – Ratios of General Bonded Debt Outstanding	75
Table 11 – Direct and Overlapping Governmental Activities Debt	76
Table 12 – Legal Debt Margin Information	77
Table 13 – Pledged-Revenue Coverage	78
Table 14 – Demographic and Economic Statistics	79
Table 15 – Principal Employers	80
Table 16 – Full-Time Equivalent City Government Employees by Function	81
Table 17 – Operating Indicators by Function	82
Table 18 – Capital Asset Statistics by function	83

TABLE OF CONTENTS (continued...)

Other Reports Section

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* 84-85

Independent Accountant's Report on Compliance with Section 218.415, *Florida Statutes* 86

Management Letter 87-88

Other Information Section

Management's Affidavit of Compliance with Section 163.31801, Florida Statutes 89



(This page intentionally left blank)

Introductory Section



Ribbon Cutting for Echo Terrace Park

Comprehensive Annual Financial Report
For the City of Lake Alfred, Florida
For the fiscal year ending September 30, 2019
Prepared by the Finance Department of the
City of Lake Alfred

City of Lake Alfred, Florida
Principal City Officials
September 30, 2019

City Commission

Mayor

Nancy Daley

Vice Mayor

Jack Dearmin

Commissioners

Brent Eden

Charles Lake

Albertus Maultsby

Administration

City Manager

Ryan Leavengood

City Attorney

John Murphy

Administration Staff

Community Development Director

Amee' Bailey

Finance Director

Amber Deaton

Fire Chief

Chris Costine

Parks & Recreation Director

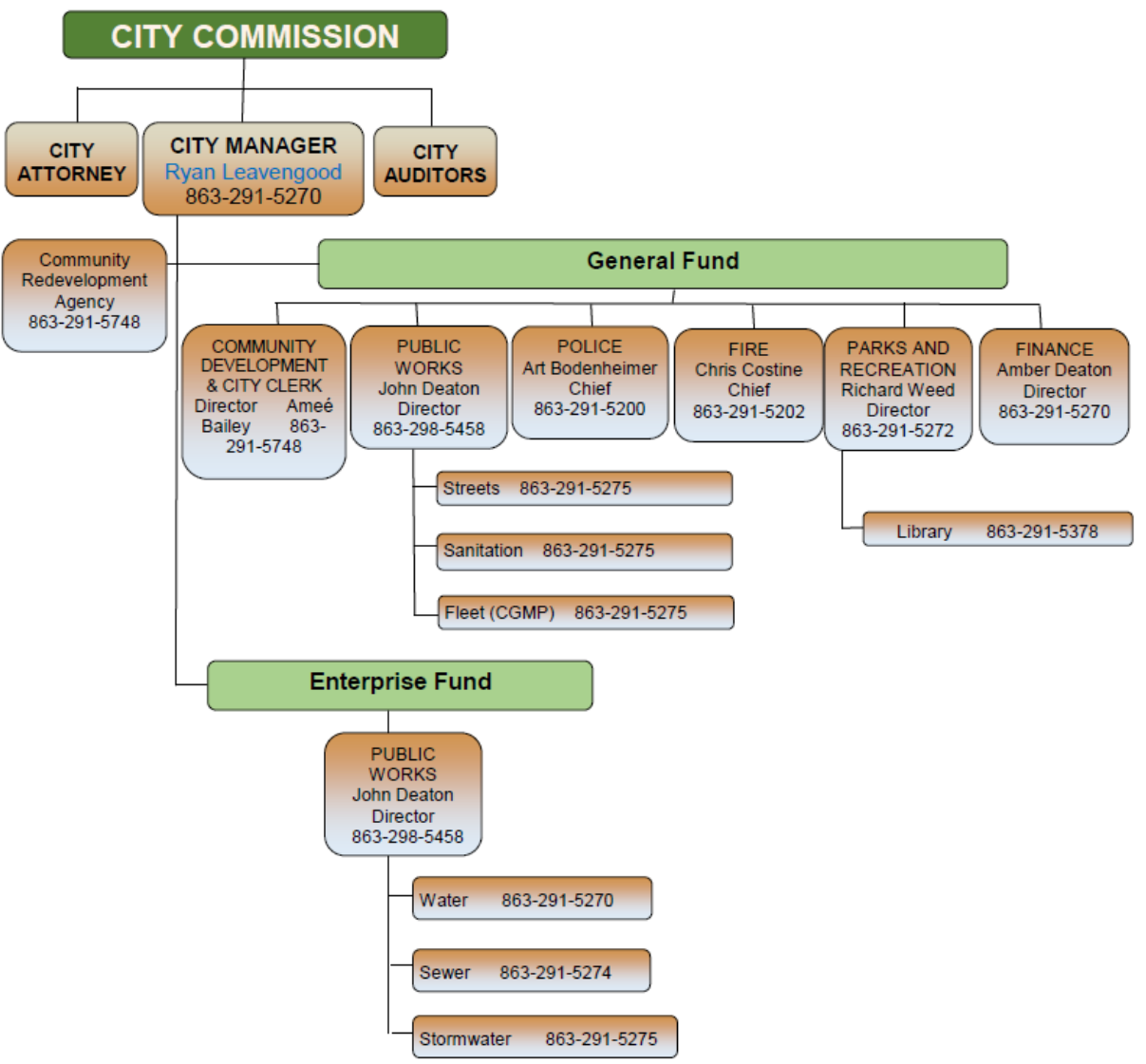
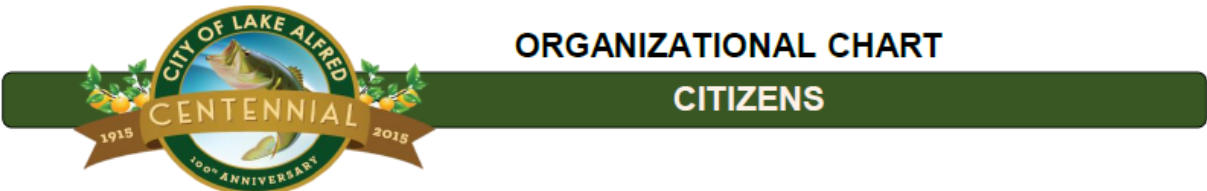
Richard Weed

Police Chief

Art Bodenheimer

Public Works Director

John Deaton





April , 2020

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

It is our pleasure to submit the Comprehensive Annual Financial Report for the City of Lake Alfred, Florida for the fiscal year end of September 30, 2019. The organization, form, and contents of this report, plus the accompanying financial statements and statistical tables, were prepared in accordance with the requirements of Governmental Accounting Standards Board, the American Institute of Certified Public Accountants, and the Governmental Finance Officers Association. In addition to meeting legal the requirements, this report also reflects the City's commitment to full financial disclosure. We encourage you to thoroughly read the report and the important items it addresses.

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

State law requires that a complete set of financial statements reporting the City of Lake Alfred's financial position and results of activities be published within nine months of the fiscal year end. The City has contracted with a licensed public accountant, Brynjulfson, CPA, P.A., to conduct the audit. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ending September 30, 2019, were free of any material misstatements. The independent auditor concluded there was reasonable basis for rendering an unmodified opinion that the City of Lake Alfred's financial statements were fairly presented and in conformity with U.S. GAAP. The report of the independent certified public accountant is presented as the first component in the financial section of the report.

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

Profile of the Government

The City of Lake Alfred, Florida is a municipal corporation of the State, incorporated on June 30, 1915. Located in East Polk County, the 2019 population of Lake Alfred was estimated to be near 6,100. Encompassing approximately 12 miles, the City has been empowered to levy a property tax on real estate and personal property located within its boundaries. It is also been granted authority by State Statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the City Commission.

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

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

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

Local Economy

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

Long Term Financial Planning

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

Currently, the unassigned fund balance in the General fund is \$792,275 which 15% of general fund expenditures, this is equal to the Government Finance Officers Association recommended minimum amount of 15%. The City Commission and City Manager continue to work on the needs of the community, while at the same time meeting the needs in a cost-effective and efficient manner. The following projects are planned for the next year and beyond:

- Fire Engine Replacement will be paid for with the assigned Fundbalance for capital outlay. Management is allocation \$50,000 a year for this purchase.
- Phasing in the recommendations from the parks master plan over multiple years to improve the recreational areas for all citizens.
- Community Redevelopment Area (CRA) improvement projects
- Lake Alfred is a part of the Polk County Water Cooperative. The organization is seeking to find alternative water sources for the future. The City's portion of the costs are currently funded with enterprise reserves, but future obligations will require outside financing.
- A new water plant will be built over the next several years. This will create a redundancy for the water service for the citizens. There is currently only one water plant and two interconnects but having another water plant would be a better back up versus using the interconnects.
- Sewer Extension on County Road 557 will allow the City to better serve the customers forecasted to be on CR 557 in the future.
- Water and Sewer line extension down 17-92 to incorporate future commercial growth.

Relevant Financial Policy

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

Major Initiatives

During the fiscal year 2019, the City of Lake Alfred achieved many significant accomplishments in furtherance of the goals and objectives established by the Commission without adding any debt.

- Purchased a new site to increase the Public Works operation.
- Park improvements at Echo Terrace and Highlands in accordance with Park Master Plan.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Lake Alfred, Florida for its Comprehensive Annual Financial Report (CAFR) for the fiscal year end of September 30, 2018. This was the sixth year the City received this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR, which satisfies both generally accepted accounting principles and applicable legal requirements.

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

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

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

Respectfully submitted,



Ryan Leavengood
City Manager



Amber Deaton
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Lake Alfred
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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 City of Lake Alfred, Florida as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lake Alfred, Florida, as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Lake Alfred, Florida's basic financial statements. The introductory section, combining financial statements of the fiduciary funds, statistical section and other information section are presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining financial statements of the fiduciary funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fiduciary fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory, statistical and other information sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2020, on our consideration of the City of Lake Alfred, Florida'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Lake Alfred, Florida's internal control over financial reporting and compliance.

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

In accordance with *Chapter 10.550, Rules of the Auditor General*, we have also issued our report dated April 30, 2020 on our examination of compliance with requirements of Section 218.415, *Florida Statutes*. The purpose of that report is to describe the scope of our examination and the issuance of an opinion on the City of Lake Alfred, Florida's compliance with requirement of Section 218.415, *Florida Statutes*.

Brynjulfson CPA, P.A.

Brynjulfson CPA, P.A.
Auburndale, Florida
April 30, 2020

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

Financial Highlights

- The assets and deferred outflows of resources of the City of Lake Alfred exceeded its liabilities and deferred inflows of resources at September 30, 2019 by \$26,565,536 (net position). Of this amount, \$3,769,356 is reported as unrestricted net position which may be used to meet the City's ongoing obligations to citizen's and creditors.
- The City's total net position increased by \$1,906,203 as a result of operations. The current year activity increased the governmental activities' net position by 6% and increased the business-type activities by 10%.
- As of September 30, 2019, the City of Lake Alfred's governmental funds reported combined ending fund balances of \$2,088,892, a decrease of \$579,386 in comparison with the prior year ending balance of \$2,668,278. General fund balance decreased by \$472,163 and the community redevelopment agency fund's fund balance decreased by \$107,223. Unassigned and assigned fund balance totaled \$1,234,275 and is available for spending at the City's discretion.
- The City of Lake Alfred's total net long-term debt decreased by \$475,995 during the fiscal year.

UNDERSTANDING THE BASIC FINANCIAL STATEMENTS

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

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

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

Government-wide Financial Statements

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

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

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

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

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

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

Fund Financial Statements

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

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

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

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

The City maintains two separate governmental funds – the general fund and the community redevelopment agency special revenue fund. Information is presented separately for each fund in the governmental fund balance sheet and the governmental fund statement of revenue, expenditures and change in fund balances. Budgetary comparison schedules for each governmental fund have been provided to demonstrate compliance with the budget in the required supplementary information section of this report. and can be located by referencing the table of contents of this report. The basic governmental funds financial statements and budgetary comparison schedule can be located by referencing the table of contents of this report.

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

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

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 3,425,887	\$ 4,036,187	\$ 5,026,555	\$ 4,779,098	\$ 8,452,442	\$ 8,815,285
Capital assets	12,304,702	10,955,616	10,609,926	10,187,484	22,914,628	21,143,100
Total assets	15,730,589	14,991,803	15,636,481	14,966,582	31,367,070	29,958,385
Deferred outflows	466,868	387,870	77,558	88,097	544,426	475,967
Current liabilities	442,164	379,781	1,119,417	561,413	1,561,581	941,194
Long-term liabilities	678,377	666,623	2,828,369	3,799,416	3,506,746	4,466,039
Total liabilities	1,120,541	1,046,404	3,947,786	4,360,829	5,068,327	5,407,233
Deferred inflows	248,107	336,607	29,526	31,179	277,633	367,786
Net position:						
Net investment in capital assets	12,304,702	10,955,616	7,477,333	6,578,896	19,782,035	17,534,512
Restricted	804,790	1,179,774	2,209,355	1,769,142	3,014,145	2,948,916
Unrestricted	1,719,317	1,861,272	2,050,039	2,314,633	3,769,356	4,175,905
Total net position	\$ 14,828,809	\$ 13,996,662	\$ 11,736,727	\$ 10,662,671	\$ 26,565,536	\$ 24,659,333

Seventy-four percent (74%) of the City's net position reflects its investment in capital assets (e.g., land, buildings, sewer and water system, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (11%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (15%) may be used to meet the government's ongoing obligations to citizens and creditors.

CITY OF LAKE ALFRED, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019

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

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues:						
<i>Program Revenues:</i>						
Charges for services	\$ 1,147,798	\$ 1,313,148	\$ 2,683,597	\$ 2,580,513	\$ 3,831,395	\$ 3,893,661
Operating grants/contrib.	296,412	274,760	-	-	296,412	274,760
Capital grants/contrib.	806,336	123,220	1,221,313	423,999	2,027,649	547,219
<i>General revenues:</i>						
Property taxes	1,392,879	1,266,244	-	-	1,392,879	1,266,244
Other taxes	1,434,275	1,358,041	-	-	1,434,275	1,358,041
State shared revenue	616,588	558,835	-	-	616,588	558,835
Other	269,619	211,359	81,790	45,022	351,409	256,381
Total revenues	5,963,907	5,105,607	3,986,700	3,049,534	9,950,607	8,155,141
Expenses:						
<i>Governmental activities:</i>						
General government	1,361,600	1,351,350	-	-	1,361,600	1,351,350
Community development	487,355	298,437	-	-	487,355	298,437
Police	1,250,339	1,108,327	-	-	1,250,339	1,108,327
Fire	619,784	579,922	-	-	619,784	579,922
Sanitation	504,133	572,951	-	-	504,133	572,951
Public works	88,542	69,981	-	-	88,542	69,981
Roads and streets	636,651	597,249	-	-	636,651	597,249
Library	201,493	197,344	-	-	201,493	197,344
Parks and recreation	601,341	565,403	-	-	601,341	565,403
Community redevelopment	22,947	8,849	-	-	22,947	8,849
<i>Business-type activities:</i>						
Water utility	-	-	735,065	942,046	735,065	942,046
Sewer utility	-	-	1,444,745	1,411,327	1,444,745	1,411,327
Stormwater utility	-	-	90,409	73,530	90,409	73,530
Total expenses	5,774,185	5,349,813	2,270,219	2,426,903	8,044,404	7,776,716
Increase (decrease) in net position before transfers	189,722	(244,206)	1,716,481	622,631	1,906,203	378,425
Transfers in (out)	642,425	461,809	(642,425)	(461,809)	-	-
Change in Net Position	832,147	217,603	1,074,056	160,822	1,906,203	378,425
Net position - Beginning	13,996,662	13,963,655	10,662,671	10,545,957	24,659,333	24,509,612
Restatement	-	(184,596)	-	(44,108)	-	(228,704)
Net position - Ending	\$14,828,809	\$13,996,662	\$11,736,727	\$10,662,671	\$26,565,536	\$24,659,333

Governmental Activities - Governmental activities increased the City's net position by \$832,147 for the current year compared to an increase of \$217,603 in the prior year. The main reasons for the increase are as follows:

- Total revenue increased by \$858,300 or 17% mainly driven by an increase in capital grants and contributions of \$683,116 which was primarily due to the recorded of donated roadways and sidewalks totaling approximately \$623,000. Additionally, general revenue increased by \$318,882 and charges for services decreased by \$165,350.
- Total expenses increased by \$424,372 or 8% mainly due to the following:
 - Community development expenses increased by \$188,918 or 63%, mainly due to increased development planning assistance costs, update to the land development regulations, and brownfield study and related grant administration expenses.
 - Police expenses increased by \$142,012 or 13%, mainly due to an approximate increase in personnel related expenses of \$133,000.
 - Fire expenses increased by \$39,862 or 7%, mainly due to an approximate increase in personnel related expenses of \$33,000.
 - Roads and streets expenses increased by \$39,402 or 7%, mainly due to an approximate increase of \$26,500 in depreciation expense caused by the addition of significant roadway donations and an approximate increase of \$10,600 for sidewalk repair.
 - Parks and recreation expenses increased by \$35,938 or 6%, mainly due to an approximate increase of \$19,500 in depreciation expense and an approximately \$16,000 increase in repair and maintenance expenses.

Business-type activities - Business-type activities increased the City's net position by \$1,074,056 for the current year compared to a \$160,822 increase in the prior year. The main reasons for the increase are as follows:

- Total revenue increased by \$937,166 or 31% mainly due to an increase in capital grants and contributions of \$797,314 mainly caused by the acceptance of water, sewer and stormwater infrastructure donated to the City by land developers. Charges for services increased by approximately \$103,084 or 4%.
- Total expenses decreased by \$156,684 or 6%, mainly due to the City's contribution of \$195,419 towards the Polk Regional Water Cooperative's combined projects that was recorded in the prior year.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds - As of the close of the current year, the City's general fund had unrestricted cash and cash equivalents of \$1,382,335 compared to \$1,567,206 at the close of the prior year.

As of the end of the current fiscal year, the City's governmental funds (the general fund and CRA) reported ending fund balances of \$2,088,892 a decrease of \$579,386 in comparison with the previously reported balance in the prior year. Of this total, \$1,234,275 for the general fund constitutes unassigned and assigned fund balance which is available for spending at the government's discretion. The remainder of fund balance is nonspendable or restricted by enabling legislation or contract and can only be spent on the purposes for which it is intended.

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

- Fund balance in the general fund decreased by \$472,163 during the current year, mainly due to:
- Total general fund revenue increased by \$207,289 or 4%, mainly due to:
 - Tax revenue increased by \$171,927 or 7%.
 - Licenses and permit revenue decreased by \$128,629 or 26% due to decreased building related fees caused by decreased residential construction within the City.
 - Intergovernmental revenue increased by \$199,369 or 23% due to a general increase in those revenue sources reported as intergovernmental.
- Total general fund expenditures increased by \$1,359,101 or 28%, mainly due to:
 - Capital outlay expenditures increased by \$768,655 mainly due to the purchase of a building (approximately \$396,000), vehicle purchases (approximately \$225,000) and park improvements (approximately \$82,000).
 - Public safety expenditures increased by \$297,367 mainly due to increased personnel related costs.
 - Transportation expenditures increased by \$169,675 mainly due to increased road resurfacing expenditures of approximately \$163,000.
 - Culture/recreation expenditures increased by \$106,971 mainly due to increased repair and maintenance expenditures of approximately \$77,000.
- Fund balance in the community redevelopment special revenue fund decreased by \$107,223 during the current year because revenue increased by \$41,433 or 45% due to increased property values and thus increased tax revenue and expenditures increased by \$215,321 or 880% due to increase capital outlay expenditures for redevelopment area improvements.

Proprietary Funds - The enterprise fund's unrestricted cash and investments totaled \$1,986,672 compared to \$2,202,840 at the close of the prior year, a \$216,168 decrease. The City's proprietary fund provides the same information found in the government-wide financial statements, but in more detail. The major changes between 2019 and 2018 are discussed above under the "business-type activities" heading.

BUDGETARY HIGHLIGHTS

General Fund:

During the year there was a \$954,797 or 18% net increase in general fund expenditure appropriations between the original and final amended budget. This increase was mainly due to the following items:

- New Public Works Facility \$383,000
- Sanitation Capital Acquisitions \$174,000
- Consulting Services \$135,000
- Network Upgrade \$65,000
- Attorney \$43,000
- Landfill Fees \$43,000

The increases in consulting services and attorney are directly related to increase in building permits.

During the year there was a \$436,204 or 9% net increase in general fund revenues between the original and final amended budget. These increases/decreases were mainly due to the following items.

- Sanitation Reserves \$174,000
- Building Permits \$116,000
- Reimbursements for Consultants \$72,000
- Grant Reimbursement \$49,000

Actual revenue was less than the final budgeted amounts by \$59,849 or 1% of the final budget. Actual expenditures were less than the final budgeted amounts by \$17,293 or less than 1% of the final budget.

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets - The City's investment in capital assets for its governmental and business type activities as of September 30, 2019, amounts to \$22,914,628 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, sewer and water systems, machinery and equipment, and construction in progress.

Major capital asset additions during the fiscal year included the following:

- City Hall sound system improvements - \$29,965
- Computer system upgrades - \$47,574
- (2) Police vehicles - \$76,166
- Speeding control trailer - \$10,000
- (2) Light towers - \$6,000
- Land purchase - \$16,000
- Sanitation vehicle - \$148,479
- Metal warehouse - \$74,165
- Crane - \$18,900
- Brush cutter - \$5,370
- Donated water infrastructure - \$253,849

CITY OF LAKE ALFRED, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019

- Donated sewer infrastructure - \$345,785
- Donated stormwater infrastructure - \$209,085
- Donated roadway networks - \$608,712
- Donated sidewalks - \$13,984
- Road resurfacing - \$217,881
- Public works building - \$348,290
- Public works building signage - \$2,130
- Public works building land - \$26,100
- Parks and recreation vehicle - \$25,903
- Parks and recreation equipment and improvements - \$344,894

Capital Assets Activity

(net of accumulated depreciation)
as of September 30,

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land	\$ 2,758,352	\$ 2,732,252	\$ 628,168	\$ 612,168	\$ 3,386,520	\$ 3,344,420
Buildings and improvements	3,128,357	2,827,608	9,404,089	9,040,124	12,532,446	11,867,732
Equipment	1,242,681	980,864	496,685	525,635	1,739,366	1,506,499
Infrastructure	5,030,227	4,414,892	-	-	5,030,227	4,414,892
Construction in progress	145,085	-	80,984	9,557	226,069	9,557
Total	<u>\$12,304,702</u>	<u>\$10,955,616</u>	<u>\$10,609,926</u>	<u>\$10,187,484</u>	<u>\$22,914,628</u>	<u>\$ 21,143,100</u>

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

Long-term Debt – As show in the table below, the City had total long-term debt outstanding of \$3,132,593 which represents a decrease of \$475,995 or 15% over the prior year due to regular scheduled debt repayments. The City incurred no new long-term debt in the current year.

Outstanding Debt

as of September 30,

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Bonds and notes payable	\$ -	\$ -	\$ 3,132,593	\$ 3,608,588	\$ 3,132,593	\$ 3,608,588
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,132,593</u>	<u>\$ 3,608,588</u>	<u>\$ 3,132,593</u>	<u>\$ 3,608,588</u>

Additional information on the City's long-term debt can be found in Note 6 of the notes to financial statement section of this report.

CURRENTLY KNOWN FACTS, DECISIONS AND CONDITIONS

The City currently has approximately 3,000 households; based on current development projections approximately 2,500 new homes could be built within the next ten years from current or proposed developments that we know of and are working their way through the process. The land development code rewrite that is currently underway and slated to be presented for adoption early next year will be critical to streamlining our process while at the same time pairing market trends to desired design standards that are aimed to improve the overall quality of growth the City is experiencing.

The Community Redevelopment Agency is beginning to “snowball” with an annual budget of \$190,000 that 4 years prior was only \$50,000. The development of the Gapway industrial site and continued redevelopment of downtown will result in further expansion of the opportunities and types of projects we can pursue. Implementation of the façade grant for businesses in the downtown area will also provide an incentive for businesses that are looking to make visible exterior renovations to their properties.

The city owned downtown parcel across from the Dunkin Donut site is currently undergoing environmental remediation and will be ready for active marketing in 2020. Following attendance at the ICSC Retail Conference in Orlando and talking to the economic development and CRA staff from several cities that were in attendance the recommended course of action is to select a broker to market the property. There may also be an additional opportunity to select a company that acts as a retail consultant that would function in a similar manner to the economic development staff that a larger city would have by gathering data and marketing the vacant parcels within the City to various brokers (both City owned and non-city owned).

Management continues to set aside reserves and offsets to fund future expenses and to mitigate future operational increases. The general fund is free of debt service and has ample reserves in both the General Fund and Enterprise Fund. Overall, the City is in sound financial condition.

All of these were significant factors considered in preparing the City's budget for the 2019 fiscal year and are expected to influence the City's fiscal year 2019 financial results.

REQUESTS FOR INFORMATION

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

CITY OF LAKE ALFRED, FLORIDA
GOVERNMENT-WIDE STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
ASSETS			
Cash and cash equivalents	\$ 1,382,335	\$ 1,333,843	\$ 2,716,178
Investments in external investment pools	-	652,829	652,829
Investment in real property	710,000	-	710,000
Receivables, current:			
Customer accounts, net	142,916	327,797	470,713
Intergovernmental	70,142	-	70,142
Franchise and utility service taxes	77,548	-	77,548
Other	51,812	-	51,812
Prepaid expenses	49,827	17,215	67,042
Restricted assets:			
Cash and cash equivalents	827,499	2,694,871	3,522,370
Capital assets:			
Non-depreciable	2,903,437	709,152	3,612,589
Depreciable, net	9,401,265	9,900,774	19,302,039
Net pension asset	113,808	-	113,808
TOTAL ASSETS	15,730,589	15,636,481	31,367,070
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	466,868	77,558	544,426
LIABILITIES			
Accounts payable	279,657	116,335	395,992
Accrued payroll and employee benefits	142,769	17,915	160,684
Due to other governments	1,512	-	1,512
Deposits	11,724	-	11,724
Unearned revenue	6,502	-	6,502
Liabilities payable from restricted assets:			
Accrued interest payable	-	15,653	15,653
Utility customer deposits	-	475,558	475,558
Long-term obligations:			
Due within one year	32,109	493,956	526,065
Due in more than one year	646,268	2,828,369	3,474,637
TOTAL LIABILITIES	1,120,541	3,947,786	5,068,327
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	248,107	29,526	277,633
NET POSITION			
Net investment in capital assets	12,304,702	7,477,333	19,782,035
Restricted for:			
Law enforcement training	7,920	-	7,920
Crime prevention	26,460	-	26,460
Public safety improvements	97,381	-	97,381
Recreation improvements	132,320	-	132,320
Facilities and equipment - police	7,604	-	7,604
Facilities and equipment - fire	6,637	-	6,637
Building and permitting	462,581	-	462,581
Community redevelopment	20,812	-	20,812
Debt service	-	55,802	55,802
Sanitation equipment and vehicles	43,075	-	43,075
Sewer system improvements	-	1,436,319	1,436,319
Stormwater system improvements	-	118,274	118,274
Water system improvements	-	598,960	598,960
Unrestricted	1,719,317	2,050,039	3,769,356
TOTAL NET POSITION	\$ 14,828,809	\$ 11,736,727	\$ 26,565,536

See Accompanying Notes to Financial Statements

CITY OF LAKE ALFRED, FLORIDA
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating	Capital	Governmental Activities	Business-Type Activities	Total
			Grant and Contributions	Grant and Contributions			
PRIMARY GOVERNMENT:							
Governmental activities:							
General government	\$ 1,361,600	\$ 18,208	\$ 15,464	\$ 72,636	\$ (1,255,292)	\$ -	\$ (1,255,292)
Community development	487,355	274,179	-	-	(213,176)	-	(213,176)
Police	1,250,339	23,456	245,454	26,982	(954,447)	-	(954,447)
Fire	619,784	-	26,739	6,531	(586,514)	-	(586,514)
Sanitation	504,133	657,685	-	-	153,552	-	153,552
Public works	88,542	-	-	-	(88,542)	-	(88,542)
Roads and streets	636,651	61,807	-	622,696	47,852	-	47,852
Library	201,493	48,406	-	-	(153,087)	-	(153,087)
Parks and recreation	601,341	64,057	8,755	77,491	(451,038)	-	(451,038)
Community redevelopment	22,947	-	-	-	(22,947)	-	(22,947)
Total governmental activities	5,774,185	1,147,798	296,412	806,336	(3,523,639)	-	(3,523,639)
Business-type activities							
Water utility	735,065	1,129,940	-	393,590	-	788,465	788,465
Sewer utility	1,444,745	1,489,822	-	618,638	-	663,715	663,715
Stormwater utility	90,409	63,835	-	209,085	-	182,511	182,511
Total business-type activities	2,270,219	2,683,597	-	1,221,313	-	1,634,691	1,634,691
TOTAL PRIMARY GOVERNMENT	\$ 8,044,404	\$ 3,831,395	\$ 296,412	2,027,649	(3,523,639)	1,634,691	(1,888,948)
GENERAL REVENUES							
Taxes:							
Property taxes, levied for general purposes					1,260,312	-	1,260,312
Property taxes, levied for community redevelopment					132,567	-	132,567
Franchise taxes					460,174	-	460,174
Public service taxes					612,635	-	612,635
Fuel taxes levied for transportation purposes					361,466	-	361,466
State shared revenue					616,588	-	616,588
Investment earnings					67,556	81,790	149,346
Miscellaneous					202,063	-	202,063
TRANSFERS					642,425	(642,425)	-
Total general revenues and transfers					4,355,786	(560,635)	3,795,151
CHANGE IN NET POSITION					832,147	1,074,056	1,906,203
NET POSITION, beginning of year					13,996,662	10,662,671	24,659,333
NET POSITION, end of year					\$ 14,828,809	\$ 11,736,727	\$ 26,565,536

See Accompanying Notes to Financial Statements

CITY OF LAKE ALFRED, FLORIDA
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

	General Fund	Community Redevelopment Fund	Total
ASSETS			
Cash and cash equivalents	\$ 1,382,335	\$ 43,521	\$ 1,425,856
Receivables, net:			
Customer accounts	142,916	-	142,916
Intergovernmental	70,142	-	70,142
Franchise and utility service taxes	77,548	-	77,548
Other	51,812	-	51,812
Prepaid expenditures	49,827	-	49,827
Restricted assets:			
Cash and cash equivalents	783,978	-	783,978
Total assets	<u>\$ 2,558,558</u>	<u>\$ 43,521</u>	<u>\$ 2,602,079</u>
LIABILITIES			
Accounts payable and accrued expenditures	256,948	22,709	279,657
Accrued payroll and employee benefits	142,769	-	142,769
Due to other governments	1,512	-	1,512
Deposits	11,724	-	11,724
Unearned revenue	6,502	-	6,502
Total liabilities	<u>419,455</u>	<u>22,709</u>	<u>442,164</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	<u>71,023</u>	<u>-</u>	<u>71,023</u>
FUND BALANCE			
Nonspendable:			
Prepaid expenditures	49,827	-	49,827
Restricted for:			
Law enforcement education and training	7,920	-	7,920
Crime prevention	26,460	-	26,460
Sanitation equipment and vehicles	43,075	-	43,075
Public safety improvements (impact fees)	97,381	-	97,381
Facilities and equipment - police (impact fees)	7,604	-	7,604
Facilities and equipment - fire (impact fees)	6,637	-	6,637
Recreation improvements (impact fees)	132,320	-	132,320
Building and permitting	462,581	-	462,581
Community redevelopment	-	20,812	20,812
Assigned for:			
Capital outlay	442,000	-	442,000
Unassigned	792,275	-	792,275
Total fund balances	<u>2,068,080</u>	<u>20,812</u>	<u>2,088,892</u>
Total liabilities and fund balance	<u>\$ 2,558,558</u>	<u>\$ 43,521</u>	<u>\$ 2,602,079</u>

See Accompanying Notes to Financial Statements

CITY OF LAKE ALFRED, FLORIDA**RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO THE****STATEMENT OF NET POSITION**SEPTEMBER 30, 2019

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

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 2,088,892
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	12,304,702
Real property held for investment is not a financial resource and not reported in the funds.	710,000
The net pension asset is not current financial resource and therefore are not reported as assets in the governmental funds.	113,808
Revenues not received within the "availability" period are deferred at the fund level and recognized in the statement of activities.	71,023
Deferred outflows of resources represent an decrease in net position or fund balance that applies to a future period(s) and, therefore, are not reported in the governmental funds.	466,868
Deferred inflows of resources represent an increase in net position or fund balance that applies to a future period(s) and, therefore, are not reported in the governmental funds.	(248,107)
Long-term liabilities, including bonds and notes payable, compensated absences, OPEB liabilities and net pension liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(678,377)
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 14,828,809</u></u>

See Accompanying Notes to Financial Statements

CITY OF LAKE ALFRED, FLORIDA
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES – GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	General Fund	Community Redevelopment Fund	Total
REVENUES:			
Taxes	\$ 2,635,849	\$ 132,567	\$ 2,768,416
Licenses and permits	359,637	-	359,637
Intergovernmental revenue	1,064,768	-	1,064,768
Charges for services	807,331	-	807,331
Fines and forfeitures	19,627	-	19,627
Investment income	52,556	-	52,556
Other	232,215	-	232,215
Total revenues	5,171,983	132,567	5,304,550
EXPENDITURES:			
Current:			
General government	1,351,064	-	1,351,064
Public safety	2,161,370	-	2,161,370
Physical environment	462,262	-	462,262
Economic environment	-	15,660	15,660
Transportation	612,857	-	612,857
Culture/recreation	706,908	-	706,908
Capital outlay	992,110	224,130	1,216,240
Total expenditures	6,286,571	239,790	6,526,361
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,114,588)	(107,223)	(1,221,811)
OTHER FINANCING SOURCES (USES)			
Transfers in	642,425	-	642,425
TOTAL OTHER FINANCING SOURCES (USES)	642,425	-	642,425
NET CHANGE IN FUND BALANCE	(472,163)	(107,223)	(579,386)
FUND BALANCE, beginning of year	2,540,243	128,035	2,668,278
FUND BALANCE, end of year	\$ 2,068,080	\$ 20,812	\$ 2,088,892

See Accompanying Notes to Financial Statements

CITY OF LAKE ALFRED, FLORIDA**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2019**

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$	(579,386)
---	-----------	------------------

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.

This is the amount of capital assets recorded in the current period.	2,045,164
This is the amount of depreciation expense recorded in the current period.	(695,721)
This is the book value of dispositions recorded in the current period.	(357)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.

This is the increase in the fair value of the City's investment in real property.	15,000
---	--------

Revenue not received within the "availability" period are not reported as revenues at the fund level and are recognized as revenue in the statement of activities.

This represents the change caused by the "availability" criterion.	22,017
--	--------

Long-term obligations including bonds and notes payable, compensated absences and other postemployment benefit liabilities are reported as liabilities in the government-wide statement of net position but are not reported as liabilities in the governmental funds because they do not require the use of current financial resources:

This is the change in accrued compensated absences during the year.	(25,323)
This is the change in the total OPEB liability during the year.	(12,564)

Pension expense is reported in the statement of activities which differs from pension expenditures as reported in the governmental funds:

This amount represents the change in the net pension asset.	(130,314)
This amount represents the change in deferred inflows related to pensions.	88,500
This amount represents the change in deferred outflows related to pensions.	78,998
This amount represents the change in the net pension liability.	26,133

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	832,147
--	-----------	----------------

CITY OF LAKE ALFRED, FLORIDA
STATEMENT OF NET POSITION – PROPRIETARY FUND
SEPTEMBER 30, 2019

	Enterprise Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,333,843
Investments in external investment pools	652,829
Accounts receivable:	
Customers, net	327,797
Prepaid expenses	17,215
Total current assets	<u>2,331,684</u>
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents	2,694,871
Capital assets:	
Non-depreciable	709,152
Depreciable, net	9,900,774
Total noncurrent assets	<u>13,304,797</u>
Total assets	<u>15,636,481</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	<u>77,558</u>
LIABILITIES	
Current liabilities:	
Accounts payable	116,335
Accrued payroll and employee benefits	17,915
Compensated absences	7,048
Bonds and notes payable, current portion	486,908
Total current liabilities	<u>628,206</u>
Noncurrent liabilities:	
Liabilities payable from restricted assets:	
Customer deposits	475,558
Interest payable	15,653
Compensated absences	63,430
Other postemployment benefits payable	49,033
Net pension liability	70,221
Bonds and notes payable, noncurrent portion	2,645,685
Total noncurrent liabilities	<u>3,319,580</u>
Total liabilities	<u>3,947,786</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	<u>29,526</u>
NET POSITION	
Net investment in capital assets	7,477,333
Restricted for:	
Debt retirement	55,802
Sewer system improvements	1,436,319
Stormwater system maintenance	118,274
Water system improvements	598,960
Unrestricted	2,050,039
Total net position	<u>\$ 11,736,727</u>

See Accompanying Notes to Financial Statements

CITY OF LAKE ALFRED, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION – PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Enterprise Fund
OPERATING REVENUES:	
Charges for services	\$ 2,683,597
Total operating revenues	<u>2,683,597</u>
OPERATING EXPENSES:	
Personnel services	672,439
Operating expenses	944,015
Depreciation expense	578,138
Total operating expenses	<u>2,194,592</u>
OPERATING INCOME	<u>489,005</u>
NONOPERATING REVENUE (EXPENSE)	
Investment revenue	81,790
Interest expense	<u>(75,627)</u>
Total nonoperating revenues (expense)	<u>6,163</u>
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	<u>495,168</u>
CAPITAL CONTRIBUTIONS	
Donated infrastructure	808,719
Impact fees	412,594
Total capital contributions	<u>1,221,313</u>
TRANSFERS OUT	<u>(642,425)</u>
CHANGE IN NET POSITION	1,074,056
NET POSITION, beginning of year	10,662,671
NET POSITION, end of year	<u><u>\$ 11,736,727</u></u>

See Accompanying Notes to Financial Statements

CITY OF LAKE ALFRED, FLORIDA
STATEMENT OF CASH FLOWS – PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 2,682,655
Payments to suppliers	(899,572)
Payments for salaries and benefits	(663,917)
Net cash flows from operating activities	<u>1,119,166</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfers to other funds	(642,425)
Net cash flows from noncapital financing activities	<u>(642,425)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition and construction of capital assets, net of related payables	(191,861)
Principal paid on long-term debt	(475,995)
Interest paid on borrowings	(78,095)
Impact fees received	412,594
Capital grants received, net of change in related receivable	12,739
Net cash flows from capital and related financing activities	<u>(320,618)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on invested funds	52,402
Net cash flows from investing activities	<u>52,402</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	208,525
CASH AND CASH EQUIVALENTS, beginning of year	<u>3,820,189</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 4,028,714</u></u>
 As shown in the Accompanying Financial Statements	
Cash and cash equivalents	\$ 1,333,843
Restricted cash and cash equivalents	2,694,871
Total cash and cash equivalents	<u><u>\$ 4,028,714</u></u>
 Noncash financing and investing activities:	
Donated capital assets - utility infrastructure	<u><u>\$ 808,719</u></u>

Continued...

CITY OF LAKE ALFRED, FLORIDA**STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (concluded)****FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Enterprise Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ 489,005
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	578,138
(Increase) decrease in accounts receivable	(22,973)
(Increase) decrease in prepaid expenses	690
Increase (decrease) in customer deposits	22,031
Increase (decrease) in accounts payable	44,443
Increase (decrease) in accrued wages and compensated absences	8,927
Increase (decrease) in other postemployment benefits payable	2,318
(Increase) decrease in deferred outflows related to pensions	10,539
Increase (decrease) in deferred inflows related to pensions	(1,653)
Increase (decrease) in the net pension liability	(12,299)
Net cash flows from operating activities	<u>\$ 1,119,166</u>

See Accompanying Notes to Financial Statements

CITY OF LAKE ALFRED, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
SEPTEMBER 30, 2019

	Pension Trust Funds
ASSETS	
Receivables:	
Contributions receivable:	
Plan members	\$ 3,218
Accrued income	1,796
Total receivables	<u>5,014</u>
Investments, at fair value:	
Short-term money market funds	147,175
Fixed income external investment pools	3,138,808
Equity securities external investment pools	5,133,139
Individual common stocks	1,129,534
Real estate securities and investment pools	579,636
Total investments	<u>10,128,292</u>
Total assets	<u>10,133,306</u>
LIABILITIES	
Accounts payable	1,889
Total Liabilities	<u>1,889</u>
NET POSITION	
Restricted for pension benefits	<u>\$ 10,131,417</u>

See Accompanying Notes to Financial Statements

CITY OF LAKE ALFRED, FLORIDA**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS**

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Pension Trust Funds
ADDITIONS	
Contributions:	
City	\$ 333,375
Plan members	122,709
Plan member retroactive buy-back contributions	11,628
State of Florida	70,945
Total contributions	538,657
Investment income	523,867
Less investment expenses:	
Performance evaluation	12,500
Custodial fees	16,807
Investment management fees	7,076
Total investment expenses	36,383
Net investment income	487,484
Total additions	1,026,141
DEDUCTIONS	
Administrative expenses:	
Legal	13,772
Administrator fee	3,000
Actuarial	32,598
Insurance, supplies and other	2,391
Audit	7,875
Total administrative expenses	59,636
Payments to retirees and participants	341,874
Total deductions	401,510
CHANGE IN NET POSITION	624,631
NET POSITION, beginning of year	9,506,786
NET POSITION, end of year	\$ 10,131,417

See Accompanying Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

As required by GAAP, the accompanying financial statements present the City's primary government and component units based on the financial burden/benefit criteria in GASB Cod. Sec. 1200. The City has one blended component unit, the Lake Alfred Community Redevelopment Agency (the "CRA") which was created by City Ordinance 1335-14 pursuant to Chapter 163, Florida Statutes and whose governing board is the same as the City Commission. Blending refers to the fact that the component unit's funds are combined with those of the primary government for financial reporting purposes. The CRA is presented in the financial statements of the City as a special revenue fund. The CRA does not issue a separate set of financial statements.

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

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

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

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

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

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

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

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

Fund financial statements - The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, deferred inflows and outflows of resources, fund equity, revenues and expenditures/expenses. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. GASB Code Section 2200 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. Non-major funds by category are summarized into a single column. Due to the City's fund structure, there were no non-major funds. The various funds are reported by type within the financial statements. The following describes the fund types and funds used and reported by the City.

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

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

- General fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.
- City of Lake Alfred Community Redevelopment Agency (the "CRA") was created by City Ordinance 1335-14 pursuant to Chapter 163, Florida Statutes. Due to its profile in the community and to comply with the audit requirements of Section 163.387(8), Florida Statutes, the City has elected to report the CRA as a major fund. The CRA has the power to levy taxes or appropriate funds to preserve and enhance the designated CRA district. The CRA receives incremental ad valorem taxes generated in future years by the increase in property values in the redevelopment area. The CRA's property taxes are levied under the taxing authority of the City and are included as part of the City's total tax levy. The CRA's Board members consist of the City Commission and two appointed citizens.

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

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

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

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

Fiduciary Funds - Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support City programs. The reporting focus is on net position and changes in net position and are reported using accounting principles similar to proprietary funds. The City's fiduciary funds are presented in the fiduciary fund financial statements by type (pension). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements. The City has two pension trust funds which accumulate resources to provide retirement benefits to City employees. The two pension trust funds are the City of Lake Alfred Police Officers' and Firefighters' Retirement System and the General Employees' Retirement System.

MEASUREMENT FOCUS, AND BASIS OF ACCOUNTING

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

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

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

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

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

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

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

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

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

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

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

CUSTOMER ACCOUNTS RECEIVABLE - The City accrues the unbilled service of its enterprise fund which represents the estimated value of service from the last billing date to year end which totaled \$53,252 at September 30, 2019. A reserve for doubtful accounts is maintained in the enterprise fund equal to the value of the receivables at year end that are not expected to be collected. As of September 30, 2019, such reserves totaled \$722.

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

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

INVENTORIES - Inventories in governmental and enterprise funds consist of expendable supplies held for consumption and are expensed when purchased.

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

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

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

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

	Years
Utility plant in service	25-40
Buildings and improvements	15-40
Machinery and equipment	3-20
Infrastructure:	
Roads	20-75
Sidewalks	20

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

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

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

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

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

INTEREST DURING CONSTRUCTION - Interest costs are capitalized when incurred on debt whose proceeds were used to finance the construction of enterprise fund capital assets. Interest earned on proceeds of tax-exempt borrowing arrangements restricted to the acquisition of qualifying assets is offset against interest costs in determining the amount to be capitalized. For the year ended September 30, 2019, no interest cost incurred in the enterprise fund was capitalized.

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

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

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

ON-BEHALF PAYMENTS FOR FRINGE BENEFITS - The City receives on-behalf payments from the State of Florida to be used for the Lake Alfred Police Officers' and Firefighters' Retirement System which totaled \$70,945 for the year ended September 30, 2019. Such payments are recorded as operating grants for the police and fire programs and public safety expenses/expenditures in the government-wide and general fund financial statements

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

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

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

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

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

EQUITY CLASSIFICATIONS -

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

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

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

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

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

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

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

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

Committed - This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action (ordinance) of the City Commission. These amounts cannot be used for any other purpose unless the City Commission removes or changes the specified use by taking the same type of action (ordinance) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The City did not have any committed resources as of September 30, 2019.

Assigned - This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Commission or through the City Commission delegating this responsibility to the City Manager through the budgetary process. As of September 30, 2019, the City had assigned resources of \$355,000 to be used for future capital outlay and \$22,000 to be used for future employee benefits.

Unassigned - All other spendable amounts.

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

The City has established by resolution, a targeted minimum level of unassigned and assigned fund balance equal to 17% or more of the general fund's regular annual operating expenditures as reported in the City's subsequent year's budget. Under this resolution, regular operating expenditures are equal to total expenditures less capital outlay and debt service expenditures. Should unassigned and assigned fund balance fall below the targeted level, the City Manager shall implement a plan through the budgetary process to reach the targeted fund balance amounts in a reasonable timeframe not to exceed five fiscal years. The City met this requirement as of September 30, 2019.

NOTE 2 - PROPERTY TAX CALENDAR

Under Florida Law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The tax levy of the City is established by the City Commission prior to October 1 of each year and the Polk County Property Appraiser incorporates the millage into the total tax levy, which includes the municipalities, the County, independent districts and the County School Board tax requirements. State statutes permit cities to levy property taxes at a rate of up to 10 mills. The City's millage rate in effect for the fiscal year ended September 30, 2019 was 7.2390.

NOTE 2 - PROPERTY TAX CALENDAR (cont...)

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

NOTE 3 - BUDGETARY LAW AND PRACTICE

The budget is adopted by Ordinance on a City-wide basis for all City funds on or before October 1 of each year as required by State Statute. City Ordinance establishes the legal level of budgetary control at the individual fund level. Expenditures may not exceed appropriations at this level. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

Cash and cash equivalents:	
Cash on hand	\$ 400
Cash deposits in financial institutions:	
Insured or fully collateralized bank deposits	5,068,249
State Board of Administration - local government pool	<u>1,169,899</u>
Total cash and investments	<u>\$ 6,238,548</u>

The State Board of Administration (SBA) component of cash and cash equivalents is an investment with Florida PRIME, an investment pool administered by the SBA, under the regulatory oversight of the State of Florida. Florida PRIME meets all the necessary criteria to report their investments at amortized cost in accordance with GASB Cod. Sec. In5. As of September 30, 2019, there were no redemption fees, maximum transaction amounts or any other requirements that serve to limit the City's access to one hundred percent of their account value. The fair value of the City's position in the pool is the same as the value of the pool shares.

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

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

INVESTMENT IN REAL PROPERTY - The City owns land that is reported as an investment in accordance with GASB Cod. Sec. 150. The City's investment in real property is reported at a fair value of \$710,000 at September 30, 2019. This value was determined by an analysis of the property by a real estate appraiser which is considered a Level 3 input based upon the fair value hierarchy.

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

The investment securities held by the City and the City's pension trust funds have the following carrying values as of September 30, 2019, based upon the measurement criteria as specified.

City:

	September 30, 2019
Investments at fair value	
FMIvT 0-2 Year High Quality Bond Fund	211,880
FMIvT 1-3 Year High Quality Bond Fund	213,772
FMIvT Intermediate HQ Bond Fund	227,177
Total investments at fair value	<u>652,829</u>
Investments measured at amortized cost	
State Board of Administration	
Florida Prime	1,169,899
Total investments	<u>\$ 1,822,728</u>

General Employees' Pension Trust Fund:

	September 30, 2019
Investments at fair value	
Cash and money market	\$ 48,390
FMIvT Broad Market High Quality Bond	774,236
FMIvT Core Plus	768,859
FMIvT Large Cap Diversified Value	1,865,694
FMIvT Diversified Small to Mid Cap Equity	618,313
FMIvT International Equity	779,613
FMIvT Core Real Estate	521,534
Total investments at fair value	<u>5,376,639</u>
Total investments	<u>\$ 5,376,639</u>

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

Police Officers' and Firefighters' Pension Trust Fund:

	September 30, 2019	Level 1	Level 2	Level 3
Investments at fair value				
Fixed income mutual funds	\$ 1,595,713	\$ 1,595,713	\$ -	\$ -
Equity securities mutual funds	1,869,519	1,869,519	-	-
Individual common stocks	1,129,534	1,129,534	-	-
Real estate investments trusts	58,102	58,102	-	-
Total investments at fair value	4,652,868	\$ 4,652,868	\$ -	\$ -
Investments measured at amortized cost				
Money market mutual funds	98,785			
Total investments	\$ 4,751,653			

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

Investment Type	Fitch/ S&P Rating	Fair Value/ Amortized Cost	Weighted Average Maturity (WAM)/ Duration (WAD)
Primary government			
State Board of Administration			
Florida PRIME	S&P - AAAM	\$ 1,169,899	WAM: 0.10 years
FMLVT Pooled Fixed Income Funds:			
0-2 Year High Quality Bond Fund	Fitch - AAAf/S1	211,880	WAM: 0.86 years
1-3 Year High Quality Bond Fund	Fitch - AAAf/S2	213,772	WAM: 1.69 years
Intermediate HQ Bond Fund	Fitch - AAAf/S3	227,177	WAM: 3.59 years
Total		<u>\$ 1,822,728</u>	
General Employees Pension Trust Fund:			
Cash and money market fund	Not Rated	\$ 48,390	N/A
FMLVT Broad Market High Quality Bond	Fitch - AAf/S4	774,236	WAD: 5.31 years
FMLVT Core Plus	Not Rated	768,859	WAD: 1.40 years
Total		<u>\$ 1,591,485</u>	
Police Officers' and Firefighters' Pension Trust Fund:			
Short-term money market fund	S&P - AAAM	\$ 98,785	N/A
Fixed income mutual funds:			
Dodge & Cox Income Fund	Not Rated	1,386,754	WAD: 4.2 years
Templeton Global Total Return Fund	Not Rated	208,959	WAD: -0.8 years
Total fixed income mutual funds		<u>1,595,713</u>	
Total		<u>\$ 1,694,498</u>	

CITY OF LAKE ALFRED, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 5 - CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2019, is summarized below:

	Balance October 1, 2018	Transfers	Increases	Decreases	Balance September 30, 2019
<u>Governmental Activities:</u>					
Capital assets, not being depreciated:					
Land	\$ 2,732,252	\$ -	\$ 26,100	\$ -	\$ 2,758,352
Construction in process	-	-	145,085	-	145,085
Total capital assets, not being depreciated	<u>2,732,252</u>	<u>-</u>	<u>171,185</u>	<u>-</u>	<u>2,903,437</u>
Capital assets, being depreciated:					
Buildings and improvements	4,871,993	-	519,234	(1,015)	5,390,212
Equipment	4,224,741	-	514,168	(137,956)	4,600,953
Infrastructure:					
Road network	4,463,281	(1,894,336)	826,593	-	3,395,538
Sidewalks	<u>1,378,734</u>	<u>1,894,336</u>	<u>13,984</u>	<u>-</u>	<u>3,287,054</u>
Total capital assets, being depreciated	<u>14,938,749</u>	<u>-</u>	<u>1,873,979</u>	<u>(138,971)</u>	<u>16,673,757</u>
Less accumulated depreciation for:					
Buildings and improvements	(2,044,385)	-	(218,485)	1,015	(2,261,855)
Equipment	(3,243,877)	-	(251,994)	137,599	(3,358,272)
Infrastructure:					
Road network	(978,345)	-	(130,241)	-	(1,108,586)
Sidewalks	<u>(448,778)</u>	<u>-</u>	<u>(95,001)</u>	<u>-</u>	<u>(543,779)</u>
Total accumulated depreciation	<u>(6,715,385)</u>	<u>-</u>	<u>(695,721)</u>	<u>138,614</u>	<u>(7,272,492)</u>
Total capital assets being depreciated, net	<u>8,223,364</u>	<u>-</u>	<u>1,178,258</u>	<u>(357)</u>	<u>9,401,265</u>
Governmental activities capital assets, net	<u>\$ 10,955,616</u>	<u>\$ -</u>	<u>\$ 1,349,443</u>	<u>\$ (357)</u>	<u>\$ 12,304,702</u>
<u>Business-type activities:</u>					
Capital assets, not being depreciated:					
Land	\$ 612,168	\$ -	\$ 16,000	\$ -	\$ 628,168
Construction-in-progress	9,557	-	71,427	-	80,984
Total capital assets, not being depreciated	<u>621,725</u>	<u>-</u>	<u>87,427</u>	<u>-</u>	<u>709,152</u>
Capital assets, being depreciated:					
Buildings and improvements	20,781,644	-	882,883	-	21,664,527
Equipment	<u>1,227,106</u>	<u>-</u>	<u>30,270</u>	<u>-</u>	<u>1,257,376</u>
Total capital assets, being depreciated	<u>22,008,750</u>	<u>-</u>	<u>913,153</u>	<u>-</u>	<u>22,921,903</u>
Less accumulated depreciation for:					
Buildings and improvements	(11,741,520)	-	(518,918)	-	(12,260,438)
Equipment	<u>(701,471)</u>	<u>-</u>	<u>(59,220)</u>	<u>-</u>	<u>(760,691)</u>
Total accumulated depreciation	<u>(12,442,991)</u>	<u>-</u>	<u>(578,138)</u>	<u>-</u>	<u>(13,021,129)</u>
Total capital assets being depreciated, net	<u>9,565,759</u>	<u>-</u>	<u>335,015</u>	<u>-</u>	<u>9,900,774</u>
Business-type activities capital assets, net	<u>\$ 10,187,484</u>	<u>\$ -</u>	<u>\$ 422,442</u>	<u>\$ -</u>	<u>\$ 10,609,926</u>

NOTE 5 - CAPITAL ASSETS (cont...)

Depreciation expense was charged to the following programs and functions:

Governmental Activities:

General government	\$	77,245
Police		69,652
Fire		19,171
Community development		4,627
Sanitation		77,838
Public works		29,149
Roads and streets		235,346
Library		33,678
Parks and recreation		149,015
Total depreciation expense - governmental activities	\$	<u>695,721</u>

Business-type Activities:

Water utility	\$	161,490
Sewer utility		387,816
Stormwater utility		28,832
Total depreciation expense - business-type activities	\$	<u>578,138</u>

CITY OF LAKE ALFRED, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 6 - LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the year ended September 30, 2019:

	Balance October 1, 2018	Increases	Decreases	Balance September 30, 2019	Amounts Due within One Year
<u>Governmental Activities:</u>					
<u>Long-term liabilities:</u>					
<i>Long-term debt:</i>					
None	\$ -	\$ -	\$ -	\$ -	\$ -
Total long-term debt	-	-	-	-	-
<i>Other liabilities:</i>					
Net pension liability	175,354	-	(26,133)	149,221	-
Total OPEB liability	195,507	12,564	-	208,071	-
Compensated absences	295,762	175,689	(150,366)	321,085	32,109
Total other liabilities	666,623	188,253	(176,499)	678,377	32,109
Total long-term liabilities	\$ 666,623	\$ 188,253	\$ (176,499)	678,377	\$ 32,109
Less amounts due in one year				(32,109)	
Net long-term liabilities in excess of one year				\$ 646,268	
<u>Business-type Activities:</u>					
<u>Long-term liabilities:</u>					
<i>Long-term debt:</i>					
Notes payable:					
Series 2012 Revenue Refunding Note	\$ 1,173,817	\$ -	\$ (212,503)	\$ 961,314	\$ 217,585
WW719090 installment note to FDEP	2,434,771	-	(263,492)	2,171,279	269,323
Total bonds and notes payable	3,608,588	-	(475,995)	3,132,593	486,908
<i>Other liabilities:</i>					
Net pension liability	82,520	-	(12,299)	70,221	-
Total OPEB liability	46,715	2,318	-	49,033	-
Compensated absences	61,593	38,045	(29,160)	70,478	7,048
Total other liabilities	190,828	40,363	(41,459)	189,732	7,048
Total long-term liabilities	\$ 3,799,416	\$ 40,363	\$ (517,454)	3,322,325	\$ 493,956
Less amounts due in one year				(493,956)	
Net long-term liabilities in excess of one year				\$ 2,828,369	

NOTE 6 - LONG-TERM OBLIGATIONS (cont...)

Notes to Long-Term Obligations Table

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

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

Governmental Activities:

- Governmental activities had no long-term debt as of September 30, 2019.

Business-type Activities:

- Series 2012 and Series 2008A Notes - The Series 2012 notes were issued September 6, 2012 in the exact principal amount \$2,358,619 of the then outstanding balance of the Series 2008A notes, effectively replacing the 2008A notes with the 2012 notes. Both the lender and the maturity date of September 23, 2023, remained the same. The carrying amount and reacquisition price of the 2008A notes were the same on the date of refunding. The average interest rate on the 2012 notes is 2.37% and was 4.20% on the 2008A notes resulting in a cash flow savings to maturity of \$272,790 and a discounted cash flow savings to maturity (economic gain) of approximately \$238,000. The Series 2012 note is secured by a senior lien on the revenues of the water and sewer systems and contains a requirement to maintain a minimum debt service coverage ratio of 1.2. The retired 2008A note proceeds were used to retire debt whose proceeds were originally used to finance improvements primarily to the sewer system.

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

- Installment Note to DEP (WW 719090) - This note, in the original amount of \$5,143,530, is secured by a subordinate lien on the water and sewer revenues and bears interest at 2.205%, with semi-annual principal and interest payments of \$157,823 on July 15 and December 15 and continuing to maturity in January 2027. The note proceeds used to fund expansion of the wastewater treatment facility.

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

NOTE 6 - LONG-TERM OBLIGATIONS (cont...)

Notes to Long-Term Obligations Table (cont...)

Pledged Revenues:

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

		Revenue	Total Principal	Current Year		Percentage
		Pledged	and Interest	Principal and	Current Year	of Net
<u>Pledged Revenue</u>	<u>Through</u>	<u>Outstanding</u>	<u>Interest Paid</u>	<u>Net Revenue</u>	<u>Principal and</u>	<u>Interest Paid</u>
Water and sewer revenue	1/15/2027	\$ 3,380,728	\$ 554,089	\$ 1,559,269		281%

Maturities:

Annual requirements to repay all long-term bonds and notes payable as of September 30, 2019, were as follows:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ -	\$ -	\$ 486,908	\$ 67,181
2021	-	-	498,072	56,017
2022	-	-	509,493	44,597
2023	-	-	521,175	32,914
2024	-	-	353,232	22,025
2025-2029	-	-	763,713	25,401
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,132,593</u>	<u>\$ 248,135</u>

NOTE 7 - INTERFUND TRANSACTIONS

Interfund transfers for the year ended September 30, 2019, consisted of:

<u>Receiving Fund</u>	<u>Paying Fund</u>	<u>Amount</u>
General Fund	Enterprise Fund	\$ 642,425

The transfer from the enterprise fund to the general fund is a budgeted transfer.

NOTE 8 - PENSION TRUST FUNDS

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

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

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

Contributions - It is the City's policy to annually fund the actuarially determined required contributions representing the difference between the actuarially determined amount and the contributions of plan members and the State of Florida in the case of the Police Officers' and Firefighters' plan. Contribution rates and other information for the year ended September 30, 2019 is presented below:

	General Employees' Pension Trust Fund	Police Officers' and Firefighters' Pension Trust Fund
Contribution rates:		
City	14.5%	20.0%
Plan members	5.0%	5.0%
Actuarially determined contribution	\$ 229,964	\$ 164,806
Contributions made in relation to the		
Actuarially determined contribution	\$ 229,964	\$ 174,356

NOTE 8 – PENSION TRUST FUNDS (cont...)

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

	as of October 1, 2018	
	General Employees' Pension Trust Fund	Police Officers' and Firefighters' Pension Trust Fund
Inactive plan members or beneficiaries currently receiving benefits	22	4
Inactive plan members entitled to but not yet receiving benefits	30	10
Active plan members	37	16
Total	89	30

Net Pension Liability (Asset) – The components of the changes in the net pension liability (asset) for both pension plans for the year ended September 30, 2019 is shown below. The net pension liability (asset) as of September 30, 2019, for City financial reporting purposes, was determined by actuarial valuations as of October 1, 2017 updated to September 30, 2018 (the measurement date).

General Employees' Pension Trust Fund:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset) Liability
	(a)	(b)	(a)-(b)
Reporting period ending September 30, 2018	\$ 5,032,354	\$ 4,774,480	\$ 257,874
Changes for the year:			
Service cost	193,994	-	193,994
Interest	380,720	-	380,720
Difference between actual and expected experience	18,610	-	18,610
Contributions - City	-	216,098	(216,098)
Contributions - employee	-	77,075	(77,075)
Employee buy-back contributions	11,989	11,989	-
Net investment income	-	353,176	(353,176)
Benefit payments, including refunds of employee contributions	(300,164)	(284,617)	(15,547)
Administrative expense	-	(30,140)	30,140
Net changes	305,149	343,581	(38,432)
Reporting period ending September 30, 2019	\$ 5,337,503	\$ 5,118,061	\$ 219,442

NOTE 8 – PENSION TRUST FUNDS (cont...)

Police Officers' and Firefighters' Pension Trust Fund:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset) Liability
	(a)	(b)	(a)-(b)
Reporting period ending September 30, 2018	\$ 3,813,698	\$ 4,057,820	\$ (244,122)
Changes for the year:			
Service cost	163,316	-	163,316
Interest	286,203	-	286,203
Difference between actual and expected experience	70,462	-	70,462
Contributions - City	-	13,327	(13,327)
Contributions - State	-	64,374	(64,374)
Contributions - employee	-	38,798	(38,798)
Net investment income	-	299,677	(299,677)
Benefit payments, including refunds of employee contributions	(58,762)	(58,762)	-
Administrative expense	-	(26,509)	26,509
Net changes	461,219	330,905	130,314
Reporting period ending September 30, 2019	\$ 4,274,917	\$ 4,388,725	\$ (113,808)

Actuarial Assumptions – The actuarial valuation date and significant actuarial assumptions used to measure the total pension liability at September 30, 2019 were as follows:

	General Employees' Pension Trust Fund	Police Officers' and Firefighters' Pension Trust Fund
	October 1, 2017 updated to September 30, 2018	October 1, 2017 updated to September 30, 2018
Actuarial valuation date		
Inflation	3.00%	2.50%
Projected salary increases	6.00%	5.25% to 6.00%
Investment rate of return	7.50%	7.25%
Discount rate	7.50%	7.25%
Date of actuarial experience study	September 16, 2013	September 16, 2013

Mortality rates were based on the RP-2000 tables for active, inactive, and disabled males or females, as appropriate, with adjustments for mortality improvements based on Scale BB.

NOTE 8 - PENSION TRUST FUNDS (cont...)

Long-term Expected Rate of Return on Pension Plan Investments - Best estimates of arithmetic real rates of return for each major asset and the pension plans' target asset allocations as of September 30, 2019, are summarized in the following table.

General Employees' Pension Trust Fund:

Asset Class	Long-term Expected Real Rates of Return	Target Asset Allocations
Core Bonds - Broad Market High Quality	1.60%	15.00%
Core Plus Fixed Income Fund	2.10%	15.00%
US Large Cap Equity	4.60%	34.00%
US Small Cap Equity	5.50%	11.00%
International Equity	6.70%	15.00%
Core Real Estate	5.00%	10.00%

Police Officers' and Firefighters' Pension Trust Fund:

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

NOTE 8 - PENSION TRUST FUNDS (cont...)

Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions - For the year ended September 30, 2019, the City recognized total pension expense of \$353,126 consisting of pension expense for the General Employees' Retirement System of \$234,847 and \$118,279 for the Police Officers' and Firefighters' Retirement System. At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions, combined and individually for both plans, was as follows:

Combined All Pension Trust Funds:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 65,254	\$ 129,796
Change in assumptions	74,853	-
Net difference between expected and actual earnings on Plan investments	-	147,837
City contributions subsequent to the measurement date	404,319	-
Total Combined All Pension Trust Funds	<u>\$ 544,426</u>	<u>\$ 277,633</u>

General Employees' Pension Trust Fund:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 12,406	\$ 1,647
Change in assumptions	-	-
Net difference between expected and actual earnings on Plan investments	-	90,622
City contributions subsequent to the measurement date	229,964	-
Total General Employees' Pension Trust Fund	<u>\$ 242,370</u>	<u>\$ 92,269</u>

Police Officers' and Firefighters' Pension Trust Fund:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 52,848	\$ 128,149
Change in assumptions	74,853	-
Net difference between expected and actual earnings on Plan investments	-	57,215
City contributions subsequent to the measurement date	174,355	-
Total Police Officers' and Firefighters' Pension Trust Fund	<u>\$ 302,056</u>	<u>\$ 185,364</u>

NOTE 8 - PENSION TRUST FUNDS (cont...)

Deferred outflows of resources related to City contributions subsequent to the measurement date of September 30, 2018 will be recognized as a reduction of the net pension liability in the year ended September 30, 2020. Other amounts reported as deferred inflows and outflows of resources will be recognized in pension expense in the years and amounts shown below:

Year ending September 30,	General Employees' Pension Trust fund	Police Officers' and Firefighters' Pension Trust fund	Total
2020	\$ 11,922	\$ (1,092)	\$ 10,830
2021	(45,044)	(30,034)	(75,078)
2022	(47,327)	(25,666)	(72,993)
2023	586	(871)	(285)
Total	<u>\$ (79,863)</u>	<u>\$ (57,663)</u>	<u>\$ (137,526)</u>

Discount Rate - a rate of 7.5% was used for the general employees' pension trust fund and a rate of 7.25% was used for the police and firefighters' pension trust fund to measure the total pension liability of each plan as of September 30, 2018, which is the measurement date for financial reporting purposes. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the actuarially determined contribution rate. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the City as of the measurement date (September 30, 2018), calculated using the discount rates discussed above for each plan, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate used by each plan.

	Current Discount Rate	Net Pension Liability (Asset) at Measurement Date		
		1% Decrease	Current Discount	1% Increase
General Employees'	7.50%	\$ 942,898	\$ 219,442	\$ (344,570)
Police Officers' and Firefighters'	7.25%	385,189	(113,808)	(530,611)
City's Net Pension Liability (Asset)		<u>\$ 1,328,087</u>	<u>\$ 105,634</u>	<u>\$ (875,181)</u>

NOTE 8 - PENSION TRUST FUNDS (cont...)

The following presents the net pension liability (asset) of the City as of the financial reporting date (September 30, 2019), calculated using the current discount rates for each plan, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate used by each plan.

	Current Discount Rate	Net Pension Liability (Asset) at Financial Reporting Date		
		1% Decrease	Current Discount	1% Increase
General Employees'	7.50%	\$ 1,170,677	\$ 328,456	\$ (240,861)
Police Officers' and Firefighters'	7.25%	467,964	(58,732)	(499,493)
City's Net Pension Liability (Asset)		<u>\$ 1,638,641</u>	<u>\$ 269,724</u>	<u>\$ (740,354)</u>
Change in City's net pension liability between measurement date and reporting date				
		<u>\$ 310,554</u>	<u>\$ 164,090</u>	<u>\$ 134,827</u>

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS

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

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

There are currently 54 active plan members and no inactive plan members.

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

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

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (cont...)

Total OPEB Liability – The City’s total OPEB liability as of September 30, 2019 was determined by an actuarial valuation as of September 30, 2018 (the measurement date). The actuarial assumptions used in the September 30, 2018 valuation were as follows:

Inflation	2.50%
Salary Increases	2.50%
Discount Rate	4.18%
Initial Trend Rate	8.50%
Ultimate Trend Rate	4.00%
Year to Ultimate Trend Rate	55

For all lives, mortality rates were RP-2000 Combined Healthy Mortality Tables projected to the valuation date using projection scale AA.

Discount Rate – The discount rate was based on a high-quality municipal bond rate of 4.18%. The high-quality bond rate was based on the week closest but not later than the measurement date of the Bond Buyer 20-Bond index as published by the Federal Reserve. The 20-Bond Index consists of 20 general obligation bonds that mature in 20 years. The average rating of the 20 bonds is roughly equivalent to Moody’s Investors Service’s Aa2 rating and Standard & Poor’s Corp.’s AA rating.

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

OPEB Expense – For the year ended September 30, 2019, the City recognized OPEB expense of \$21,234.

Changes in Total OPEB Liability:

	Total OPEB Liability
Reporting period ending September 30, 2018	\$ 242,222
Changes for the year:	
Service cost	26,054
Interest	9,650
Changes of assumptions	(14,470)
Benefit payments	(6,352)
Net changes	14,882
Reporting period ending September 30, 2019	\$ 257,104

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (concluded)

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

	1% Decrease (3.18%)	Discount Rate (4.18%)	1% Increase (5.18%)
Total OPEB liability	\$ 284,839	\$ 257,104	\$ 233,083

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

	1% Decrease (3.00% to 7.50%)	Healthcare Cost Trend Rates (4.00% to 8.50%)	1% Increase (5.00% to 9.50%)
Total OPEB liability	\$ 229,659	\$ 257,104	\$ 289,156

NOTE 10 - SEGMENT INFORMATION FOR ENTERPRISE FUND

The City has outstanding debt secured by its water and sewer revenues. The water and sewer operations are accounted for in a single enterprise fund along with stormwater. Because many of the assets and liabilities of the enterprise fund are not separately identifiable with any one operating segment (e.g. cash, accounts receivable, accounts payable, etc.), it is not possible to present segment information disclosures for cash flows and some components of net position. Segment financial information that can be separately identified for the water and sewer operations as of and for the year ended September 30, 2019, is presented below:

	Water & Sewer System
Condensed statement of revenues, expenses and changes in net position:	
Charges for services	\$ 2,619,762
Operating expenses	(1,554,877)
Depreciation	(549,306)
Operating income (loss)	515,579
Interest income	81,790
Interest expense	(75,627)
Impact fees and capital grants and contributions	1,012,228
Transfers out	(642,425)
Change in net position	\$ 891,545
Condensed statement of net position:	
Capital assets, net	\$ 10,045,016
Long-term notes payable	\$ 3,608,588
Net investment in capital assets	\$ 6,436,428

NOTE 11 - COMMITMENTS AND CONTINGENCIES

Risk Management - Commercial insurance protection with normal deductibles is in place to limit the City's exposure from losses arising from liability and property and equipment damages. There have been no significant reductions in coverage nor have settlement amounts exceeded the City's coverage during the year ended September 30, 2019 or the previous two years. The City's workers compensation coverage is provided through a non-assessable program; in the event the insurance company were declared insolvent, the City would only be responsible for its own claims and not the claims of other insured entities under the program.

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

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

Unused Credit – The City has been approved for a loan of up to \$130,450 for the purpose of Brownfield cleanup and/or remediation activities on property owned by the City. No funds have been drawn on this loan as of September 30, 2019.

NOTE 12 – JOINT VENTURE

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

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

Membership fees - The terms of the interlocal agreement require each Member Government to contribute their proportionate share of the PRWC's annual working capital needs which are established annually by a resolution of the PRWC's Board of Directors. For the year ended September 30, 2019, the total annual working capital needs of the PRWC was \$198,000 of which the City's proportionate share was \$3,128.

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



(This page intentionally left blank)

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LAKE ALFRED, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (unaudited)

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual Amounts (GAAP basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 2,569,345	\$ 2,633,401	\$ 2,635,849	\$ 2,448
Licenses and permits	190,200	347,247	359,637	12,390
Intergovernmental revenue	1,020,783	1,100,609	1,064,768	(35,841)
Charges for services	755,100	810,994	807,331	(3,663)
Fines and forfeitures	25,000	19,627	19,627	-
Investment income	40,000	52,556	52,556	-
Other	195,200	267,398	232,215	(35,183)
Total revenues	4,795,628	5,231,832	5,171,983	(59,849)
EXPENDITURES:				
General government	1,145,503	1,351,064	1,351,064	-
Public safety	2,110,702	2,161,370	2,161,370	-
Physical environment	409,232	479,555	462,262	17,293
Transportation	584,226	612,857	612,857	-
Culture/recreation	688,404	706,908	706,908	-
Capital outlay	411,000	992,110	992,110	-
Total expenditures	5,349,067	6,303,864	6,286,571	17,293
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(553,439)	(1,072,032)	(1,114,588)	(42,556)
Interfund transfers	491,425	642,425	642,425	-
NET CHANGE IN FUND BALANCE	\$ (62,014)	\$ (429,607)	\$ (472,163)	\$ (42,556)

Notes to Budgetary Comparison Schedule:

The budget is prepared on the GAAP basis of accounting.

CITY OF LAKE ALFRED, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE – COMMUNITY REDEVELOPMENT AGENCY (unaudited)

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual Amounts (GAAP basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 130,649	\$ 132,567	\$ 132,567	\$ -
Total revenues	130,649	132,567	132,567	-
EXPENDITURES:				
Economic environment	21,600	15,660	15,660	-
Capital outlay	215,000	224,130	224,130	-
Total expenditures	236,600	239,790	239,790	-
NET CHANGE IN FUND BALANCE	<u>\$ (105,951)</u>	<u>\$ (107,223)</u>	<u>\$ (107,223)</u>	<u>\$ -</u>

Notes to Budgetary Comparison Schedule:

The budget is prepared on the GAAP basis of accounting.

CITY OF LAKE ALFRED, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
GENERAL EMPLOYEES' PENSION PLAN

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

City reporting period date	9/29/2020	9/30/2019	9/30/2018
Measurement date	9/30/2019	9/30/2018	9/30/2017
Total pension liability			
Service cost	\$ 211,276	\$ 193,994	\$ 170,659
Interest	403,077	380,720	349,574
Change in assumptions	-	-	-
Difference between expected and actual experience	93,660	18,610	(4,941)
Benefit payments, including refunds of of employee contributions	(348,831)	(300,164)	(278,261)
Employee buy-back	11,628	11,989	165,863
Net change in total pension liability	370,810	305,149	402,894
Total pension liability, beginning	5,337,503	5,032,354	4,629,460
Total pension liability, ending (a)	<u>\$5,708,313</u>	<u>\$ 5,337,503</u>	<u>\$ 5,032,354</u>
Plan fiduciary net position			
Contributions - City	\$ 229,964	\$ 216,098	\$ 188,390
Contributions - Retroactive City	-	-	74,865
Contributions - Employee	79,133	77,075	71,966
Contributions - Employee buy-back	11,628	11,989	165,863
Net investment income (loss)	274,336	353,176	548,625
Benefit payments, including refunds Of employee contributions	(298,774)	(284,617)	(278,262)
Administrative expenses	(34,491)	(30,140)	(40,417)
Net change in plan fiduciary net position	261,796	343,581	731,030
Plan fiduciary net position, beginning	5,118,061	4,774,480	4,043,450
Plan fiduciary net position, ending (b)	<u>\$5,379,857</u>	<u>\$ 5,118,061</u>	<u>\$ 4,774,480</u>
Net pension liability (asset) (a)-(b)	<u>\$ 328,456</u>	<u>\$ 219,442</u>	<u>\$ 257,874</u>
Plan fiduciary net position as a percentage of total pension liability	94.25%	95.89%	94.88%
Covered payroll	\$1,582,655	\$ 1,530,313	\$ 1,454,094
Net pension liability as a percentage of covered payroll	21%	14%	18%

Continued...

CITY OF LAKE ALFRED, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

GENERAL EMPLOYEES' PENSION PLAN (concluded)

City reporting period date	9/30/2017	9/30/2016	9/30/2015
Measurement date	9/30/2016	9/30/2015	9/30/2014
Total pension liability			
Service cost	\$ 154,686	\$ 148,309	\$ 134,677
Interest	320,365	318,656	303,446
Change in assumptions	164,833	-	-
Difference between expected and actual experience	12,782	(180,354)	-
Benefit payments, including refunds of of employee contributions	(280,105)	(260,308)	(237,593)
Employee buy-back	-	-	-
Net change in total pension liability	372,561	26,303	200,530
Total pension liability, beginning	4,256,899	4,230,596	4,030,066
Total pension liability, ending (a)	<u>\$ 4,629,460</u>	<u>\$ 4,256,899</u>	<u>\$ 4,230,596</u>
Plan fiduciary net position			
Contributions - City	173,325	\$ 177,969	\$ 198,995
Contributions - Retroactive City	-	-	-
Contributions - Employee	58,327	56,377	56,427
Contributions - Employee buy-back	-	-	-
Net investment income (loss)	303,304	(3,845)	308,029
Benefit payments, including refunds Of employee contributions	(280,105)	(260,307)	(237,593)
Administrative expenses	(36,681)	(28,284)	(27,085)
Net change in plan fiduciary net position	218,170	(58,090)	298,773
Plan fiduciary net position, beginning	3,825,280	3,883,370	3,584,597
Plan fiduciary net position, ending (b)	<u>\$ 4,043,450</u>	<u>\$ 3,825,280</u>	<u>\$ 3,883,370</u>
Net pension liability (asset) (a)-(b)	<u>\$ 586,010</u>	<u>\$ 431,619</u>	<u>\$ 347,226</u>
Plan fiduciary net position as a percentage of total pension liability	87.34%	89.86%	91.79%
Covered payroll	\$ 1,166,417	\$ 1,126,891	\$ 1,098,655
Net pension liability as a percentage of covered payroll	50%	38%	32%

Notes to the Schedule:*Changes of Assumptions:*

For the measurement date September 30, 2016:

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

Additional years will be added to this schedule annually until 10 years' data is presented.

CITY OF LAKE ALFRED, FLORIDA**REQUIRED SUPPLEMENTARY INFORMATION****SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS****POLICE OFFICERS' AND FIREFIGHTERS' PENSION TRUST FUND**

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

City reporting period date	9/29/2020	9/30/2019	9/30/2018
Measurement date	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>
Total pension liability			
Service cost	\$ 163,963	\$ 163,316	\$ 122,315
Interest	320,259	286,203	271,787
Change in excess State money	-	-	-
Change in benefit terms	39	-	-
Difference between expected and actual experience	(23,250)	70,462	(158,983)
Change of assumptions	-	-	107,014
Benefit payments, including refunds of employee contributions	<u>(43,100)</u>	<u>(58,762)</u>	<u>(59,891)</u>
Net change in total pension liability	417,911	461,219	282,242
Total pension liability, beginning	<u>4,274,917</u>	<u>3,813,698</u>	<u>3,531,456</u>
Total pension liability, ending (a)	<u>\$ 4,692,828</u>	<u>\$ 4,274,917</u>	<u>\$ 3,813,698</u>
Plan fiduciary net position			
Contributions - City	\$ 103,411	\$ 13,327	\$ 91,908
Contributions - State of Florida	70,945	64,374	61,371
Contributions - Employee	43,576	38,798	37,000
Net investment income (loss)	213,148	299,677	476,615
Benefit payments, including refunds of employee contributions	(43,100)	(58,762)	(59,891)
Administrative expenses	<u>(25,145)</u>	<u>(26,509)</u>	<u>(22,882)</u>
Net change in plan fiduciary net position	362,835	330,905	584,121
Plan fiduciary net position, beginning	<u>4,388,725</u>	<u>4,057,820</u>	<u>3,473,699</u>
Plan fiduciary net position, ending (b)	<u>\$ 4,751,560</u>	<u>\$ 4,388,725</u>	<u>\$ 4,057,820</u>
Net pension liability (asset) (a)-(b)	<u>\$ (58,732)</u>	<u>\$ (113,808)</u>	<u>\$ (244,122)</u>
Plan fiduciary net position as a percentage of total pension liability (asset)	101.25%	102.66%	106.40%
Covered payroll	\$ 871,511	\$ 775,961	\$ 739,995
Net pension liability (asset) as a percentage of covered payroll	-7%	-15%	-33%

Continued...

CITY OF LAKE ALFRED, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

POLICE OFFICERS' AND FIREFIGHTERS' PENSION TRUST FUND (concluded)

City reporting period date	9/30/2017	9/30/2016	9/30/2015
Measurement date	9/30/2016	9/30/2015	9/30/2014
Total pension liability			
Service cost	\$ 115,618	\$ 121,228	\$ 136,192
Interest	247,111	224,790	205,111
Change in excess State money	(5,582)	1,815	3,767
Change in benefit terms	166,204	-	-
Difference between expected and actual experience	(69,149)	(156,848)	-
Change of assumptions	85,378	-	-
Benefit payments, including refunds of of employee contributions	(53,403)	(50,886)	(77,030)
Net change in total pension liability	486,177	140,099	268,040
Total pension liability, beginning	3,045,279	2,905,180	2,637,140
Total pension liability, ending (a)	<u>\$ 3,531,456</u>	<u>\$ 3,045,279</u>	<u>\$ 2,905,180</u>
Plan fiduciary net position			
Contributions - City	\$ 61,125	\$ 108,161	\$ 89,875
Contributions - State of Florida	62,347	58,522	60,972
Contributions - Employee	29,016	36,721	36,260
Net investment income (loss)	199,227	(43,196)	318,977
Benefit payments, including refunds of employee contributions	(53,403)	(50,886)	(77,030)
Administrative expenses	(27,555)	(28,759)	(19,030)
Net change in plan fiduciary net position	270,757	80,563	410,024
Plan fiduciary net position, beginning	3,202,942	3,122,379	2,712,355
Plan fiduciary net position, ending (b)	<u>\$ 3,473,699</u>	<u>\$ 3,202,942</u>	<u>\$ 3,122,379</u>
Net pension liability (asset) (a)-(b)	<u>\$ 57,757</u>	<u>\$ (157,663)</u>	<u>\$ (217,199)</u>
Plan fiduciary net position as a percentage of total pension liability (asset)	98.36%	105.18%	107.48%
Covered payroll	\$ 580,100	\$ 761,837	\$ 659,279
Net pension liability (asset) as a percentage of covered payroll	10%	-21%	-33%

Additional years will be added to this schedule annually until 10 years' data is presented.

CITY OF LAKE ALFRED, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

NOTES TO THE SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

POLICE OFFICERS' AND FIREFIGHTERS' PENSION PLAN

Changes in Benefit Terms:

For measurement date September 30, 2019:

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

For measurement date September 30, 2016:

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

Changes of Assumptions:

For measurement date September 30, 2017:

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

For measurement date September 30, 2016:

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

CITY OF LAKE ALFRED, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
GENERAL EMPLOYEES' PENSION PLAN

Fiscal year end	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess (Deficiency)	Covered Payroll	Contributions as a % of Covered Payroll
September 30, 2019	229,964	229,964	-	1,582,655	14.53%
September 30, 2018	216,098	216,098	-	1,530,313	14.12%
September 30, 2017	170,830	188,390	17,560	1,454,094	12.96%
September 30, 2016	168,960	173,325	4,365	1,166,417	14.86%
September 30, 2015	172,875	177,969	5,094	1,126,891	15.79%
September 30, 2014	204,413	205,381	968	1,098,655	18.69%
September 30, 2013	160,529	166,916	6,387	1,081,295	15.44%
September 30, 2012	145,913	146,005	92	1,095,004	13.33%
September 30, 2011	211,489	211,397	(92)	1,202,118	17.59%
September 30, 2010	188,507	186,286	(2,221)	1,419,705	13.12%

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

- Valuation Date: October 1, 2017 for fiscal year 2019 contributions.
- Actuarial Cost Method: Entry age normal actuarial cost method.
- Asset Valuation Method: All assets were valued at market value with an adjustment to uniformly spread actuarial investment gains and losses over a four-year period.
- Salary Increases: 6.00%.
- Investment Rate of Return: 7.50% per year compounded annually, net of investment related expenses.
- Payroll Growth: None.
- Retirement Age: Age 59 with 12 years of service.
- Mortality rates were based on the RP-2000 tables for active, inactive, and disabled males or females, as appropriate, with adjustments for mortality improvements based on Scale BB.
- Termination and disability rate tables:

Termination rates are assumed to be 18% for the first two years of employment, 14% for years three to six and for all years thereafter the assumption is based upon employee age as noted in the following table:

Age	% Terminating during the year	% Becoming disabled during The year
20	38.60%	0.05%
30	19.40%	0.06%
40	7.30%	0.12%
50	2.70%	0.43%

CITY OF LAKE ALFRED, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
POLICE OFFICERS' AND FIREFIGHTERS' PENSION PLAN

Fiscal year end	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess (Deficiency)	Covered Payroll	Contributions as a % of Covered Payroll
September 30, 2019	164,806	174,356	9,550	871,511	20.01%
September 30, 2018	117,110	77,701	(39,409)	775,961	10.01%
September 30, 2017	124,930	153,279	28,349	739,995	20.71%
September 30, 2016	109,780	138,364	28,584	580,100	23.85%
September 30, 2015	154,952	154,952	-	761,837	20.34%
September 30, 2014	151,695	151,695	-	659,279	23.01%
September 30, 2013	151,134	159,355	8,221	772,791	20.62%
September 30, 2012	104,247	104,247	-	750,077	13.90%
September 30, 2011	62,452	62,452	-	625,360	9.99%
September 30, 2010	27,912	38,331	10,419	368,264	10.41%

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

- Valuation Date: October 1, 2017 for fiscal year 2019 contributions.
- Actuarial Cost Method: Entry age normal actuarial cost method.
- Asset Valuation Method: All assets were valued at market value with an adjustment to uniformly spread actuarial investment gains and losses over a four-year period.
- Salary Increases: 6.00% per year until age 30 and 5.25% per year on and after age 30. Projected salary at retirement is increased individually to account for non-regular compensation.
- Investment Rate of Return: 7.25% per year compounded annually, net of investment related expenses.
- Payroll Growth: 3.00%
- Retirement Age: Age 55 with 10 years of service or age 52 and 25 years of service. Any member who has reached normal retirement is assumed to continue employment for one additional year.
- Mortality rates were based on the RP-2000 tables for active, inactive, and disabled males or females, as appropriate, with adjustments for mortality improvements based on Scale BB.
- Termination and disability rate tables:

Age	% Terminating during the year	% Becoming disabled during The year
20	13.80%	0.03%
30	11.50%	0.04%
40	6.00%	0.07%
50	1.80%	0.18%

CITY OF LAKE ALFRED, FLORIDA**REQUIRED SUPPLEMENTARY INFORMATION****SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS**

Measurement date	9/30/2018	9/30/2017
Reporting period ending	9/30/2019	9/30/2018
Total OPEB Liability		
Service cost	\$ 26,054	\$ 27,423
Interest	9,650	7,748
Change in assumptions	(14,470)	(15,812)
Benefit payments	(6,352)	(5,841)
Net change in total OPEB liability	14,882	13,518
Total OPEB liability, beginning	242,222	228,704
Total OPEB liability, ending	<u>\$ 257,104</u>	<u>\$ 242,222</u>
Covered-employee payroll	\$ 2,154,818	\$ 2,050,987
Total OPEB liability as a percentage of covered-employee payroll	11.93%	11.81%

Notes to Schedule:

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

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

Changes of Assumptions:

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

<u>Measurement Date</u>	<u>Discount Rate</u>
September 30, 2018	4.18%
September 30, 2017	3.64%
September 30, 2016	3.06%



(This page intentionally left blank)

OTHER SUPPLEMENTARY INFORMATION

CITY OF LAKE ALFRED, FLORIDA
OTHER SUPPLEMENTARY INFORMATION
COMBINING STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
AS OF SEPTEMBER 30, 2019

	General Employees' Pension Trust Fund	Police Officers' and Firefighters' Pension Trust Fund	Total
ASSETS			
Receivables:			
Contributions receivable:			
Plan members	\$ 3,218	\$ -	\$ 3,218
Accrued income	-	1,796	1,796
Total receivables	3,218	1,796	5,014
Investments, at fair value:			
Short-term money market funds	48,390	98,785	147,175
Fixed income external investment pools	1,543,095	1,595,713	3,138,808
Equity securities external investment pools	3,263,620	1,869,519	5,133,139
Individual common stocks	-	1,129,534	1,129,534
Real estate securities and investment pools	521,534	58,102	579,636
Total investments	5,376,639	4,751,653	10,128,292
Total assets	5,379,857	4,753,449	10,133,306
LIABILITIES			
Accounts payable	-	1,889	1,889
Total Liabilities	-	1,889	1,889
NET POSITION			
Restricted for pension benefits	\$ 5,379,857	\$ 4,751,560	\$ 10,131,417

CITY OF LAKE ALFRED, FLORIDA

OTHER SUPPLEMENTARY INFORMATION

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	General Employees' Pension Trust Fund	Police Officers' and Firefighters' Pension Trust Fund	Total
ADDITIONS			
Contributions:			
City	\$ 229,964	\$ 103,411	\$ 333,375
Plan members	79,133	43,576	122,709
Plan member retroactive buy-back contributions	11,628	-	11,628
State of Florida	-	70,945	70,945
Total contributions	320,725	217,932	538,657
Investment income	285,643	238,224	523,867
Less investment expenses:			
Performance evaluation	-	12,500	12,500
Custodial fees	11,307	5,500	16,807
Investment management fees	-	7,076	7,076
Total investment expenses	11,307	25,076	36,383
Net investment income	274,336	213,148	487,484
Total additions	595,061	431,080	1,026,141
DEDUCTIONS			
Administrative expenses:			
Legal	7,945	5,827	13,772
Administration fees	3,000	-	3,000
Actuarial	18,776	13,822	32,598
Insurance	1,395	996	2,391
Audit	3,375	4,500	7,875
Total administrative expenses	34,491	25,145	59,636
Payments to retirees and participants	298,774	43,100	341,874
Total deductions	333,265	68,245	401,510
CHANGE IN NET POSITION	261,796	362,835	624,631
NET POSITION, beginning of year	5,118,061	4,388,725	9,506,786
NET POSITION, end of year	\$ 5,379,857	\$ 4,751,560	\$ 10,131,417



(This page intentionally left blank)

STATISTICAL SECTION

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Net Position by Component	65
Changes in Net Position.....	66-67
Fund Balances of Governmental Funds.....	68
Changes in Fund Balances of Governmental Funds.....	69

Revenue Capacity

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

Assessed and Estimated Actual Value of Taxable Property.....	70
Direct and Overlapping Property Tax Rates.....	71
Principal Property Taxpayers.....	72
Property Tax Levies and Collections.....	73

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Ratios of Outstanding Debt by Type.....	74
Ratios of General Bonded Debt Outstanding.....	75
Direct and Overlapping Governmental Activities Debt.....	76
Legal Debt Margin.....	77
Pledged-Revenue Coverage.....	78

Demographic and Economic Information

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

Demographic and Economic Statistics.....	79
--	----

Operating Information

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

Principal Employers	80
Full-time Equivalent City Government Employees by Function/Program.....	81
Various Indicators by Function/Program.....	82
Capital Asset Statistics by Function.....	83

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

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<u>Governmental Activities</u>										
Net investment										
in capital assets	\$ 6,327,927	\$ 6,836,176	\$ 7,714,984	\$ 8,548,958	\$ 9,079,417	\$ 9,190,078	\$ 9,009,284	\$ 11,301,070	\$ 10,955,616	\$ 12,304,702
Restricted	629,545	899,119	856,865	899,724	555,791	624,366	769,426	674,249	1,179,774	804,790
Unrestricted	1,953,086	1,536,249	1,582,491	1,382,740	1,519,177	1,638,237	2,461,461	1,988,336	1,861,272	1,719,317
Total governmental activities net position	<u>\$ 8,910,558</u>	<u>\$ 9,271,544</u>	<u>\$ 10,154,340</u>	<u>\$ 10,831,422</u>	<u>\$ 11,154,385</u>	<u>\$ 11,452,681</u>	<u>\$ 12,240,171</u>	<u>\$ 13,963,655</u>	<u>\$ 13,996,662</u>	<u>\$ 14,828,809</u>
<u>Business-type activities</u>										
Net investment										
in capital assets	\$ 7,029,944	\$ 6,411,861	\$ 6,578,397	\$ 6,520,782	\$ 6,442,795	\$ 6,554,998	\$ 6,599,507	\$ 6,650,029	\$ 6,578,896	\$ 7,477,333
Restricted	1,167,613	622,852	578,769	648,668	805,494	936,463	1,304,383	1,357,390	1,769,142	2,209,355
Unrestricted	2,625,939	2,759,762	2,543,333	2,637,302	2,554,578	2,525,196	2,605,795	2,538,538	2,314,633	2,050,039
Total Business-type activities net position	<u>\$ 10,823,496</u>	<u>\$ 9,794,475</u>	<u>\$ 9,700,499</u>	<u>\$ 9,806,752</u>	<u>\$ 9,802,867</u>	<u>\$ 10,016,657</u>	<u>\$ 10,509,685</u>	<u>\$ 10,545,957</u>	<u>\$ 10,662,671</u>	<u>\$ 11,736,727</u>
<u>Primary Government</u>										
Net investment										
in capital assets	\$ 13,357,871	\$ 13,248,037	\$ 14,293,381	\$ 15,069,740	\$ 15,522,212	\$ 15,745,076	\$ 15,608,791	\$ 17,951,099	\$ 17,534,512	\$ 19,782,035
Restricted	1,797,158	1,521,971	1,435,634	1,548,392	1,361,285	1,560,829	2,073,809	2,031,639	2,948,916	3,014,145
Unrestricted	4,579,025	4,296,011	4,125,824	4,020,042	4,073,755	4,163,433	5,067,256	4,526,874	4,175,905	3,769,356
Total primary government net position	<u>\$ 19,734,054</u>	<u>\$ 19,066,019</u>	<u>\$ 19,854,839</u>	<u>\$ 20,638,174</u>	<u>\$ 20,957,252</u>	<u>\$ 21,469,338</u>	<u>\$ 22,749,856</u>	<u>\$ 24,509,612</u>	<u>\$ 24,659,333</u>	<u>\$ 26,565,536</u>

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

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<u>Expenses</u>										
Governmental Activities:										
General government	\$ 783,251	\$ 766,279	\$ 686,202	\$ 784,415	\$ 860,296	\$ 924,434	\$ 942,096	\$ 1,136,799	\$ 1,351,350	\$ 1,361,600
Community development	109,644	140,153	247,438	239,687	255,597	193,212	213,568	276,964	298,437	487,355
Police	804,869	882,166	896,655	941,577	940,496	945,253	868,641	1,167,239	1,108,327	1,250,339
Fire	493,600	566,230	550,019	658,036	678,182	635,691	536,885	671,908	579,922	619,784
Sanitation	-	333,855	359,980	351,853	407,304	464,978	465,357	480,427	572,951	504,133
Public works	-	-	-	-	-	-	86,043	84,122	69,981	88,542
Roads and streets	443,834	521,248	557,511	527,850	532,877	590,287	508,831	514,053	597,249	636,651
Library	-	-	-	-	-	-	-	192,263	197,344	201,493
Parks and recreation	401,027	406,791	409,886	520,781	592,818	577,686	621,740	499,560	565,403	601,341
Community redevelopment	-	-	-	-	-	-	973	14,615	8,849	22,947
Interest on long term debt	1,249	851	-	-	-	-	-	-	-	-
Total governmental activities expenses	3,037,474	3,617,573	3,707,691	4,024,199	4,267,570	4,331,541	4,244,134	5,037,950	5,349,813	5,774,185
Business-type activities:										
Water Utility	885,029	1,019,692	865,434	687,076	672,716	696,219	678,900	684,857	942,046	735,065
Sewer Utility	1,303,420	1,443,065	1,245,867	1,177,667	1,187,302	1,210,142	1,247,874	1,261,158	1,411,327	1,444,745
Sanitation	439,759	-	-	-	-	-	-	-	-	-
Stormwater Utility	56,369	147,454	122,427	62,768	70,545	104,900	61,380	75,235	73,530	90,409
Total business-type activities expenses	2,684,577	2,610,211	2,233,728	1,927,511	1,930,563	2,011,261	1,988,154	2,021,250	2,426,903	2,270,219
Total primary government expenses	\$ 5,722,051	\$ 6,227,784	\$ 5,941,419	\$ 5,951,710	\$ 6,198,133	\$ 6,342,802	\$ 6,232,288	\$ 7,059,200	\$ 7,776,716	\$ 8,044,404
<u>Program revenues</u>										
Governmental activities:										
Charges for services	\$ 305,079	\$ 805,432	\$ 937,419	\$ 929,830	\$ 1,021,571	\$ 1,143,811	\$ 1,124,938	\$ 1,011,427	\$ 1,313,148	\$ 1,147,798
Operating grants and contributions	127,434	126,179	133,255	148,397	156,609	161,941	180,490	190,598	274,760	296,412
Capital grants and contributions	202,364	72,625	993,532	957,098	483,533	127,041	131,418	1,934,036	123,220	806,336
Total governmental activities program rev.	634,877	1,004,236	2,064,206	2,035,325	1,661,713	1,432,793	1,436,846	3,136,061	1,711,128	2,250,546
Business-type activities:										
Charges for services	2,511,380	2,045,787	2,056,237	2,081,268	2,143,442	2,339,599	2,440,362	2,441,297	2,580,513	2,683,597
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	149,116	66,684	22,208	54,188	153,761	345,815	346,142	103,083	423,999	1,221,313
Total business-type program revenues	2,660,496	2,112,471	2,078,445	2,135,456	2,297,203	2,685,414	2,786,504	2,544,380	3,004,512	3,904,910
Total primary government program revenues	\$ 3,295,373	\$ 3,116,707	\$ 4,142,651	\$ 4,170,781	\$ 3,958,916	\$ 4,118,207	\$ 4,223,350	\$ 5,680,441	\$ 4,715,640	\$ 6,155,456
<u>Net(expenses)/revenue</u>										
Governmental activities	(2,402,597)	(2,613,337)	(1,643,485)	(1,988,874)	(2,605,857)	(2,898,748)	(2,807,288)	(1,901,889)	(3,638,685)	(3,523,639)
Business-type activities	(24,081)	(497,740)	(155,283)	207,945	366,640	674,153	798,350	523,130	577,609	1,634,691
Total primary government net expenses	\$ (2,426,678)	\$ (3,111,077)	\$ (1,798,768)	\$ (1,780,929)	\$ (2,239,217)	\$ (2,224,595)	\$ (2,008,938)	\$ (1,378,759)	\$ (3,061,076)	\$ (1,888,948)

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

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes										
Property Taxes	\$ 1,196,681	\$ 996,810	\$ 920,201	\$ 926,120	\$ 956,105	\$ 986,370	\$ 1,068,364	\$ 1,155,060	\$ 1,266,244	\$ 1,392,879
Franchise Taxes	309,977	296,006	286,614	276,797	306,954	357,432	422,204	389,062	409,610	460,174
Public Service Taxes	528,408	517,937	511,314	495,270	481,847	522,661	554,930	559,301	588,241	612,635
Fuel Taxes	242,138	240,482	238,265	264,742	279,194	298,864	313,288	332,253	360,190	361,466
State shared revenue	314,667	328,161	366,651	387,313	412,098	439,968	473,840	505,869	558,835	616,588
Investment earnings	19,263	16,289	12,030	10,130	9,220	11,425	29,629	67,450	42,493	67,556
Miscellaneous	144,518	173,658	191,207	187,348	154,137	141,510	127,191	93,218	168,866	202,063
Interfund transfer	35,000	404,979	-	118,236	329,265	475,335	332,370	523,160	461,809	642,425
Total governmental activities	2,790,652	2,974,322	2,526,282	2,665,956	2,928,820	3,233,565	3,321,816	3,625,373	3,856,288	4,355,786
Business-type Activities:										
Investment earnings	55,012	39,362	33,481	10,492	10,415	20,704	26,539	28,428	45,022	81,790
Miscellaneous	2,417	9,191	27,826	6,052	3,269	725	509	7,874	-	-
Interfund transfer	(35,000)	(404,979)	-	(118,236)	(329,265)	(475,335)	(332,370)	(523,160)	(461,809)	(642,425)
Total business-type activities	22,429	(356,426)	61,307	(101,692)	(315,581)	(453,906)	(305,322)	(486,858)	(416,787)	(560,635)
Total primary government	\$ 2,813,081	\$ 2,617,896	\$ 2,587,589	\$ 2,564,264	\$ 2,613,239	\$ 2,779,659	\$ 3,016,494	\$ 3,138,515	\$ 3,439,501	\$ 3,795,151
Change in Net Position										
Governmental activities	\$ 388,055	\$ 360,985	\$ 882,797	\$ 677,082	\$ 939,946	\$ 334,817	\$ 514,528	\$ 1,723,484	\$ 217,603	\$ 832,147
Business-type activities	(1,652)	(854,166)	(93,976)	106,253	(107,636)	220,247	493,028	36,272	160,822	1,074,056
Total Primary Government	\$ 386,403	\$ (493,181)	\$ 788,821	\$ 783,335	\$ 832,310	\$ 555,064	\$ 1,007,556	\$ 1,759,756	\$ 378,425	\$ 1,906,203

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

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

	2010	2011	2012	2013	2014
General Fund					
Reserved	\$ 629,545	\$ -	\$ -	\$ -	\$ -
Unreserved	1,993,690	-	-	-	-
Nonspendable	-	-	43,191	41,878	43,204
Restricted	-	899,119	856,865	899,724	555,791
Assigned	-	-	-	-	50,000
Unassigned	-	1,596,262	1,589,503	1,391,295	1,524,560
Total General Fund	\$ 2,623,235	\$ 2,495,381	\$ 2,489,559	\$ 2,332,897	\$ 2,173,555
Community Redevelopment					
Special Revenue Fund					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Community Redevelopment	\$ -	\$ -	\$ -	\$ -	\$ -
Special Revenue Fund					
	2015	2016	2017	2018	2019
General Fund					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-
Nonspendable	-	65,311	39,450	43,292	49,827
Restricted	624,366	927,756	612,879	1,051,739	783,978
Assigned	100,000	255,000	275,000	567,000	442,000
Unassigned	1,668,143	1,527,003	1,113,881	878,212	792,275
Total General Fund	\$ 2,392,509	\$ 2,775,070	\$ 2,041,210	\$ 2,540,243	\$ 2,068,080
Community Redevelopment					
Special Revenue Fund					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-
Nonspendable	-	-	-	-	-
Restricted	-	25,138	61,370	128,035	20,812
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Community Redevelopment	\$ -	\$ 25,138	\$ 61,370	\$ 128,035	\$ 20,812
Special Revenue Fund					

The City implemented GASB statement 54 in 2011 changing the classifications of fund balance information beginning in that year.

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Taxes	\$ 2,244,792	\$ 2,017,049	\$ 1,918,812	\$ 1,918,497	\$ 1,975,110	\$ 2,111,357	\$ 2,302,194	\$ 2,372,540	\$ 2,554,968	\$ 2,768,416
Licenses and Permits	60,967	65,781	52,029	69,285	116,518	215,034	274,727	179,844	488,266	359,637
Intergovernmental	675,000	554,527	628,951	667,460	683,494	676,383	748,244	766,509	865,399	1,064,768
Charges for services	180,385	661,388	782,127	776,539	804,534	834,686	735,664	773,060	819,957	807,331
Fines and forfeitures	38,021	53,796	50,695	30,278	33,290	32,482	28,474	14,579	29,488	19,627
Other	190,193	221,038	236,390	286,060	270,306	321,081	301,257	248,369	297,750	284,771
Total revenues	<u>\$ 3,389,358</u>	<u>\$ 3,573,579</u>	<u>\$ 3,669,004</u>	<u>\$ 3,748,119</u>	<u>\$ 3,883,252</u>	<u>\$ 4,191,023</u>	<u>\$ 4,390,560</u>	<u>\$ 4,354,901</u>	<u>\$ 5,055,828</u>	<u>\$ 5,304,550</u>
Expenditures										
Current:										
General Government	\$ 850,833	\$ 707,055	\$ 656,099	\$ 777,340	\$ 850,293	\$ 814,955	\$ 915,025	\$ 1,260,365	\$ 1,282,374	\$ 1,351,064
Public Safety	1,299,343	1,470,931	1,608,131	1,713,537	1,673,442	1,734,275	1,568,413	1,833,646	1,864,003	2,161,370
Physical environment	142,686	429,123	425,882	381,812	401,801	378,204	403,029	398,760	514,519	462,262
Economic environment	-	-	-	-	-	-	973	14,615	984	15,660
Transportation	228,576	258,864	347,346	333,271	335,978	370,903	359,150	598,400	443,182	612,857
Culture & Recreation	311,853	307,810	292,765	365,438	418,152	423,872	489,583	558,818	599,937	706,908
Debt Service:										
Principal retirement	8,951	8,951	-	-	-	-	-	-	-	-
Interest	1,249	1,249	-	-	-	-	-	-	-	-
Capital Outlay	464,466	823,025	344,603	451,619	692,193	580,375	604,196	885,947	246,940	1,216,240
Total expenditures	<u>\$ 3,307,957</u>	<u>\$ 4,007,008</u>	<u>\$ 3,674,826</u>	<u>\$ 4,023,017</u>	<u>\$ 4,371,859</u>	<u>\$ 4,302,584</u>	<u>\$ 4,340,369</u>	<u>\$ 5,550,551</u>	<u>\$ 4,951,939</u>	<u>\$ 6,526,361</u>
Excess(deficiency) of revenues over(under) expenditures	\$ 81,401	\$ (433,429)	\$ (5,822)	\$ (274,898)	\$ (488,607)	\$ (111,561)	\$ 50,191	\$ (1,195,650)	\$ 103,889	\$ (1,221,811)
Other financing sources(uses)										
Transfers in	35,000	305,575	-	118,236	329,265	330,515	332,370	523,160	461,809	642,425
Impact Fees	1,170	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>\$ 36,170</u>	<u>\$ 305,575</u>	<u>\$ -</u>	<u>\$ 118,236</u>	<u>\$ 329,265</u>	<u>\$ 330,515</u>	<u>\$ 332,370</u>	<u>\$ 523,160</u>	<u>\$ 461,809</u>	<u>\$ 642,425</u>
Net change in fund balance	\$ 117,571	\$ (127,854)	\$ (5,822)	\$ (156,662)	\$ (159,342)	\$ 218,954	\$ 382,561	\$ (672,490)	\$ 565,698	\$ (579,386)
Debt service as percentage of non-capital expenditures	0.4%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

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

Fiscal Year	Real Property	Assessed Value of Personal Property	Centrally Assessed Property	Taxable Assessed Valuation	Total Direct Tax Rate
2010	\$ 134,191,758	\$ 20,680,285	\$ 546,215	\$ 155,418,258	6.580
2011	118,618,882	20,102,135	587,360	139,308,377	6.990
2012	106,670,468	19,917,742	598,433	127,186,643	7.589
2013	109,009,276	20,421,028	902,536	130,332,840	7.589
2014	113,690,173	19,681,167	929,761	134,301,101	7.589
2015	122,538,915	20,757,085	948,884	144,244,884	7.489
2016	139,131,303	22,571,088	1,012,647	162,715,038	7.239
2017	152,282,769	22,157,070	1,003,584	175,443,423	7.239
2018	167,253,403	19,973,352	1,040,655	188,267,410	7.239
2019	188,898,531	19,463,673	1,006,867	209,369,071	7.239

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

Source: Polk County Property Appraiser

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

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

Fiscal Year	Lake Alfred ⁽¹⁾	Polk County (BOCC)	Polk County School Board	Lakes Management	Southwest Florida Water Management District	Total
2010	6.5800	6.8660	7.7920	0.4470	0.3370	22.0220
2011	6.9900	6.8660	7.7920	0.4470	0.3370	22.4320
2012	7.5890	6.8665	7.4920	0.4996	0.3928	22.8399
2013	7.5890	6.8670	7.5470	0.4920	0.3818	22.8768
2014	7.5890	7.7393	7.2080	0.4924	0.3658	23.3945
2015	7.4890	7.6543	7.1490	0.4715	0.3488	23.1126
2016	7.2390	7.6543	6.7970	0.4512	0.3317	22.4732
2017	7.2390	7.6543	6.5140	0.4214	0.3131	22.1418
2018	7.2390	7.1565	6.2510	0.4214	0.1209	21.1888
2019	7.2390	7.1565	6.0860	0.4214	0.1152	21.0181

Source: Polk County Property Appraiser

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

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

Taxpayer	2019		2010	
	Taxable Assessed Valuation	Percentage of Total Taxable Assessed Value	Taxable Assessed Valuation	Percentage of Total Taxable Assessed Value
CAX Cyperss Greens LLC	\$ 9,991,700	4.77%	*	*
Mizkan Americas Inc	9,881,124	4.72%	*	*
Tampa Electric	6,619,165	3.16%	*	*
1792BT LLC	2,224,090	1.06%	*	*
Ash Street Group LLC	1,938,147	0.93%	*	*
Invitation Homes	1,876,269	0.90%	*	*
Growers Fertilizer Corp	1,621,118	0.77%	*	*
Florida Gas Transmissions	1,492,855	0.71%	*	*
Frontier	1,290,230	0.62%	*	*
Caribbean Distillers	1,300,244	0.62%	*	*
	<u>\$ 38,234,939</u>	<u>18.26%</u>		

* Data not available

Source: Polk County Tax Collector

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

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Prior Year Tax Collections	Total Tax Collections	Ratio of Levy to Collections
2010	\$ 1,022,652	\$ 993,603	97.16%	\$ 3,207	\$ 996,810	97.47%
2011	973,766	917,089	94.18%	3,112	920,201	94.50%
2012	965,219	963,416	99.81%	3,280	956,225	99.07%
2013	989,096	952,642	96.31%	25,743	978,385	98.92%
2014	1,019,211	978,201	95.98%	8,574	986,775	96.82%
2015	1,087,254	1,047,359	96.33%	4,377	1,051,736	96.73%
2016	1,171,058	1,126,395	96.19%	4,490	1,130,885	96.57%
2017	1,263,741	1,223,373	96.81%	746	1,224,119	96.86%
2018	1,362,868	1,324,056	97.15%	1,490	1,325,546	97.26%
2019	1,515,623	*	*	*	*	*

* Data not available

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

Fiscal Year	Governmental Activities		Business - Type Activities			Total Primary Government	Lake Alfred Personal Income	Percentage of Income	Per Capita
	Notes Payable	Capital Lease	Notes Payable	State Revolving Loans	Capital Lease				
2010	\$ -	\$ 19,115	\$ 2,673,501	\$ 4,347,340	\$ 52,472	\$ 7,092,428	\$ 189,651,954	3.74%	\$ 1,414
2011	-	9,765	2,519,357	4,126,181	26,807	6,682,110	197,666,977	3.38%	1,332
2012	-	-	2,358,620	3,900,127	-	6,258,747	167,837,046	3.73%	1,247
2013	-	-	2,164,174	3,669,070	-	5,833,244	191,747,780	3.04%	1,151
2014	-	-	1,975,351	3,432,899	-	5,408,250	176,332,911	3.07%	1,055
2015	-	-	1,782,014	3,191,500	-	4,973,514	181,027,830	2.75%	935
2016	-	-	1,584,052	2,944,758	-	4,528,810	195,891,872	2.31%	791
2017	-	-	1,381,358	2,692,556	-	4,073,914	212,773,635	1.91%	690
2018	-	-	1,173,817	2,434,771	-	3,608,588	211,004,850	1.71%	606
2019	-	-	961,314	2,171,279	-	3,132,593	*	*	505

* Information not available

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

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

General Bonded Debt Outstanding

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

Source: City of Lake Alfred Finance Department

Lake Alfred, Florida
Schedule of
Direct and Overlapping Governmental Activities Debt
9/30/2019

Jurisdiction	Total Governmental Activities Debt Outstanding	Percentage Applicable to Lake Alfred		Amount Applicable to Lake Alfred
District School Board of Polk County	\$ 230,026,050	0.57%	(1)	\$ 1,310,660
Polk County Board of County Commissioners	185,951,647	0.57%	(2)	1,059,529
Total Overlapping Debt				2,370,189
Total Direct Debt				-
Total Direct and Overlapping Debt				<u><u>\$ 2,370,189</u></u>

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

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

Sources:

- (1) School Board of Polk County June 30, 2018 Comprehensive Annual Financial Report (latest available)
- (2) Polk County, Florida September 30, 2018 Comprehensive Financial Report (latest available)

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

The City Charter and Florida State Statute 200.181 does not provide for legal debt limit.

Source: City of Lake Alfred Finance Department

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

Fiscal Year	Gross Water and Sewer Revenue (1)	Less: Operating Expenses (2)	Net Revenues (3)	Senior Bond service Requirements (4)	Senior Debt Svc Coverage Test 1 (5)	Required Debt Svc Coverage Test 1 (6)	Net Revenues Less: Senior Bond Service Requirements	Junior Bond Service Requirements	Debt Svc Coverage Test 2	Required Debt Svc Coverage Test 2
2010	\$ 2,040,934	\$ 1,295,607	\$ 745,327	\$ 264,306	2.82	1.20	\$ 481,021	\$ 315,646	1.52	1.15
2011	2,035,072	1,501,986	533,086	264,306	2.02	1.20	268,780	315,646	0.85	1.15
2012	2,056,647	1,302,128	754,519	282,215	2.67	1.20	472,304	315,646	1.50	1.15
2013	2,090,139	1,116,504	973,635	238,443	4.08	1.20	735,192	315,646	2.33	1.15
2014	2,058,478	1,187,794	870,684	236,171	3.69	1.20	634,513	315,646	2.01	1.15
2015	2,649,933	1,272,771	1,377,162	236,171	5.83	1.20	1,140,991	315,646	3.61	1.15
2016	2,440,362	1,325,237	1,115,125	236,171	4.72	1.20	878,954	315,646	2.78	1.15
2017	2,380,624	1,311,149	1,069,475	236,171	4.53	1.20	833,304	315,646	2.64	1.15
2018	2,564,160	1,527,205	1,036,955	236,171	4.39	1.20	800,784	315,646	2.54	1.15
2019	2,701,552	1,554,877	1,146,675	236,171	4.86	1.20	910,504	315,646	2.88	1.15

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

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

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

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

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

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

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

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

Fiscal Year	Population (1)	Per Capita Personal Income (2)	Personal Income	Median Age (2)	School Enrollment (3)	Unemployment Rate for Polk County (2)
2019	6,199	*	*	*	3,535	*
2018	5,950	35,463	211,004,850	40.2	2,870	3.9
2017	5,903	36,045	212,773,635	40.2	2,913	4.6
2016	5,728	34,199	195,891,872	40.3	2,651	5.8
2015	5,322	34,015	181,027,830	40.3	2,760	5.8
2014	5,127	34,393	176,332,911	40.5	2,717	8.2
2013	5,068	37,835	191,747,780	39.8	2,745	6.8
2012	5,018	33,447	167,837,046	39.8	2,682	8.6
2011	5,015	39,415	197,666,977	37.8	2,614	10.7
2010	5,015	37,817	189,651,954	37.8	2,766	13.3
2009	4,627	37,741	174,626,404	39.9	2,603	11.4
2008	4,562	39,825	181,681,650	39.6	2,499	6.7
2007	4,517	38,722	174,907,229	39.3	2,408	4.5
2006	4,239	37,272	157,993,931	39.5	*	3.7
2004	4,004	32,715	130,990,700	39.5	*	4.9
2003	3,981	30,773	122,507,950	39.5	*	5.5

* Information not available

(1) Office of Economic & Demographic Research

(2) Federal Reserve Bank of St. Louis - Economic Research

(3) Florida Department of Education

**Lake Alfred, Florida
Schedule of
Principal Employers
Current Year**

Employer	Type of Business	2019		
		Employees	Rank	Percentage of Total City Employment
Polk County School Board	Education	437	1	49%
IFAS/ University of Florida	Research Center	242	2	27%
City of Lake Alfred	Government	90	3	10%
Florida Distillers	Manufacturer	50	4	6%
Mizkan	Manufacturer	47	5	5%
Southern Gardens	Assisted Living	43	6	5%
Lake Alfred Assisted Living	Assisted Living	13	7	1%
Cypress Greens	Retirement Community/Golf Course	13	8	1%
		784		
Estimated Total City Employment		900		

(1) Principal employers for nine years ago is not available.

(2) Source: Survey of Employers

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
GENERAL FUND										
City Commission	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
City Administration	4.0	4.0	3.0	3.0	2.0	2.0	2.0	2.5	2.5	2.5
Finance	2.0	2.0	2.0	3.5	4.0	4.0	4.0	4.0	4.5	4.5
Public Safety										
Police	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	20.0
Fire	12.0	13.0	14.0	14.0	14.0	15.0	12.0	12.0	12.0	12.0
Building & Zoning	2.0	2.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	4.0
Library	1.5	2.0	2.0	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Parks & Recreation	3.0	4.5	4.5	5.5	5.5	6.5	6.5	7.0	8.5	9.0
DPW Administration	2.7	2.5	4.0	3.0	1.0	1.0	1.0	1.0	1.0	1.0
Building Maintenance	1.5	1.0	1.0	1.0	1.0	1.0	0.0	0.0	0.0	0.0
CGMP	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.5	1.5
Sanitation	6.0	4.0	4.0	4.0	4.0	3.0	3.0	3.0	3.0	3.0
Roads & Streets	3.0	3.7	6.0	6.0	5.0	5.0	5.0	4.0	5.0	5.0
Total General Fund	57.2	58.2	63.0	65.0	61.5	62.5	58.5	58.5	62.0	67.5
ENTERPRISE FUND										
Utilities (Water & Wastewater)	12.5	12.5	11.5	9.5	9.5	10.0	10.0	11.0	11.0	10.0
Stormwater	0.3	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Enterprise Fund	12.8	12.8	11.5	9.5	9.5	10.0	10.0	11.0	11.0	10.0
TOTAL STAFF	70.0	71.0	74.5	74.5	71.0	72.5	68.5	69.5	73.0	77.5

(1) Source: City of Lake Alfred payroll

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public Safety										
Calls for Service	5,446	6,063	6,026	5,712	4,437	4,769	5,331	8,302	8,619	9,144
Traffic Crashes	117	126	114	126	125	147	166	202	193	226
Traffic Violations	1,201	1,803	1,630	671	408	411	339	971	937	1,105
Fire Control										
Number of Calls	1,121	1,204	1,301	1,402	1,115	1,142	744	723	767	743
Building Department										
Permits Issued	217	197	188	235	292	313	309	362	617	439
Code Enforcement Compl. Inspections	*	110	209	247	220	240	82	165	31	*
	194	267	179	274	936	1,936	1,599	1,843	1,845	1,996
Leisure Services										
Summer Attendees	25	32	50	64	40	53	45	62	54	55
Library Visitations	17,499	27,399	24,647	36,818	34,816	36,649	37,660	36,885	36,709	34,650
Circulation	11,683	18,820	19,753	26,400	30,860	29,304	31,806	36,999	35,980	35,484
Facility Rentals	57	62	60	85	77	117	102	111	115	95
Human Services										
Cemetery plots sold	16	23	14	13	25	14	19	12	16	10
Business Tax Receipts	247	218	261	224	243	240	220	219	200	217
Solid Waste										
Refuse collected (Tons)	2,778	2,018	1,937	1,827	1,920	2,159	2,211	2,572	3,146	4,197
Brush collected (Tons)	1,299	1,217	1,193	1,164	1,102	1,195	1,247	1,469	1,297	*
Commercial Customers	109	70	70	66	68	61	77	72	72	80
Residential Customers	1,758	1,720	1,781	1,752	1,797	1,894	2,087	2,099	2,147	2,221
Public Works										
Street Resurfacing (Miles)	4	10	-	7	-	-	-	0.50	0.25	
Water										
New Connections	95	3	4	24	32	5	73	26	90	34
Number of Customers	2,833	2,836	2,883	2,754	2,804	2,891	2,877	3,133	3,223	3,270
Wastewater										
New Connections	68	1	2	1	27	5	71	24	49	30
Number of Customers	2,156	2,208	2,247	2,166	2,264	2,354	2,335	2,567	2,616	2,686
Avg Daily Sewage Treatment	375,000	375,000	375,000	375,000	375,000	375,000	412,500	412,500	481,000	*

* : Information not available

Source - City Departments

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public Safety										
Station	1	1	1	1	1	1	1	1	1	1
Patrol Cars	8	8	8	8	8	8	10	11	11	12
Fire Trucks	4	4	4	4	4	4	4	4	4	4
Solid Waste										
Collection Trucks	3	3	3	3	3	3	4	4	4	4
Transportation										
Street Miles	38.55	38.55	48.00	48.00	48.00	48.00	48.00	48.00	48.25	49.79
Traffic Signals	3	3	3	3	3	3	3	3	3	3
Leisure Services										
Parks	10	10	10	10	10	10	10	10	10	10
Parks Acreage	166	166	166	166	166	166	166	166	166	166
Rental Facilities	3	3	3	3	3	3	3	3	3	3
Playgrounds	4	4	4	4	4	4	4	4	4	4
Boat Ramps	6	6	6	6	6	6	6	6	6	6
Library	1	1	1	1	1	1	1	1	1	1
Tennis Courts	2	2	2	2	2	2	2	2	2	2
Baseball Fields	3	3	3	3	3	3	3	3	3	3
Basketball Courts	2	2	2	2	2	2	2	2	2	2
Football Field	1	1	1	1	1	1	1	1	1	1
General Government										
Number of Buildings	5	5	6	6	6	7	8	9	9	10
Cemeteries	2	2	2	2	2	2	2	2	2	2
Water										
Water Treatment Plants	2	2	2	2	2	2	2	2	2	2
Fire Hydrants	*	190	190	190	190	190	190	190	190	190
Water Main Miles	*	30	30	30	30	31	31	31	31	31
Wastewater										
Waster Treatment Plant	1	1	1	1	1	1	1	1	1	1
Lift Stations	30	30	30	30	30	30	30	30	30	30
Sanitary Sewer Miles	19	19	19	19	19	20	20	20	20	20

* : Information not available

Source - City Departments



(This page intentionally left blank)

OTHER REPORTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Lake Alfred, Florida as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise City of Lake Alfred, Florida's basic financial statements, and have issued our report thereon dated April 30, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

Purpose of this Report

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

Brynjulfson CPA, P.A.

Brynjulfson CPA, P.A.
Auburndale, Florida
April 30, 2020

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

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

We have examined City of Lake Alfred, Florida's compliance with Section 218.415, Florida Statutes for the year ended September 30, 2019. Management is responsible for City of Lake Alfred, Florida's compliance with those specified requirements. Our responsibility is to express an opinion on City of Lake Alfred, Florida's compliance based on our examination.

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

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

In our opinion, City of Lake Alfred, Florida complied, in all material respects, with the aforementioned requirements of Section 218.415, Florida Statutes for the year ended September 30, 2019.

Brynjulfson CPA, P.A.

Brynjulfson CPA, P.A.
Auburndale, Florida
April 30, 2020

MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the City of Lake Alfred, Florida as of and for the fiscal year ended September 30, 2019 and have issued our report thereon dated April 30, 2020.

Auditor's Responsibility

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

Other Reports

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated April 30, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations made in the preceding 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. For the legal authority of City of Lake Alfred, Florida, see footnote A of the summary of significant accounting policies in the notes to financial statements.

Financial Condition and Management

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

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

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

Financial Condition and Management (concluded)

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

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material, but which warrants the attention of those charged with governance. In connection with our audit, we did not have 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, members of the City Commission, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Brynjulfson CPA, P.A.

Brynjulfson CPA, P.A.
Auburndale, Florida
April 30, 2020

OTHER INFORMATION

AFFIDAVIT

BEFORE ME, the undersigned authority, personally appeared Ryan Leavengood, who being duly sworn, deposes and says on oath that:

1. I am the Chief Financial Officer of the City of Lake Alfred is a local governmental entity of the State of Florida;
2. City of Lake Alfred adopted (Ordinance No. **1405-18 Water and Sewer also Ordinance No. 1406-18 Non Utility** implementing an impact fee; and
3. City of Lake Alfred has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

FURTHER AFFIANT SAYETH NAUGHT.


(Chief Financial Officer of the Entity)

STATE OF FLORIDA
COUNTY OF POLK

SWORN TO AND SUBSCRIBED before me this 30th day of APRIL, 2020, 2008.


NOTARY PUBLIC
Print Name RENEE M. BOND

Personally known X or produced identification _____

Type of identification produced: _____

My Commission Expires:

MAY 30, 2021

