



**TOWN OF LAKE PARK
FLORIDA**



**Annual Comprehensive Financial Report
FISCAL YEAR ENDED
SEPTEMBER 30, 2022**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

TOWN OF LAKE PARK, FLORIDA

Fiscal Year Ended September 30, 2022

**Prepared by
Finance Department**

THE TOWN OF LAKE PARK, FLORIDA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

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FINANCIAL STATEMENTS

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INTRODUCTORY SECTION



June 30, 2023

The Honorable Mayor,
Members of the Town Commission and Citizens
Town of Lake Park, Florida

The Annual Comprehensive Financial Report (ACFR) of the Town of Lake Park, Florida, (the "Town") for the fiscal year ended September 30, 2022, is hereby submitted. Florida law and the Rules of the Auditor General for the State of Florida require every municipality to complete a set of audited financial statements annually within twelve months of the close of the fiscal year. This report is published to fulfill that requirement for the year ended September 30, 2022.

This report consists of management's representation concerning the finances of the Town of Lake Park. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Town of Lake Park has established a comprehensive internal control framework that is designed both to protect the Town assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town of Lake Park's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town of Lake Park's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Town of Lake Park's financial statements have been audited by Nowlen, Holt & Miner, P.A., certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Lake Park for the fiscal year ended September 30, 2022, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in financial statements; assign the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Town of Lake Park's financial statements for the fiscal year ended September 30, 2022, are fairly presented in conformity with GAAP. The independent auditor's report is located at the front of the Financial Section of this report on page I.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

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PROFILE OF THE TOWN

Originally incorporated in 1923 as Kelsey City, the city was renamed in 1939 to the Town of Lake Park. The Town of Lake Park is a political subdivision of the State of Florida with a population of 8,505 residents (U.S. Census Bureau, 2018 estimate), ideally located in the southeastern part of the State on the Atlantic Intracoastal Waterway. The Town is primarily residential but has several types of light industry, commercial and retail businesses and shopping centers.

The Town of Lake Park operates under a commission-manager form of government. Policymaking and legislative authority are vested in a governing commission consisting of the Mayor, Vice-Mayor and three Commissioners. The governing body is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, and hiring both the Town Manager and Town Attorney. The Town Manager serves as the Chief Administrative Officer for the Town and is responsible for day-to-day operations, including the hiring, discipline, and firing of all town employees.

In 2008, the Department of Justice of the United States filed a civil action against the Town alleging that the then current at-large method of electing the Commissioners for the Town, enhanced by the use of staggered terms and designated posts, resulted in black citizens of the Town having less opportunity than white citizens to participate in the political process and elect candidates of choice in violation of Section 2 of the Voting Rights Act of 1965. Subsequent to the end of Fiscal Year 2009, as a result of the Department of Justice Consent Decree with the Town, which requires that the Town change the manner in which candidates for Commission seats are elected by imposing a method known as "Limited Voting", an ordinance was adopted to amend the Charter to reflect this change. The seat of Mayor is elected in one election year and the four remaining commissioners are elected in the next election year, with no election occurring in the third year. The Mayor and Commission members are elected on a non-partisan basis. There are no term limits for elected officials.

The Town of Lake Park provides a full range of services, including building inspections, code enforcement, residential and commercial sanitation service, a public library, recreation and cultural events. Police and fire protection are contracted through Palm Beach County. Water and sewer service is provided through the Seacoast Utility Authority.

The Town's financial statements also include the Lake Park Community Redevelopment Agency (CRA); a dependent special district established by the Town, under authority granted by Florida Statute 163, Section III. The Town is financially accountable for the CRA which is included in the Town's financial statements as a blended component unit reported in a governmental (special revenue) fund, the CRA Fund.

The Town is required by State law to adopt an annual budget for the general fund. The annual budget serves as the foundation for the Town's financial planning and control. The budget is prepared by fund, function (e.g., public safety) and department (e.g., police). The Town Manager may transfer resources within a department or fund up to \$10,000. Budgetary transfers require the approval of the Town Commission for any of the following: transfers above \$10,000, transfers between funds, transfers from Unassigned Fund Balance, or transfers from the Town's Contingency Account.

LOCAL ECONOMY

The Town's economic growth, which had been stymied due to the national recession and collapse of the housing and real estate market, is beginning to show steady growth and is projected to have significant growth in the near future especially in the CRA area.. Property values increased dramatically throughout Palm Beach County and the Town of Lake Park between the years of 2002 through 2008. The taxable value of property within the Town decreased 6.3% in 2009, mainly due to the passage of Amendment One (Property Tax Reform), an additional 15.6% in 2010 due to the economic downturn, and values dropped an additional 18.3% in 2011, and 5.5% in 2012. The taxable value has recovered 3.90% in 2013, 7.1% in 2014, 9.1% in 2015, 10.1% in 2016, 8.6% in 2017, 6.14% in 2018, 8.6% in 2019, 7.3% in 2020, 5.79% in 2021, and 10.3% in 2022. The relationship of commercial assessments compared to residential assessment has historically been around 50/50, but with the decline in the housing market, this relationship has shifted to approximately 54/46.

The Town is experiencing the buildout of some of the remaining vacant parcels but does not anticipate any significant changes in the type of development that will occur. It is anticipated that redevelopment and reuse of existing structures will eventually take place and that the Town will continue to diversify its tax base. The historical decline in both commercial and residential assessments appears to have been reversed.

The decrease in taxable values within the Town totaled peaked at more than \$302 million, now stands at an increase and is expected to continue to increase over the next several years. A small increase in the millage was adopted for Fiscal Year 2013-2014 and the millage was held at the same rate for Fiscal Year's 2014-2015, 2015-2016, 2017-2018, 2018-2019, 2019-2020, 2020-2021, and in 2021-2022. For fiscal year 2016 the Town adopted a MSTU for fire services during the year, thus the millage for the Fire Services was not included in the operating millage accounting for a decrease in revenue and expense of \$1,813,451. The operating millage rate was effectively held constant year-over-year at 5.3474 (8.8055 mills less the fire millage of 3.4581). While public safety is paramount to the citizens of the Town, the cost of police services represent 30.5% of the General Fund expenditures and essentially consume 100% of the ad valorem tax revenue. The operational cuts that were enacted across all departments, excluding public safety, to counter the loss of revenue will take years to reverse.

The Town continues to look for ways to provide essential services to the public in the most cost efficient, effective way without the health, safety and welfare of the community being compromised. The use of one time sources of revenue for recurring expenditures is not an option given the modest level of reserves and the threat of hurricanes as annual possibility. Alternative sources of revenue and possibly increased fees will be explored for future budgets.

The Community Redevelopment Agency (CRA) purchased commercial property in 2008, located at 800 Park Avenue, was refurbished and was used as an art studio and gallery for a period in 2010 and 2011. In 2012 the building was leased to The Artists of the Palm Beaches who are to provide free classes, have monthly exhibits, and use the building as the group's base of operations. Currently, the building is now operating as the Recreation Center for the Town of Lake Park. The building will host various recreation programs including summer camp. Improvements have continued for the downtown alleyways; in 2012 completing the alleyway between 7th and 8th streets south of Park Avenue. There are several incentives included in the CRA Plan including; facade improvement grants and limited business development loan programs that continues to be in place. These incentives may be utilized in the future to encourage development of the downtown business district located within the CRA boundaries.

ACCOUNTING AND BUDGETARY CONTROLS

The accounting and financial reporting of the Town's general government operations takes place in four broad categories: the General Fund, Special Revenue Funds, Debt Service Fund, and Insurance Internal Service Fund. The records and reports for these funds are maintained on the modified accrual basis, with revenue being recorded when measurable and available, and expenditures being recorded when the services or goods are received and the liabilities incurred. Accounting records for the Town's enterprise operations and pension trust funds are maintained on the accrual basis.

Management of the government is responsible for establishing and maintaining internal controls designed to ensure that the assets of the government are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States (GAAP). The internal control is designed to provide reasonable, rather than absolute, assurance these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the evaluation of costs and benefits requires estimate and judgments by management.

As a recipient of federal, state and local awards, the Town is responsible for ensuring that adequate internal control is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control is subject to periodic evaluation by management.

In addition, the government maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with the legal provisions embodied in the annual budget approved by the government's governing body. Activities of the General Fund, Community Redevelopment Agency, Debt Service Fund and proprietary funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which

expenditures cannot legally exceed the appropriated amount) is established at the department level within the individual fund. The government also maintains an encumbrance accounting system as one technique of accomplishing budgetary control.

As demonstrated by the basic financial statements and schedules included in the financial section of the report, the government continues to meet its responsibility for sound financial management.

MAJOR INITIATIVES

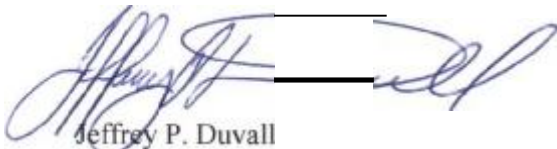
The Lake Shore Drive improvement project was the major initiative for the fiscal year, however during recent years, the Town has devoted a significant amount of time, energy and resources to the continuing growth and redevelopment of the Town. Additional emphasis is being placed on the scheduling of community-wide special events and capital revitalization improvements are being developed to improve the Town's function and ascetics.

ACKNOWLEDGEMENTS

An annual comprehensive financial report of this type and depth, illustrating the results of operations of the entire Town and its various diversified funds and activities, could not have been prepared so completely without the dedication and efficiency of the Assistant Finance Director, along with the assistance of the entire Finance Department staff. Their dedication and hard work is greatly appreciated. My appreciation is also extended to our independent auditors, Nowlen, Holt & Miner, P.A. for their cooperation and guidance.

Special appreciation is extended to the Mayor, Town Commission, Town Manager, and Department Heads for their interest and support in planning and conducting the financial operations of the Town in a responsible and progressive manner.

Respectfully submitted,



Jeffrey P. Duvall
Finance Director

TOWN OF LAKE PARK

List of Principal Officials

September 30, 2022

Mayor

Michael O'Rourke

Vice Mayor

Kimberly Glas-Castro

Town Commission

Mary Beth Taylor

Roger Michaud

John Linden

Town Manager

John O. D'Agostino

Town Clerk

Vivian Mendez

Finance Director

Jeffrey Duvall

Public Works Director

Community Development Director

Library Director

Special Events Director

Harbor Marina Director

Human Resources Director

Information Technology Director

Roberto Travieso

Nadia DiTomasso

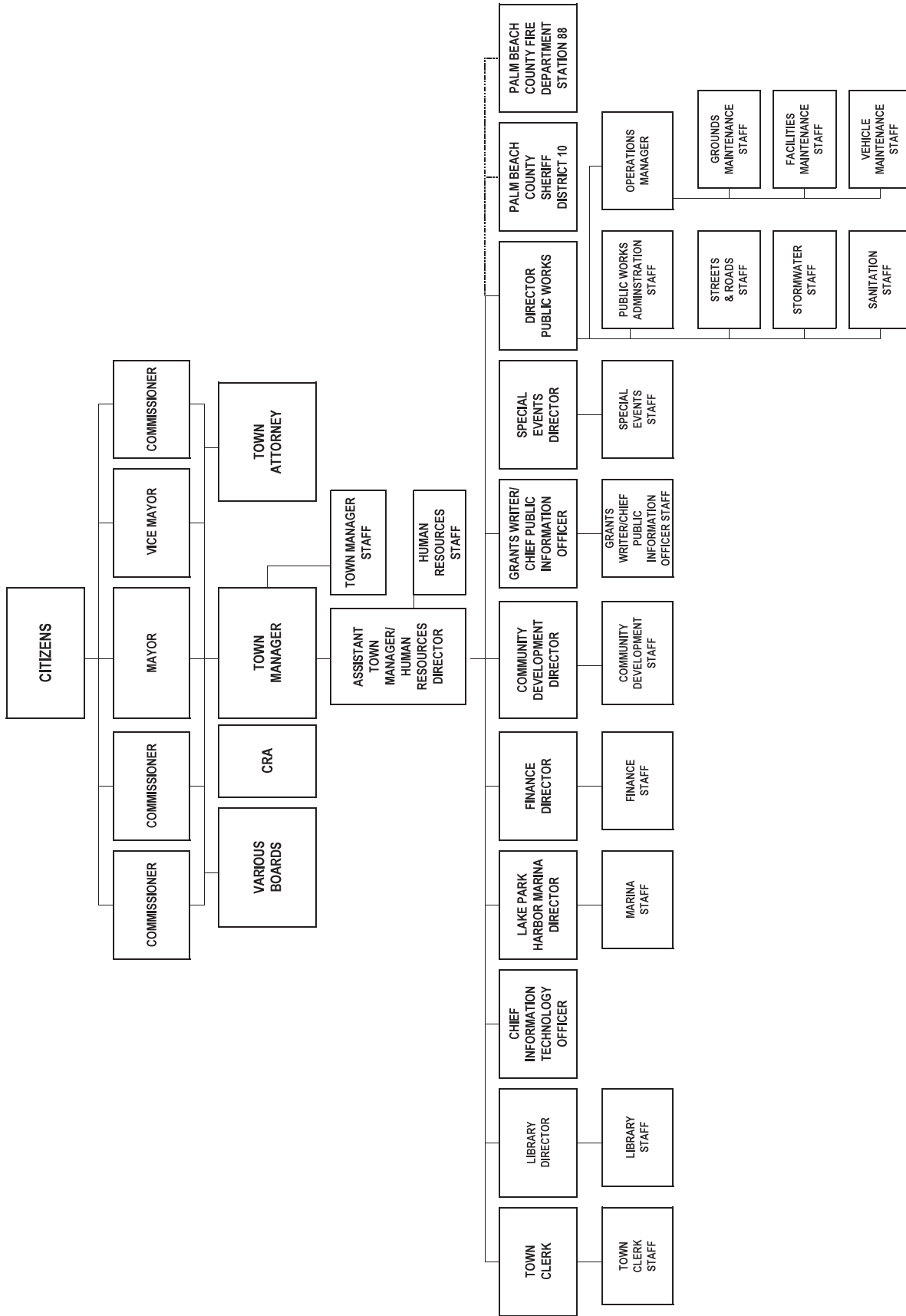
Judith Cooper

Riunite Franks

Stephen Bogner

Bambi McKibbon-Turner

Paul McGuinness



FINANCIAL SECTION



NOWLEN, HOLT & MINER, P.A.

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TERRY L. MORTON, JR., CPA
N. RONALD BENNETT, CVA, ABV, CFF, CPA
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RYAN M. SHORE, CFP®, CPA
WEI PAN, CPA
WILLIAM C. KISKER, CPA
RICHARD E. BOTTS, CPA

INDEPENDENT AUDITOR'S REPORT

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The Honorable Mayor and Members of the Town Commission

Town of Lake Park, Florida

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lake Park, Florida, as of September 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As described in Note 8 to the financial statements, in 2022, the Town adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 15, Pension and Other Postemployment Benefit trend information on pages 74 through 78, and budgetary comparison information on pages 79 through 86 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2023, on our consideration of the Town of Lake Park, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Lake Park, Florida's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Lake Park, Florida's internal control over financial reporting and compliance.

Nowlen, Holt & Mimer, P.A.

June 28, 2023

West Palm Beach, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Town of Lake Park, Florida (Town) administration offers readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended September 30, 2022. Readers are encouraged to consider the information presented here in conjunction with additional information that has been furnished in the transmittal letter and the accompanying basic financial statements.

The information contained within this Management's Discussion and Analysis (MD&A) is only a component of the entire financial statement report. Readers should take time to read and evaluate all sections of the report, including the Notes to the Financial Statements and the Required Supplementary Information that is provided in addition to this MD&A.

Financial Highlights

Government-Wide Financial Statements

- The assets and deferred outflows of the Town of Lake Park exceeded its liabilities and deferred inflows at September 30, 2022 by \$23,352,484. Of this amount, unrestricted net position is \$2,662,526.
- The total net position increased by \$3,318,938 of which an increase of \$3,208,345 was attributed to governmental activities and an increase of \$110,593 was related to business-type activities. The change in net position of the business-type and governmental activities of the Town was primarily due to depreciation expense far exceeding investment in capital assets.

Fund Financial Statements

- As of the close of the 2022 Fiscal Year, the Town of Lake Park's General Fund reported ending fund balance of \$5,539,062 an increase of \$3,045,302 from the prior year. Of the total, \$4,579,712 is assigned, restricted or non-spendable, while \$959,350 is unassigned and available for future uses by the Town Commission, a decrease of \$429,128 in unassigned fund balance.
- At the end of the 2022 Fiscal Year, the unassigned fund balance for the General Fund represented just 8.2% of total General Fund expenditures or approximately 30 days of available funding.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The three components of the financial statements are: (1) Government-wide financial statements that include the Statement of Net Position and the Statement of Activities. These statements provide information about the activities of the Town as a whole. (2) Fund financial statements tell how these services were financed in the short term, as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. (3) Notes to the basic financial statements expand upon information reported in the government-wide and governmental fund statements.

REPORTING THE TOWN AS A WHOLE

Statement of Net Position and the Statement of Activities (Government-wide)

A frequently asked question regarding the Town's financial health is whether the year's activities contributed positively to the overall financial well-being. The Statement of Net Position and the Statement of Activities report information about the Town as a whole and about its activities in a way that helps answer this question. These statements include all assets, deferred outflows, liabilities and deferred inflows using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

These two statements report the Town's net position and changes therein. Net position, assets and deferred outflows less liabilities and deferred inflows, are one way to measure the Town's financial health, or financial position. Over time, increases or decreases in net position are an indicator of whether the financial health is improving or deteriorating.

The Statement of Net Position and the Statement of Activities present information about the following:

- Governmental activities - All of the Town's basic services are considered to be governmental activities, including general government, community development, public safety, public services, library, and recreation. Property taxes, sales taxes, utility taxes, intergovernmental revenue and franchise fees finance most of these activities.
- Proprietary activities/Business-type activities - The Town charges a fee to customers to cover all or most of the cost of the services provided. The Town's Sanitation Fund, Stormwater Fund and Marina Fund are reported in this category.

REPORTING THE TOWN'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the Town as a whole. Some funds are required to be established by State law. However, management establishes other funds, which aid in the management of money for particular purposes or meet legal responsibilities associated with the usage of certain taxes, grants, and other money. The Town's three kinds of funds, governmental, proprietary, and fiduciary, use different accounting approaches as explained below.

- Governmental funds - Most of the Town's basic services are reported in governmental funds. Governmental funds focus on how resources flow in and out, with the balances remaining at year-end that are available for spending. These funds are reported using an accounting method called the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information shows whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The basic governmental fund financial statements can be found on pages 16-24 of this report.
- Enterprise funds - The Town has three enterprise funds, Sanitation, Stormwater and Marina, which charge customers for the services they provide. These services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. These funds are reported using the full accrual basis of accounting; revenues are recognized in the period earned and expenses are recognized in the period that liabilities are incurred. The basic proprietary fund financial statements can be found on pages 25-27 of this report.
- Fiduciary funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 28-29 of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 30-73 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Town's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information for pension benefits can be found on page 74 -78 of this report.

The Town adopts annual appropriated budgets for the General Fund and CRA. Budgetary comparison schedules for the General Fund and CRA are included as *Required Supplementary Information* on pages 79-86 to demonstrate compliance with the budget.

The Town also adopts an annual budget for the Streets and Roads Fund and Insurance Fund. Budgetary comparison schedules for these funds are also included as Other Supplementary Information section of this report. The combining and individual fund statements and schedules are presented immediately following the required supplementary information on pages 87-90 of this report.

Government-Wide Financial Analysis

Net Position: As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, governmental activity assets exceeded liabilities and deferred inflows by \$15,186,176 Business-type activity assets exceeded liabilities and deferred inflows by \$8,166,308. The Town-wide total net position was \$23,352,484 at the close of the fiscal year ended September 30, 2022. The Statement of Net Position is on page 18 of this report.

The Town's investment in capital assets (e.g., land, buildings, equipment and vehicles, less any related debt used to acquire those assets that is still outstanding) was \$17,204,217 or over 73% of total net position at September 30, 2022. Capital assets total \$23,077,089 at September 30, 2022, or 67% of all assets, which total \$33,991,274. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that 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 net position \$3,485,741 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$2,662,526 may be used to meet the government's ongoing obligations to citizens and creditors. The following table reflects the condensed Statement of Net Position for the current year as compared to the prior year.

Net Position

	Governmental Activities		Business Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets:						
Current and other assets	\$ 12,647,778	\$ 8,876,588	\$ (1,733,593)	\$ 1,248,995	\$ 10,914,185	\$ 10,125,583
Capital assets	9,569,092	9,435,185	13,507,997	11,120,881	23,077,089	20,556,066
Total assets	<u>22,216,870</u>	<u>18,311,773</u>	<u>11,774,404</u>	<u>12,369,876</u>	<u>33,991,274</u>	<u>30,681,649</u>
Deferred outflows of resources:						
Pension related items	139,503		-	-	139,503	-
Liabilities:						
Current liabilities	3,075,323	2,647,825	125,773	610,924	3,201,096	3,258,749
Long-term liabilities	3,107,836	3,305,651	3,424,768	3,640,449	6,532,604	6,946,100
Total liabilities	<u>6,183,159</u>	<u>5,953,476</u>	<u>3,550,541</u>	<u>4,251,373</u>	<u>9,733,700</u>	<u>10,204,849</u>
Deferred inflows of resources:						
Pension related items	699,799	127,591	-	-	699,799	127,591
Deferred gain on bond refunding, net	-	-	57,555	62,788	57,555	62,788
Unearned revenue	287,239	252,875	-	-	287,239	252,875
	<u>987,038</u>	<u>380,466</u>	<u>57,555</u>	<u>62,788</u>	<u>1,044,593</u>	<u>443,254</u>
Net position:						
Invested in capital assets, net of related debt	7,040,813	6,733,248	10,163,404	7,119,055	17,204,217	13,852,303
Restricted	3,485,741	3,743,532	-	-	3,485,741	3,743,532
Unrestricted	4,659,622	1,501,051	(1,997,096)	936,660	2,662,526	2,437,711
Total net position	<u>\$ 15,186,176</u>	<u>\$ 11,977,831</u>	<u>\$ 8,166,308</u>	<u>\$ 8,055,715</u>	<u>\$ 23,352,484</u>	<u>\$ 20,033,546</u>

Governmental Activities: Net position of the governmental activities of the Town have increased \$3,208,345 from 2021. Total assets and deferred outflows of governmental activities have increased by \$4,044,600 and total liabilities and deferred inflows of resources have increased by \$101,059. Unrestricted net position increased by \$3,158,571.

Business Activities: Net position for business activities have increased \$110,593 from 2021. Total assets decreased by \$595,472 while total liabilities and deferred inflows have decreased by \$706,065. Unrestricted net position has increased by \$2,933,756.

The following is a summary of the changes in net position for the years ended September 30, 2022 and 2021:

Changes in Net Position

	Governmental Activities		Business Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 4,192,676	\$ 1,422,534	\$ 4,767,148	\$ 4,448,339	\$ 8,959,824	\$ 5,870,873
Operating grants and contributions	2,306,282	217,225	139,437	111,385	2,445,719	328,610
Capital grants and contributions	112,027	30,388	1,580,413	2,155,778	1,692,440	2,186,166
General revenues:						
Taxes	7,478,218	6,916,011	-	-	7,478,218	6,916,011
Intergovernmental	1,877,912	1,624,209	-	-	1,877,912	1,624,209
Investment earnings	121,952	14,925	2,751	617	124,703	15,542
Gain on sale of equipment	-	-	6,477	-	6,477	-
Total revenues	\$ 16,089,067	\$ 10,225,292	\$ 6,496,226	\$ 6,716,119	\$ 22,585,293	\$ 16,941,411

Overall total revenues are up by \$5,643,882. Program revenues increased by \$4,712,334 and general revenues increased by \$931,548.

Governmental Activities: Revenue collections of taxes including property taxes, franchise fees, utility services taxes, fuel taxes and communication services taxes have increased \$562,207. This is due in large part to an increase in property taxes caused by new development and an increase in the property values in 2022.

Business Activities: Total revenues for business activities of the Town have decreased by \$219,893. This is primarily the result of a decrease in Stormwater revenues due to completion of projects related to grant funding for Lake Shore Drive improvements.

	Governmental Activities		Business Activities		Total	
	2022	2021	2022	2021	2022	2021
Expenses:						
General government	\$ 2,131,579	\$ 1,929,635	\$ -	\$ -	\$ 2,131,579	\$ 1,929,635
Public safety	5,529,482	4,211,942	-	-	5,529,482	4,211,942
Physical environment	567,812	388,350	-	-	567,812	388,350
Transportation	931,643	819,468	-	-	931,643	819,468
Culture and recreation	995,026	843,683	-	-	995,026	843,683
Economic environmnet	1,411,479	831,683	-	-	1,411,479	831,683
Interest on long-term debt	100,106	119,915	-	-	100,106	119,915
Marina	-	-	4,975,478	2,375,706	4,975,478	2,375,706
Sanitation	-	-	1,979,857	2,076,764	1,979,857	2,076,764
Stormwater	-	-	643,893	704,635	643,893	704,635
Total expenses	<u>11,667,127</u>	<u>9,144,676</u>	<u>7,599,228</u>	<u>5,157,105</u>	<u>19,266,355</u>	<u>14,301,781</u>
Transfers In/(Out)	<u>(1,213,595)</u>	<u>(941,839)</u>	<u>1,213,595</u>	<u>941,839</u>		
Change in net position	3,208,345	138,777	110,593	2,500,853	3,318,938	2,639,630
Net position - beginning of year	<u>11,977,831</u>	<u>11,839,054</u>	<u>8,055,715</u>	<u>5,554,862</u>	<u>20,033,546</u>	<u>17,393,916</u>
	<u>\$ 15,186,176</u>	<u>\$ 11,977,831</u>	<u>\$ 8,166,308</u>	<u>\$ 8,055,715</u>	<u>\$ 23,352,484</u>	<u>\$ 20,033,546</u>

Overall, net position increased \$3,318,938. The increase in net position is related to \$2.1 million grant award and the increase in property values.

Governmental Activities: Changes in the expenses for 2022 in Public Safety is attributable to an increase in the Sheriff's contract countered by the MSTU effect. The change in the General government is attributable to an average raise of just over 3% for all employees, countered by decreases in expense items result from vacant positions in several departments, other cost saving measures, and continued debt service payments.

Business-type Activities: The increased expenses for the Marin Fund is directly related to a one-time \$2.4 million payment to Palm Beach County for a previous land purchase. The decrease in the Sanitation Fund expenses is the results from vacant positions off-set by increased contract expenses as a result of the vacancies.

Financial Analysis of the Governments' Funds

As noted earlier, the Town of Lake Park uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

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

At September 30, 2022, the Town's primary operating fund, the General Fund, reported ending fund balance of \$5,539,062 an increase of \$3,045,302 from the prior year. Of this amount, \$959,350 is considered unassigned fund balance and is available for spending at the Town's discretion. However, it is recommended that these funds be maintained at this level in the event of an emergency such as a hurricane. However; \$875,420 is restricted for specific purposes such as the Community Improvement Beautification (CIB) Fund. The remainder of fund balance (\$3,409,863) is non-spendable to indicate that it is not available for new spending because it has already been committed (1) for inventories and prepaid expenses (\$159,863) and (2) as advances to other funds, in particular to cover the cash deficit in the pooled cash of the Marina Fund (\$3,250,000).

As a measure of the General Fund's liquidity, it may be useful to compare both unrestricted fund balance and total fund balance to total fund expenditures. Unrestricted fund balance represents approximately 8.2 percent (approximately 30 days) of total general fund expenditures, while total fund balance represents 47 percent of that same amount. A sound financial management policy would dictate that the unrestricted, unassigned fund balance be maintained between 10-25% of total expenditures. To that end, the budget for Fiscal Year 2023 has been constructed to provide an increase in the fund balance at the end of the year, absent significant revenue shortfalls or at least be able to maintain the current level of fund balance in the event of revenue shortfalls. The General Fund will see increased revenues over the next several budget cycles and is expect to receive repayments from the Marina Fund.

Enterprise Funds. The Town's enterprise funds are accounted for on an accrual basis, and may be measured year-over-year by the Change in Net Position, a measure of the difference that the year made in the Total Assets less the Total Liabilities.

The Marina Fund has a decrease in Net Position \$2,674,175 an amount less than the depreciation expense charged to the fund for the year, bringing the fund's Total Net Position to \$(975,144). The Marina's change in net position is primarily due to a one-time \$2.4 million repayment to Palm Beach County for previously purchased property. The Marina is currently being considered for redevelopment which will increase the Marina's revenue. The Marina Fund's deficit is being covered by the General Fund through a do-to/due-from accounting function.

The Sanitation Fund has a decrease in Net Position of \$78,841, bringing the fund's Total Net Position for the fund to \$1,105,287.

The Stormwater Fund has an increase in Net Position of \$2,862,266, bringing the fund's Total Net Position for the fund to \$7,918,103. This increase is largely due to significant capital improves which will continue for the next several years.

General Fund Budgetary Highlights

The annual General Fund budget is adopted after two public hearings and approval of the Town Commission. Any amendments that would exceed the original budget at the fund level or would require funds to be transferred from contingency would require a formal budget amendment requiring the adoption of a resolution by the Town Commission. The General Fund appropriation was increased from \$10,480,281 to \$11,552,824.

Capital Asset and Debt Administration

Capital assets. The Town's total investment in capital assets at September 30, 2022 was \$23,077,755. (net of accumulated depreciation). Capital assets include land, construction in progress, buildings, equipment and vehicles and infrastructure. The Town's net capital assets at September 30, 2022 and 2021 are summarized as follows:

Capital Assets (Net of depreciation)

	Governmental Activities		Business Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 2,767,746	\$ 2,767,746	\$ 2,492,332	\$ 2,492,332	\$ 5,260,078	\$ 5,260,078
Construction in progress	498,966	707,146	5,989,153	3,470,126	6,488,119	4,177,272
Buildings	1,713,355	2,053,852	-	-	1,713,355	2,053,852
Equipment and vehicles	1,933,037	1,995,278	1,222,855	1,176,978	3,155,892	3,172,256
Streets, roads, and sidewalks	2,656,654	1,911,163	3,803,657	3,981,445	6,460,311	5,892,608
Total assets	<u>\$ 9,569,758</u>	<u>\$ 9,435,185</u>	<u>\$ 13,507,997</u>	<u>\$ 11,120,881</u>	<u>\$ 23,077,755</u>	<u>\$ 20,556,066</u>

Capital projects during Fiscal Year 2022 included the following:

- Roadway Improvements
- Town Hall Improvements
- Purchase of new sanitation vehicle
- Replacement and upgrades of a stormwater systems

Additional information on the Town's capital assets can be found in Note 6 of the Notes to Financial Statements.

Long-term debt. No new governmental debt was incurred during fiscal year 2022. The debt position of the Town is summarized as follows:

	Governmental Activities		Business Activities		Total	
	2022	2021	2022	2021	2022	2021
Loans Payable	\$ 1,105,682	\$ 1,527,767	\$ 3,165,472	\$ 3,306,851	\$ 4,271,154	\$ 4,834,618
Capital lease obligations	1,320,013	1,377,012	105,597	155,806	1,425,610	1,532,818
Claims and settlements	-	-	-	-	-	-
Other Post-Emp. Benefits	79,163	92,521	28,966	36,673	108,129	129,194
Net pension liability	333,034	55,281	-	-	333,034	55,281
Compensated absences	269,944	253,070	51,209	60,911	321,153	313,981
Unamortized premium	-	-	73,524	80,208	73,524	80,208
Total	\$ 3,107,836	\$ 3,305,651	\$ 3,424,768	\$ 3,640,449	\$ 6,532,604	\$ 6,946,100

Additional information on the Town's debt can be found in Note 7 of the Notes to Financial Statements.

Economic factors and Next Year's Budgets and Rates

For the fiscal year 2022-2023, the Town Commission adopted a General Fund budget of \$11,552,824, compared with the budget for the fiscal year 2020-2021 for \$10,480,281. The Town adopted a MSTU for fire services in 2015, thus the millage for the Fires Services is not included in the operating millage. The operating millage rate was effectively held constant year-over-year at 5.3474 (8.8055 mills less fire millage of 3.34581).

The greatest impact on the General Fund expenditures is the contract with the Palm Beach County Sheriff for policing services, which represents 30% of the total and uses 99% of the Ad Valorem property tax revenue. In an effort to off-set some of the impact on the General Fund revenue constraints the Town continues to operate with many cuts implemented in prior years across all departments and must continue to limit capital and other projects.

Current general economic conditions are inflating the cost of goods and services as well as the Town's ability to attract and hire new employees. The recent inflationary pressure will require the Town to maintain fiscal controls on spending and project management. However, the Town will be able to engage in several large infrastructure expenditures due to the acquisition of several State and federal grants for various infrastructure improvements and the use of American Rescue Plan Act funds approved by the Federal Government.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability. Questions concerning information provided in this report or requests for additional financial information should be directed to:

Finance Department
Town of Lake Park
535 Park Avenue
Lake Park, FL 33403
(561) 881-3350

BASIC FINANCIAL STATEMENTS

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TOWN OF LAKE PARK, FLORIDA
Statement of Net Position
September 30, 2022

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Pooled cash and cash equivalents	\$ 7,778,206	\$ 1,031,349	\$ 8,809,555
Accounts receivable, net	367,721	92,206	459,927
Notes receivable - current	26,430		26,430
Due from other governments	329,535	318,282	647,817
Internal balances	3,243,406	(3,243,406)	
Land held for resale	58,809		58,809
Inventory	25,046	48,701	73,747
Prepaid items	144,590	19,275	163,865
Notes receivable - long term	673,369		673,369
Capital assets			
Capital assets not being depreciated	3,266,712	8,481,485	11,748,197
Capital assets being depreciated, net of accumulated depreciation	6,303,046	5,026,512	11,329,558
Total assets	<u>22,216,870</u>	<u>11,774,404</u>	<u>33,991,274</u>
Deferred outflows of resources			
Pension related items	<u>139,503</u>		<u>139,503</u>
Liabilities			
Accounts payable	668,409	78,995	747,404
Accrued expenses	79,288	26,408	105,696
Accrued interest payable	24,090	6,240	30,330
Unearned revenue	2,144,067		2,144,067
Deposits	159,469	14,130	173,599
Noncurrent liabilities:			
Due within one year	450,044	417,354	867,398
Due in more than one year	2,657,792	3,007,414	5,665,206
Total liabilities	<u>6,183,159</u>	<u>3,550,541</u>	<u>9,733,700</u>
Deferred inflows of resources			
Leases	699,799		699,799
Deferred gain on bond refunding, net		57,555	57,555
Deferred revenue	287,239		287,239
Total deferred inflows of resources	<u>987,038</u>	<u>57,555</u>	<u>1,044,593</u>
Net Position			
Net investment in capital assets	7,040,813	10,163,404	17,204,217
Restricted for:			
Debt service	170,086		170,086
Capital projects	1,725,858		1,725,858
Economic environment	1,549,612		1,549,612
Other restrictions	40,185		40,185
Unrestricted	4,659,622	(1,997,096)	2,662,526
Total net position	<u>\$ 15,186,176</u>	<u>\$ 8,166,308</u>	<u>\$ 23,352,484</u>

See notes to the financial statements.

TOWN OF LAKE PARK, FLORIDA
Statement of Activities
For the Year Ended September 30, 2022

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Activities</u>
Government:		
Governmental activities		
General government	\$ 2,131,579	\$ 551,899
Public safety	5,529,482	3,626,388
Physical environment	567,812	
Transportation	931,643	
Culture and recreation	995,026	14,389
Economic environment	1,411,479	
Interest on long-term debt	100,106	
Total governmental activities	<u>11,667,127</u>	<u>4,192,676</u>
Business-type activities		
Marina	4,975,478	1,909,905
Sanitation	1,979,857	1,892,574
Stormwater	643,893	964,669
Total business-type activities	<u>7,599,228</u>	<u>4,767,148</u>
Total	<u>\$ 19,266,355</u>	<u>\$ 8,959,824</u>

Program Revenues		Net Expense (Revenue) and Changes in Net Position		
Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
\$ 505,770		\$ (1,073,910)	\$	\$ (1,073,910)
1,600,000		(303,094)		(303,094)
1,113		(566,699)		(566,699)
	27,819	(903,824)		(903,824)
19,399	84,208	(877,030)		(877,030)
180,000		(1,231,479)		(1,231,479)
		(100,106)		(100,106)
<u>2,306,282</u>	<u>112,027</u>	<u>(5,056,142)</u>		<u>(5,056,142)</u>
			(3,065,573)	(3,065,573)
			(87,283)	(87,283)
139,437	1,580,413		2,040,626	2,040,626
<u>139,437</u>	<u>1,580,413</u>		<u>(1,112,230)</u>	<u>(1,112,230)</u>
<u>\$ 2,445,719</u>	<u>\$ 1,692,440</u>	(5,056,142)	(1,112,230)	(6,168,372)
General Revenues:				
Taxes:				
Property taxes		4,234,082		4,234,082
Infrastructure surtax		853,456		853,456
Franchise fees		723,836		723,836
Utility service taxes		1,135,538		1,135,538
Local option gas taxes		262,118		262,118
Communication services taxes		269,188		269,188
Unrestricted intergovernmental shared revenues		1,877,912		1,877,912
Gain on sale of capital assets			6,477	6,477
Investment earnings - unrestricted		121,952	2,751	124,703
Transfers		(1,213,595)	1,213,595	
Total general revenues and transfers		<u>8,264,487</u>	<u>1,222,823</u>	<u>9,487,310</u>
Change in net position		3,208,345	110,593	3,318,938
Net position, beginning of year		<u>11,977,831</u>	<u>8,055,715</u>	<u>20,033,546</u>
Net position, end of year		<u>\$ 15,186,176</u>	<u>\$ 8,166,308</u>	<u>\$ 23,352,484</u>

See notes to the financial statements.

TOWN OF LAKE PARK, FLORIDA
Balance Sheet
Governmental Funds
September 30, 2022

	Major Governmental Funds				
	General	CRA Fund	Public Improvement Fund	ARPA Grant Fund	Special Projects Fund
Assets					
Pooled cash and cash equivalents	\$ 2,535,287	\$ 1,315,841	\$ 838,672	\$ 2,140,088	\$ 608,424
Accounts receivable, net	322,721		45,000		
Notes receivable	699,799				
Due from other governments	130,371				142,604
Due from other funds	139,925	267,785			
Advances to other funds	3,250,000				
Land held for resale	58,809				
Inventory	25,046				
Prepaid items	76,008	5,966			
Total assets	<u>\$ 7,237,966</u>	<u>\$ 1,589,592</u>	<u>\$ 883,672</u>	<u>\$ 2,140,088</u>	<u>\$ 751,028</u>
Liabilities, deferred inflows of resources, and fund balances					
Liabilities					
Accounts payable	\$ 170,044	\$ 34,014	\$ 205,816	\$	\$ 230,106
Accrued liabilities	77,327				
Unearned revenue	8,779			2,124,079	
Due to other funds	267,785				
Deposits	159,469				
Total liabilities	<u>683,404</u>	<u>34,014</u>	<u>205,816</u>	<u>2,124,079</u>	<u>230,106</u>
Deferred inflows of resources					
Leases	699,799				
Unavailable revenue	28,462				
Deferred revenue	287,239				
	<u>1,015,500</u>				
Fund balances					
Nonspendable:					
Inventories, prepaids, and land held for resale	159,863	5,966			
Advances to other funds	3,250,000				
Restricted for:					
Debt service					
Transportation					
Infrastructure					529,691
Capital projects					
Other restrictions	40,185				
Enforcement of Florida Building Code	835,235				
Public improvements			651,609		
Economic environment		1,549,612			
Assigned to:					
Subsequent years expenditures	294,429				
Capital project fund			26,247		
Special revenue fund				16,009	
Unassigned	959,350				(8,769)
Total fund balances	<u>5,539,062</u>	<u>1,555,578</u>	<u>677,856</u>	<u>16,009</u>	<u>520,922</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,237,966</u>	<u>\$ 1,589,592</u>	<u>\$ 883,672</u>	<u>\$ 2,140,088</u>	<u>\$ 751,028</u>

<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 186,679	\$ 7,624,991
	367,721
	699,799
56,560	329,535
	407,710
	3,250,000
	58,809
	25,046
	81,974
<u>\$ 243,239</u>	<u>\$ 12,845,585</u>

\$ 21,316	\$ 661,296
1,961	79,288
11,209	2,144,067
28,457	296,242
	159,469
<u>62,943</u>	<u>3,340,362</u>

	699,799
	28,462
	287,239
<u></u>	<u>1,015,500</u>

	165,829
	3,250,000
170,086	170,086
527,965	527,965
	529,691
16,593	16,593
	40,185
	835,235
	651,609
	1,549,612
	294,429
	26,247
	16,009
(534,348)	416,233
<u>180,296</u>	<u>8,489,723</u>
<u>\$ 243,239</u>	<u>\$ 12,845,585</u>

See notes to the financial statements.

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TOWN OF LAKE PARK, FLORIDA
Reconciliation of the Balance Sheet – Governmental Funds
to the Statement of Net Position
Governmental Activities
September 30, 2022

Total fund balances - governmental funds \$ 8,489,723

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

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

Governmental capital assets	\$ 23,074,544	
Less accumulated depreciation	<u>(13,504,786)</u>	9,569,758

Revenue is recognized when earned in the government-wide statements, regardless of activity. Governmental funds report based on modified accrual, i.e., both measurable and available

Current year revenues		28,462
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Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.

Accrued interest payable on long-term debt	(24,089)	
Compensated absences	(269,944)	
Other post employment benefits	(79,163)	
Net pension liability	(333,034)	
Capital lease payable	(1,320,013)	
Loans payable	<u>(1,105,682)</u>	(3,131,925)

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds:

Pension related deferred outflows		139,503
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Internal service funds are used by management to charge costs of certain activities to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net position.

90,655

Net position of governmental activities \$ 15,186,176

See notes to the financial statements.

TOWN OF LAKE PARK
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2022

	Major Governmental Funds				
	General	CRA Fund	Public Improvement Fund	ARPA Grant Fund	Special Projects Fund
Revenues					
Taxes	\$ 6,093,456	\$	\$	\$	\$ 853,456
Licenses and permits	3,420,988				
Intergovernmental	3,676,294	517,896			84,208
Charges for services	1,751,466				
Fines and forfeitures	152,691				
Miscellaneous	209,869	400,000	190,140	15,970	
Total revenues	<u>15,304,764</u>	<u>917,896</u>	<u>190,140</u>	<u>15,970</u>	<u>937,664</u>
Expenditures					
Current					
General government	3,063,851				3,299
Public safety	5,528,944				
Physical environment	765,995				
Transportation	392,135				
Culture and recreation	1,151,398				
Economic environment		992,882	180,000		
Capital outlay	3,507	14,058	456,633		190,767
Debt service					
Principal	479,084				
Interest charges	101,147				
Grants and aid		82,869			
Total expenditures	<u>11,486,061</u>	<u>1,089,809</u>	<u>636,633</u>		<u>194,066</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,818,703</u>	<u>(171,913)</u>	<u>(446,493)</u>	<u>15,970</u>	<u>743,598</u>
Other financing sources (uses)					
Transfers in	186,389	959,790			
Transfer out	(959,790)	(176,389)	(401,935)		(821,660)
Total other financing sources (uses)	<u>(773,401)</u>	<u>783,401</u>	<u>(401,935)</u>		<u>(821,660)</u>
Net change in fund balances	3,045,302	611,488	(848,428)	15,970	(78,062)
Fund balances					
Beginning of year	2,493,760	944,090	1,526,284	39	598,984
End of year	<u>\$ 5,539,062</u>	<u>\$ 1,555,578</u>	<u>\$ 677,856</u>	<u>\$ 16,009</u>	<u>\$ 520,922</u>

Nonmajor Governmental Funds	Total Governmental Funds
\$	\$ 6,946,912
	3,420,988
384,284	4,662,682
	1,751,466
	152,691
	815,979
<u>384,284</u>	<u>17,750,718</u>
15	3,067,165
	5,528,944
	765,995
438,957	831,092
	1,151,398
	1,172,882
87,089	752,054
	479,084
	101,147
	82,869
<u>526,061</u>	<u>13,932,630</u>
<u>(141,777)</u>	<u>3,818,088</u>
	1,146,179
	<u>(2,359,774)</u>
	<u>(1,213,595)</u>
(141,777)	2,604,493
322,073	5,885,230
<u>\$ 180,296</u>	<u>\$ 8,489,723</u>

See notes to the financial statements.

TOWN OF LAKE PARK
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
Balances of the Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2022

Net change in fund balances - total governmental funds \$ 2,604,493

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives

Expenditures for capital assets	\$ 959,814	
Less: current year depreciation	<u>(669,513)</u>	290,301

Gains and losses on disposal of capital assets are reported in the statement of activities, whereas in the governmental funds the proceeds from the sale increases financial resources. The difference is the net book value of the assets retired.

(155,728)

Governmental funds report revenues when earned and available. However, in the Statement of Activities, revenues are recognized when earned, regardless of availability.

Current year grants	28,462	
Prior year grants	<u>(26,474)</u>	1,988

The repayment (issuance) of long-term debt consumes (provides) the current financial resources of governmental funds. However, these transactions do not have any effect on net position of the governmental activities.

Long term debt repayments:

Capital lease payable	56,999	
Loans payable	<u>422,085</u>	479,084

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

Change in compensated absences	(16,874)	
Change in other postemployment benefits	13,358	
Change in net pension liability and related deferred amounts	(10,659)	
Change in accrued interest	<u>1,041</u>	<u>(13,134)</u>

Change in net position of governmental activities \$ 3,208,345

See notes to the financial statements.

TOWN OF LAKE PARK, FLORIDA
Statement of Net Position
Proprietary Funds
September 30, 2022

	<u>Marina Fund</u>	<u>Sanitation Fund</u>	<u>Stormwater Fund</u>	<u>Total Enterprise Funds</u>	<u>Governmental Activities Internal Service Fund</u>
Assets					
Current assets					
Pooled cash and cash equivalents	\$ 26,797	\$ 520,189	\$ 484,363	\$ 1,031,349	\$ 153,215
Accounts receivable, net	10,569	76,194	5,443	92,206	
Due from other governments			318,282	318,282	
Prepaid items	19,275			19,275	62,616
Inventory	48,701			48,701	
Total current assets	<u>105,342</u>	<u>596,383</u>	<u>808,088</u>	<u>1,509,813</u>	<u>215,831</u>
Noncurrent assets					
Capital assets not being depreciated	2,428,175	64,157	5,989,153	8,481,485	
Capital assets net of accumulated depreciation	<u>2,820,990</u>	<u>938,460</u>	<u>1,267,062</u>	<u>5,026,512</u>	
Total noncurrent assets	<u>5,249,165</u>	<u>1,002,617</u>	<u>7,256,215</u>	<u>13,507,997</u>	
Total assets	<u>5,354,507</u>	<u>1,599,000</u>	<u>8,064,303</u>	<u>15,017,810</u>	<u>215,831</u>
Liabilities					
Current liabilities					
Accounts payable	17,670	45,035	16,290	78,995	7,113
Accrued liabilities	13,509	9,051	3,848	26,408	
Due to other funds		111,468		111,468	
Deposits payable - slip rentals	14,130			14,130	
Accrued interest payable		5,043	1,197	6,240	
Compensated absences payable, current portion	1,589	6,124	2,529	10,242	
Bonds payable, current maturities	<u>247,448</u>	<u>107,748</u>	<u>51,916</u>	<u>407,112</u>	
Total current liabilities	<u>294,346</u>	<u>284,469</u>	<u>75,780</u>	<u>654,595</u>	<u>7,113</u>
Long-term liabilities					
Compensated absences payable, less current portion	6,356	24,496	10,115	40,967	
Other post-employment benefits	9,721	12,621	6,624	28,966	
Advance from other funds	3,250,000			3,250,000	
Bonds payable, net of unamortized premium and current maturities	<u>2,711,673</u>	<u>172,127</u>	<u>53,681</u>	<u>2,937,481</u>	
Total long-term liabilities	<u>5,977,750</u>	<u>209,244</u>	<u>70,420</u>	<u>6,257,414</u>	
Total liabilities	<u>6,272,096</u>	<u>493,713</u>	<u>146,200</u>	<u>6,912,009</u>	<u>7,113</u>
Deferred inflows of resources					
Deferred gain on bond refunding, net	<u>57,555</u>			<u>57,555</u>	
Net position					
Net investment in capital assets	2,290,044	722,742	7,150,618	10,163,404	
Unrestricted	<u>(3,265,188)</u>	<u>382,545</u>	<u>767,485</u>	<u>(2,115,158)</u>	208,718
Total net position	<u>\$ (975,144)</u>	<u>\$ 1,105,287</u>	<u>\$ 7,918,103</u>	<u>8,048,246</u>	<u>\$ 208,718</u>
Adjustment to reflect consolidation of internal service fund activities				118,062	
Net position of business-type activities				<u>\$ 8,166,308</u>	

See notes to the financial statements.

TOWN OF LAKE PARK, FLORIDA
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended September 30, 2022

	<u>Marina Fund</u>	<u>Sanitation Fund</u>	<u>Stormwater Fund</u>	<u>Total Enterprise Funds</u>	<u>Governmental Activities Internal Service Fund</u>
Operating revenue					
Charges for services	\$ 1,909,756	\$ 1,890,729	\$ 964,669	\$ 4,765,154	\$ 287,815
Miscellaneous	149	1,845		1,994	
Total operating revenues	<u>1,909,905</u>	<u>1,892,574</u>	<u>964,669</u>	<u>4,767,148</u>	<u>287,815</u>
Operating expenses					
Personal services	404,677	426,495	151,240	982,412	49,387
Operating expenses	1,551,085	1,392,116	299,819	3,243,020	235,744
Depreciation	524,307	150,123	188,187	862,617	
Total operating expenses	<u>2,480,069</u>	<u>1,968,734</u>	<u>639,246</u>	<u>5,088,049</u>	<u>285,131</u>
Operating income (loss)	<u>(570,164)</u>	<u>(76,160)</u>	<u>325,423</u>	<u>(320,901)</u>	<u>2,684</u>
Nonoperating revenues (expenses)					
Interest revenue		2,690	61	2,751	
Interest expense	(95,946)	(11,848)	(4,728)	(112,522)	
Gain on sale of property and equipment		6,477		6,477	
Grant termination repayment	(2,400,000)			(2,400,000)	
Operating grant			139,437	139,437	
Total nonoperating revenues (expenses)	<u>(2,495,946)</u>	<u>(2,681)</u>	<u>134,770</u>	<u>(2,363,857)</u>	
Income (loss) before transfers	<u>(3,066,110)</u>	<u>(78,841)</u>	<u>460,193</u>	<u>(2,684,758)</u>	<u>2,684</u>
Capital contributions			1,580,413	1,580,413	
Transfers					
Transfers in	401,935		821,660	1,223,595	
Transfers out	(10,000)			(10,000)	
Total transfers	<u>391,935</u>		<u>821,660</u>	<u>1,213,595</u>	
Change in net position	<u>(2,674,175)</u>	<u>(78,841)</u>	<u>2,862,266</u>	<u>109,250</u>	<u>2,684</u>
Net position - beginning of year	<u>1,699,031</u>	<u>1,184,128</u>	<u>5,055,837</u>	<u>7,938,996</u>	<u>206,034</u>
Net position - ending	<u>\$ (975,144)</u>	<u>\$ 1,105,287</u>	<u>\$ 7,918,103</u>	<u>\$ 8,048,246</u>	<u>\$ 208,718</u>

See notes to the financial statements.

TOWN OF LAKE PARK, FLORIDA
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2022

	Marina Fund	Sanitation Fund	Stormwater Fund	Total Enterprise Funds	Governmental Activities Internal Service Fund
Cash flows from operating activities:					
Cash received from customers	\$ 1,896,337	\$ 1,902,179	\$ 963,956	\$ 4,762,472	\$
Operating grants			139,437	139,437	
Cash paid to suppliers	(1,224,042)	(914,421)	(125,311)	(2,263,774)	(340,634)
Cash paid to employees	(406,634)	(441,060)	(150,341)	(998,035)	
Payments to other funds	(337,329)	(530,624)	(337,995)	(1,205,948)	
Payments from other funds					287,815
Net cash provided (used) by operating activities	(71,668)	16,074	489,746	434,152	(52,819)
Cash flows from noncapital financing activities:					
Transfers in	401,935		821,660	1,223,595	
Transfers (out)	(10,000)			(10,000)	
Net cash provided (used) by noncapital financing activities	391,935		821,660	1,213,595	
Cash flows from capital and related financing activities:					
Note payable proceeds		165,575		165,575	
Grant termination repayment	(2,400,000)			(2,400,000)	
Payments from other funds	2,400,000			2,400,000	
Capital contributions			2,624,876	2,624,876	
Acquisition and construction of capital assets	(146,645)	(165,575)	(3,396,474)	(3,708,694)	
Sale of capital assets		6,477		6,477	
Interest paid on debt	(105,861)	(14,219)	(5,297)	(125,377)	
Principal payments on debt	(245,324)	(61,630)	(50,209)	(357,163)	
Net cash provided (used) by capital and related financing activities	(497,830)	(69,372)	(827,104)	(1,394,306)	
Cash flows from investing activities:					
Interest on investments		2,690	61	2,751	
Net cash provided (used) by investing activities		2,690	61	2,751	
Net increase (decrease) in cash and cash equivalents	(177,563)	(50,608)	484,363	256,192	(52,819)
Cash and cash equivalents at beginning of year	204,360	570,797		775,157	206,034
Cash and cash equivalents at end of year	\$ 26,797	\$ 520,189	\$ 484,363	\$ 1,031,349	\$ 153,215
Cash flows from operating activities:					
Operating income (loss)	\$ (570,164)	\$ (76,160)	\$ 325,423	\$ (320,901)	\$ 2,684
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	524,307	150,123	188,187	862,617	
Operating grant			139,437	139,437	
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	(10,569)	9,605	(713)	(1,677)	
(Increase) decrease in inventory	(10,706)			(10,706)	
(Increase) decrease in prepaid expenses					(62,616)
Payments from(to) other funds		(24,630)	(169,330)	(193,960)	
Increase (decrease) in accounts payable	420	(28,299)	5,843	(22,036)	7,113
Increase (decrease) in accrued liabilities	1,337	(278)	727	1,786	
Increase (decrease) in deposits					
Increase (decrease) in deferred revenue	(2,999)			(2,999)	
Increase (decrease) in compensated absences	(7,897)	(2,551)	746	(9,702)	
Increase (decrease) in other post-employment benefits	4,603	(11,736)	(574)	(7,707)	
Total adjustments	498,496	92,234	164,323	755,053	(55,503)
Net cash provided (used) by operating activities	\$ (71,668)	\$ 16,074	\$ 489,746	\$ 434,152	\$ (52,819)
Noncash activities					
Amortization of premium on bonds	\$ (6,684)			\$ (6,684)	
Amortization of refunding gain on bonds	\$ (5,233)			\$ (5,233)	

See notes to the financial statements.

TOWN OF LAKE PARK, FLORIDA
Statement of Fiduciary Net Position
Retired Police Officers' Pension Trust Fund
September 30, 2022

Assets	
Cash and cash equivalents	\$ 44,905
Investments:	
Equity exchange traded funds	630,242
Foreign equity exchange traded funds	89,896
Fixed income exchange traded funds	128,083
Real estate exchange traded funds	53,004
Global fixed income mutual funds	195,250
Prepaid retirement benefits	11,032
Total assets	<u>1,152,412</u>
Net position	
Held in trust for pension benefits	<u>\$ 1,152,412</u>

See notes to the financial statements.

TOWN OF LAKE PARK, FLORIDA
Statement of Changes in Fiduciary Net Position
Retired Police Officers Pension Trust Fund
For the Year Ended September 30, 2022

Additions	
Contributions	
Employer	\$ 62,090
Investment income	
Net increase fair value of investments	(229,620)
Interest and dividends	38,090
Total investment income	<u>(191,530)</u>
Less investment expenses	<u>(787)</u>
Net investment income	<u>(192,317)</u>
Total additions	(130,227)
Deductions	
Retirement benefits	132,388
Administrative expenses	36,500
Total deductions	<u>168,888</u>
Change in net position	(299,115)
Net position held in trust for pension benefits	
Net position - beginning of year	<u>1,451,527</u>
Net position - end of year	<u><u>\$ 1,152,412</u></u>

See notes to the financial statements.

TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Town of Lake Park, Florida (the “Town”) was incorporated in 1923. The Town’s Charter was approved by the Laws of Florida, Chapter 61-2375. The Town is governed by an elected Mayor and Town Commission which appoints a Town Manager. The Town provides the following services: public safety, recreation, sanitation, streets and roads, planning and zoning, and general administrative services.

As required by generally accepted accounting principles, these financial statements include the Town (the primary government) and its component units. Component units are legally separate entities for which the Town is financially accountable. The Town is financially accountable if:

- it appoints a voting majority of the organization’s governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Town or
- the organization is fiscally dependent on the Town and (1) there is a potential for the organization to provide specific financial benefits to the Town or (2) impose specific financial burdens on the Town.

Organizations for which the Town is not financially accountable are also included when doing so is necessary in order to prevent the Town’s financial statements from being misleading.

Based upon application of the above criteria, the Town of Lake Park has determined that there are two legally separate entities to consider as potential component units. The Town of Lake Park Retired Police Officers’ Pension Fund is a component unit as it is fiscally dependent on and imposes a specific financial burden on the Town. It is reported in the Town’s financial statements as a pension trust fund.

Lake Park Community Redevelopment Agency (the “CRA”) is a dependent special district established by the Town of Lake Park, Florida, under authority granted by Florida Statute 163, Section III. The CRA is included in the Town’s financial reporting entity as a blended component unit reported as a governmental (special revenue) fund, the *Community Redevelopment Fund*. The CRA is a legally separate entity and the governing body of the CRA consists of the Town Commission plus two other members appointed by the Town Commission and the Town handles the management and administration of the CRA’s financial matters. Separate financial statements for the CRA are prepared.

TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Town. As a general rule, the effect of interfund activities has been removed from these statements. An exception to this rule is that interfund services provided and used are not eliminated. Governmental activities, which are normally 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 is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements and proprietary fund financial statements are reported using the accrual basis of accounting and the economic resources measurement focus. Fiduciary funds use the accrual basis of accounting and the economic resources measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenue is considered to be available when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Town considers revenue to be available if it is collected within ninety days of the end of the current fiscal year, except for property taxes, for which the period is 60 days.

Unearned revenue consists primarily of grant funds and occupational licenses and other fees collected in advance of the year to which they relate.

TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Expenditures are generally recognized in the accounting period in which the fund liability is incurred. Property taxes, intergovernmental revenue, franchise fees, charges for services and investment income are all considered susceptible to accrual and so have been recognized as revenue in the current fiscal year. All other revenue items are considered to be measurable and available only when received in cash by the Town. Debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The Town reports the following major governmental funds:

General Fund

The General Fund is the primary operating fund and is used to account for all financial resources applicable to the general operations of the Town except those required to be accounted for in another fund.

CRA Fund

The CRA fund is a special revenue fund and is used to account for all financial resources applicable to the promotion of the physical and economic development of certain areas in the Town of Lake Park and is funded from incremental tax revenues within the designated CRA area.

Public Improvement Fund

The Public Improvement Fund is a special revenue fund used to account for revenues received restricted for public improvements.

ARPA Grant Fund

The *ARPA Grant Fund* is a special revenue fund used to account for the grant revenues received.

Special Projects Fund

The Special Projects Fund is a capital projects fund used to account for construction and renovation projects.

The Town reports the following major proprietary funds:

Marina Fund

This enterprise fund accounts for the operations of the Town's municipal marina, which are financed primarily by user charges.

Sanitation Fund

This enterprise fund accounts for the operations of the Town's garbage and trash collection services, which are financed primarily by user charges.

TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Major proprietary funds: (Continued)

Stormwater Utility Fund

The Stormwater Utility Fund is used to account for the charges and related expenses for the Town's stormwater drainage system.

Additionally, the Town reports the following non-major funds:

Special Revenue Fund

The special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Town has one non-major special revenue fund: the Streets and Roads Fund.

Debt Service Fund

This fund is used to account for resources accumulated and payments made for principal and interest of the Town's general obligation bonds which are payable from ad valorem taxes.

Capital Projects Fund

The Capital Projects Bond Fund is used to account for construction and renovation projects funded with debt proceeds.

Internal Service Fund

Internal service funds account for operations that provide services to other departments on a cost reimbursement basis. The Insurance Fund accounts for the Town's general liability and workers' compensation insurance plans.

Fiduciary Fund

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government; pension trust funds are held under the terms of a formal trust agreement. The fiduciary fund of the Town includes:

Retired Police Officers' Pension Fund - This fund was established in 2004 to receive and invest Town contributions in a defined benefit pension plan and to disburse these monies to Police retirees in accordance with the Pension Plan Ordinance.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The principal operating revenues of the Town’s marina and sanitation enterprise funds are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Assets, Liabilities, and Net Position or Equity

Cash and Cash Equivalents

All short-term investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to a known amount of cash, and at the day of purchase, have a maturity date no longer than three months.

Investments

Investments are reported at fair value as required by generally accepted accounting principles. The fair value of an investment is the amount that the Town could reasonably expect to receive for it in a current sale between a willing buyer and a willing seller, other than in a forced or liquidation sale. The Town categorizes investments reported at fair value in accordance with the fair value hierarchy established by GASB Statement No. 72, Fair Value Measurement and Application. Investments in “Florida PRIME” of the Local Government Surplus Funds Trust are reported as cash and cash equivalents.

Accounts Receivable

Accounts receivable represent amounts due from local businesses for franchise taxes, utility taxes, delinquent property taxes and other charges in the General Fund, and solid waste disposal fees and marina slip rentals in the Enterprise Funds. The Town does not require collateral for accounts receivable. Accounts receivable are net of allowances for uncollectible accounts determined based on the age of the individual receivable, with age categories ranging from 30 days past due to several years past due. Generally, the allowance includes accounts over 90 days past due. Accounts receivables are written off on an individual basis in the year the Town deems them uncollectible.

Interfund Transactions

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans). All other outstanding balances between funds are reported as “advance to/advance from other funds.”

TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Position or Equity (Continued)

Interfund Transactions (Continued)

Any residual balance outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

Transfers and interfund balances totally within governmental activities and those that are totally within business-type activities are eliminated and not presented in the government wide financial statements. Transfers and balances between governmental and business-type activities are presented in the government-wide financial statements.

Inventories

Inventories are valued at cost determined on a first-in, first-out basis. Inventories in the General Fund consist of expendable supplies held for consumption. Inventories in the Marina Fund consist of goods for sale to the public. The initial cost is recorded as an asset at the time the individual inventory items are purchased and are charged against operations in the period when used.

Prepaid Items/Expenses

Expenditures/expenses for insurance premiums and other administrative costs extending over more than one accounting period are accounted for as prepaid items and allocated between accounting periods. Prepaid items in governmental funds are accounted for using the consumption method.

Capital Assets and Depreciation

Capital assets, which include property, plant, infrastructure, and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. The Town defines capital assets as assets with an initial individual cost of \$5,000 or more and an estimated life in excess of one year. In accordance with GASB Statement No. 34, the Town has elected not to record infrastructure assets purchased prior to October 1, 2003 in the accompanying financial statements.

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are assets of the Town as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized as assets in the government-wide statement of net position. General capital assets are carried at historical cost. Where cost cannot be determined from the available records, estimated historical cost has been used to record the estimated value of the assets. Assets acquired by gifts or bequests are recorded at their fair value at the date of acquisition.

TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Position or Equity (Continued)

Capital Assets and Depreciation (Continued)

Capital assets of the enterprise funds are capitalized in the fund. The valuation basis for enterprise fund capital assets is the same as those used for general capital assets. Additions, improvements, and other capital outlay that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation has been provided over the estimated useful lives using the straight-line method of depreciation. The estimated lives for each major class of depreciable fixed assets are as follows:

Buildings and infrastructure	20-50 years
Building improvements	7-50 years
Equipment and vehicles	5-15 years
Docks and channels	20 years

Leases

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

Lease contracts that provide an external entity with control of the Town's non-financial asset, such as land, buildings, or equipment, for a period of time in excess of twelve months are reported as a leased receivable with a related lease deferred inflow of resources. The lease receivable is recorded at the present value of future lease payments expected to be received during the lease term, reduced by any provision for estimated uncollectible amounts. The lease deferred inflow of resources is recorded for the same amount as the related lease receivable less any lease incentives. Leased deferred inflow of resources are amortized over the lease term. The lease receivable is reduced for lease payments made, less the interest portion of the lease payment.

TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Position or Equity (Continued)

Deferred Outflows and Inflows of Resources

The statement of net position includes a separate section for deferred outflows of resources. This represents the usage of net position applicable to future periods and will not be recognized as expenditures until the future period to which it applies. Currently, the Town has no deferred outflows.

The statement of net position also includes a separate section, listed below total liabilities, for deferred inflows of resources. This represents the acquisition of net position applicable to future periods and will not be recognized as revenue until the future period to which it applies. The source of the unearned revenue is local business tax revenues collected prior to the date on the statement of net position which are unearned and will be recognized as an inflow of resources in the period that the amounts become available. The Town also has pension related deferred inflows, which are discussed in Note 11 and lease related deferred inflows, which are discussed in Note 8.

Compensated Absences

Unused compensated absences are payable upon separation from service. Vacation is accrued as a liability when the employee earns benefits. This means that the employee has rendered services that give rise to a vacation liability and it is probable that the Town will compensate the employee in some manner, e.g., in cash or paid time-off, now or upon termination or retirement. The Town uses the vesting method in accruing sick leave liability. Under the vesting method, the liability for vacation leave is accrued for employees who are eligible to receive termination payments upon separation. The Town's policy is to allow employees to accumulate vacation leave to a maximum of 480 hours. At the time of retirement or termination all vacation leave up to a maximum of 240 hours is payable at 100% to the employee. Except for liabilities incurred by employment terminations, such benefits are paid only when taken.

Compensated absences are accrued when incurred in the government-wide and proprietary financial statements. Benefits that were earned but not used during the current year were accrued at employees' pay rates in effect at September 30, 2022. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations or retirements. For the governmental funds, compensated absences are liquidated by the General Fund. The amount attributable to the business-type activities is charged to expense with a corresponding liability established in the government-wide financial statements as well as the Enterprise Fund.

TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Position or Equity (Continued)

Unearned Revenue

The Town reports unearned revenue on its statements of net position and governmental funds balance sheet. Unearned revenue arises when resources are obtained prior to revenue recognition. In subsequent periods, when revenue recognition criteria are met the unearned revenue is removed and revenue is recognized.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Unamortized bond premiums are presented as an addition to bonds payable.

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

Net Position

Net position is the residual of all other elements presented in a statement of net position. It is the difference between (a) assets plus deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net position is displayed in the following 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, 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 the use either by: 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions of enabling legislation.
- Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

When both restricted and unrestricted resources are available for use, it is the Town’s policy to use restricted resources first, then unrestricted resources as they are needed.

TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Position or Equity (Continued)

Fund Equity

Fund balance is the difference between assets, liabilities and deferred inflows of resources reported in governmental funds. There are five components of fund balance:

- Nonspendable fund balance represents amounts that are not in spendable form or are legally or contractually required to be maintained intact.
- Restricted fund balance represents amounts that can be spent only for specific purposes stipulated by external providers (e.g. creditors, grantors, contributors, or laws or regulations of other governments) or imposed by law through constitutional provisions or enabling legislation.
- Committed fund balance represents amounts that can be used only for the specific purposes pursuant to constraints imposed by Town Commission by the adoption of an ordinance, the Town's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the Town removes or changes the specified use by the adoption of an ordinance.
- Assigned fund balance includes spendable fund balance amounts that are intended to be used for specific purposes, that are neither considered restricted or committed. In accordance with the Town's fund balance policy, assignments can be made by the Town Commission or Town Manager.
- Unassigned fund balance is the residual fund balance classification for the general fund. It is also used to report negative fund balances in other governmental funds.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it is the Town's policy to reduce restricted amounts first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the Town's policy to reduce committed amounts first, followed by assigned amounts, and then unassigned amounts.

Statement of Cash Flows

For purposes of the statement of cash flows, the Town considers all short-term investments that are highly liquid to be cash equivalents. Cash equivalents are readily convertible to a known amount of cash, and at the day of purchase, have a maturity date no longer than three months.

TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred inflows and deferred outflows, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the period reported. These estimates include the collectability of accounts receivable, the use and recoverability of inventory, the useful lives and impairment of tangible assets, and the realization of net pension assets, among others. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Data

Formal budgetary integration is employed as a management control device during the year for the General Fund and the enterprise funds. All budgets are legally enacted. The annual appropriated budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles. Except for budgeting capital expenditures and not budgeting for depreciation, the annual appropriated budgets for the enterprise funds are adopted on a basis consistent with generally accepted accounting principles. For budgeting purposes, current year encumbrances are not treated as expenditures. The other funds with legally adopted budgets include the Community Redevelopment Fund, Streets and Roads Funds, Insurance Fund, Marina Fund, and Sanitation fund.

The procedures for establishing budgetary data are as follows:

- Prior to September 1st, the Town Manager submits a proposed operating budget to the Town Commission for the next fiscal year commencing the following October 1st. The proposed budget includes expenditures and the means of financing them.
- Public hearings are conducted at the Town Hall to obtain taxpayer comments.
- The Town advises the Palm Beach County Tax Collector's office of the proposed millage rate, the rolled back millage rate and the day, time and place of the public hearing for budget acceptance.
- A public hearing is held to obtain taxpayer input and to adopt the final budget and millage rate.

TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

A. Budgetary Data (Continued)

- Upon completion of the public hearings and prior to October 1st, a final operating budget and related millage rates are legally enacted through the passage of a resolution. Estimated beginning fund balances are considered in the budgetary process.
- Changes or amendments to the total budgeted expenditures of the Town must be approved by the Town Commission. Accordingly, the legal level of control is at the fund level.
- All unencumbered balances lapse on September 30th.

Budgeted amounts are as originally adopted, or as amended by appropriate action. During the year, several supplementary appropriations were necessary.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as restricted, committed or assigned fund balance and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year. Outstanding encumbrances at year end were \$294,429 for the general fund, \$59,412 for the CRA fund, \$12,907 for the streets and road fund, \$41,402 for the special projects fund, and \$208,742 for the public improvement fund.

B. Property Taxes

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser and the County Tax Collector. All property is reassessed according to its fair market value on January 1 of each year and each assessment roll is submitted to the State Department of Revenue for review to determine if the assessment rolls meet all of the appropriate requirements of State law. The laws of the State regulating tax assessment are also designed to assure a consistent property valuation method statewide. State Statutes permit municipalities to levy property taxes at a rate of up to 10 mills for operating purposes. The tax rate for the Palm Beach County Fire/Rescue Municipal Service Taxing Unit (MSTU) is included in the 10 mills and was 3.4581.

The tax levy of the Town is established by the Town Commission prior to October 1 of each year during the budget process. The Palm Beach County Property Appraiser incorporates the Town's millage into the total tax levy, which includes the County, County School Board, and special district tax requirements. The millage rate assessed by the Town for the year ended September 30, 2022, was 5.3474 (\$5.3474 for each \$1,000 of assessed valuation).

TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

B. Property Taxes (Continued)

Taxes may be paid, less a 4% discount, in November or at declining discounts each month through the month of February. All unpaid taxes become delinquent on April 1 following the year in which they are assessed. Delinquent taxes on real property bear interest at 18% per year. On or prior to June 1 following the tax year, certificates are offered for sale for all delinquent taxes on real property.

After sale, tax certificates bear interest at 18% per year or at any lower rate bid by the buyer. The certificate holder may make application for a tax deed on any unredeemed tax certificate after a period of two years. The County holds unsold certificates. Delinquent taxes on personal property bear interest at 18% per year until the tax is satisfied either by seizure and sale of the property or by the five-year statute of limitations. At September 30, 2022, unpaid delinquent taxes are not material and have not been recorded by the Town.

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposits

In addition to insurance provided by the Federal Depository Insurance Corporation, deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, *Florida Security for Public Deposits Act*, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or another banking institution eligible collateral. In the event of failure of a qualified public depository, the responsible for covering any resulting losses. The Town's deposits at year end are considered insured for custodial credit risk purposes.

The Town maintains a pooled account for cash and cash equivalents that is available for use by all funds. Each fund's portion of the pooled account is displayed on the financial statements as "Pooled cash and cash equivalents". Interest income from pooled checking accounts is allocated back to the General Fund. Investment income from the pooled SBA accounts is allocated to the funds based on each fund's relative equity in the pool.

Investments

In 2016, the Town implemented GASB Statement No. 72, Fair Value Measurement and Application issued in February 2015. The Town categorizes its investments according to the fair value hierarchy established by this Statement. The hierarchy is based on valuation inputs used to measure the fair value of the asset as follows: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs to include quoted prices for similar assets in active and non-active markets; Level 3 inputs are significant unobservable inputs.

TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Exchange traded funds and mutual funds classified in Level 1 of the fair value hierarchy are valued based on prices quoted in active markets for those securities. Exchange traded funds are commonly referred to as “ETF”. ETFs are funds that trade like other publicly-traded securities and are designed to track an index. Similar to shares of an index mutual fund, each share of the fund represents a partial ownership in an underlying portfolio of securities intended to track a market index. Unlike shares of a mutual fund, which can be bought and redeemed from the issuing fund by all shareholders at a price based on NAV, only authorized participants may purchase or redeem shares directly from the fund at NAV. Also, unlike shares of a mutual fund, the shares of the fund are listed on a national securities exchange and trade in the secondary market at market prices that change throughout the day.

The State Board of Administration (SBA) administers the Florida PRIME investment pool, which is governed by Chapter 19-7 of the Florida Administrative Code and Chapters 218 and 215 of the Florida Statutes. These rules provide guidance and establish the policies and general operating procedures for the administration of the Florida PRIME.

The investment in Florida PRIME is reported at amortized cost in accordance with GASB Statement No. 79, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* (GASB 79) and is exempt from reporting under the fair value hierarchy of GASB 72. The investment in the Florida PRIME is not insured by FDIC or any other governmental agency. GASB 79 requires that if a participant has an investment in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost, it should disclose the presence of any limitations or restrictions on withdrawals (such as redemption notice periods, maximum transaction amounts, and the qualifying external investment pool’s authority to impose liquidity fees or redemption gates) in notes to the financial statements.

With regard to redemption gates, Chapter 218.409(8)(a), Florida Statutes, states that “The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council. The Trustees shall convene an emergency meeting as soon as practicable from the time the Executive Director has instituted such measures and review the necessity of those measures. If the Trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the Executive Director until the Trustees are able to meet to review the necessity for the moratorium. If the Trustees agree with such measures, the Trustees shall vote to continue the measures for up to an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the Trustees exceed 15 days.”

TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

With regard to liquidity fees, Florida Statute 218.409(4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. At present no such disclosure has been made.

As of September 30, 2022, there were no redemption fees, maximum transaction amounts, or any other requirements that serve to limit a participant’s daily access to 100% of their account value. As of September 30, 2022, the Town held the following investments:

	<u>Weighted Average Maturity</u>	<u>Fair Value</u>	<u>Fair Value Measurement Level 1</u>
<i><u>Fiduciary Fund</u></i>			
Global Fixed Income Mutual Funds	N/A	\$ 195,250	\$ 195,250
Equity ETF	N/A	630,242	630,242
Foreign Equity ETF	N/A	89,896	89,896
Fixed Income ETF	N/A	128,083	128,083
Real Estate ETF	N/A	53,004	53,004
		<u>1,096,475</u>	<u>\$ 1,096,475</u>

Investments Reported at Amortized Cost:

<i><u>Governmental and Proprietary Funds</u></i>		
Florida PRIME	21 Days	<u>7,476,929</u>
Total Investments		<u>\$ 8,573,404</u>

Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the time to maturity, the greater the exposure to interest rate risks. The Town limits its exposure to fair value losses resulting from rising interest rates by structuring the investment portfolio so that the securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity; and investing operating funds primarily in short-term securities, money market mutual funds, or similar investment pools unless it is anticipated that long-term securities can be held to maturity without jeopardizing the liquidity requirements. The Retirement Funds do not have a formal investment policy that limits investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

Credit risk – For an investment, credit risk is the risk that an issuer or other counter party to an investment will not fulfill their obligations. The Town’s investment policies limit its investments to high quality investments to control credit risk. At September 30, 2022, Florida PRIME was rated AAA(m) by Standard and Poor's Ratings Services.

TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Custodial credit risk – For an investment, custodial credit is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments that are in the possession of an outside party. At September 30, 2022, all investments were insured or collateralized, except the Town’s pension fund, in which the underlying securities are held by counterparty, or by its trust department or agent but not in the Town’s name and is uninsured and unregistered. However, all securities are registered in the funds’ names.

Foreign Currency Risk – Investing in foreign markets may involve special risks and considerations not typically associated with investing in companies in the United States of America. These risks include revaluation of currencies, high rates of inflation, repatriation restrictions on income and capital, and future adverse political, social, and economic developments. Moreover, securities of foreign governments may be less liquid, subject to delayed settlements, taxation on realized or unrealized gains, and their prices are more volatile than those of comparable securities in U.S. companies.

The Town is authorized to invest its funds as follows:

1. Interest-bearing checking or savings accounts in qualified public depositories, as defined in Chapter 280, Florida Statutes;
2. Interest-bearing time deposits in qualified public depositories, as defined in Chapter 280, Florida Statutes;
3. The Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, as provided in Chapter 163, Florida Statutes;
4. Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency;
5. Direct obligations of the United States Treasury;

TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Investments of the Retired Police Officers Retirement Fund can consist of the following:

1. A qualified public depository as defined in Section 280, Florida Statutes.
2. Obligations issued by the United States Government or obligations guaranteed as to principal and interest by the United States Government or by an agency of the United States Government.
3. Stocks, bonds or other evidence of indebtedness issued or guaranteed by a corporation organized under the laws of the United States or the District of Columbia, provided that the corporation is listed on one or more of the recognized national exchanges or on the National Market System of the NASDAQ stock market.
 - a. Investments in equities shall not exceed 70% of the Pension Fund's total assets at cost.
 - b. Not more than then five percent of the Pension Fund's assets shall be invested in the common stock or capital stock of any one issuing company, nor shall the aggregate investment in any one issuing company exceed five percent of the outstanding capital stock of that company.
 - c. Not more than five percent of the Fund's fixed income portfolio (at cost) shall be invested in the securities of any single corporate issuer. This limitation does not include issues of any U.S. government agency.
 - d. Bonds and other evidences of indebtedness not rated in one of the four highest classifications by a major rating service shall not exceed five percent of the Pension Fund's total assets at cost.
4. Foreign securities provided they do not exceed twenty percent of the Pension Fund's assets at cost.
5. Real estate through a security listed on one or more of the recognized national exchanges or other unit investment trust with shares redeemable on demand provided they do not exceed ten percent of the Pension Fund's assets at cost.
6. Commingled stock, bond, real estate or money market funds whose investments are restricted to securities meeting the above criteria.

**TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

A reconciliation of deposits and investments as shown on the statement of net position and statement of fiduciary net position for the Town is as follows:

By Category:	
Deposits	\$1,376,801
Petty cash	730
Investments	<u>8,573,404</u>
Total deposits and investments	<u><u>\$ 9,950,935</u></u>
Presented in the statement of net position	
Governmental activities	
Cash and cash equivalents	\$ 7,778,206
Business-type activities	
Cash and cash equivalents	<u>1,031,349</u>
Total statements of net position	<u><u>8,809,555</u></u>
Presented in the statement of fiduciary net position	
Pension trust funds	
Cash and cash equivalents	44,905
Investments	<u>1,096,475</u>
Total fiduciary funds	<u><u>1,141,380</u></u>
Total deposits and investments	<u><u>\$ 9,950,935</u></u>

**TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 4 – NOTES RECEIVABLES AND GRANT COMMITMENTS

The CRA has a program to give grants and low interest loans for business development and façade improvements. The loans bear interest at 2% and are payable monthly for terms of five to ten years. The grants are to be repaid if the business is sold within five years and one fifth of the grant is forgiven each year. Both the loans and grants are secured by a lien on the improvements and/or the property of the business. There are no loans outstanding at September 30, 2022.

In fiscal year 2020, two grants totaling \$57,800 were awarded and paid. In the fiscal year 2021, two grants totaling \$30,000 were awarded with \$27,000 being paid and a balance of \$3,000. In the current fiscal year two grants were awarded, one was for \$50,918 and the business closed after \$2,130 was paid and the other was for \$130,000 and \$32,819 was paid. Subsequent to September 30, 2022, a grant for \$1,000,000 payable over five years was awarded.

NOTE 5 – ACCOUNTS RECEIVABLES

Receivables at September 30, 2022, were as follows:

	<u>General Fund</u>	<u>Public Improvement Fund</u>	<u>Marina Fund</u>	<u>Sanitation Fund</u>	<u>Stormwater Fund</u>
Accounts receivable	\$ 42,558	\$ 45,000	\$ 10,569	\$ 87,827	\$ 5,443
Accrued receivables	<u>280,962</u>				
Total receivables	323,520	45,000	10,569	87,827	5,443
Less: allowance for uncollectible accounts	<u>(799)</u>			<u>(11,633)</u>	
Accounts receivable, net	<u>\$ 322,721</u>	<u>\$ 45,000</u>	<u>\$ 10,569</u>	<u>\$ 76,194</u>	<u>\$ 5,443</u>

**TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 6 – CAPITAL ASSETS

Capital Assets activity for the year ended September 30, 2022, was as follows:

Primary Government

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,767,746	\$	\$	\$ 2,767,746
Construction in progress	707,146	498,966	(707,146)	498,966
Capital assets being depreciated:				
Buildings	8,129,262		(157,037)	7,972,225
Improvements	6,634,736	1,049,716		7,684,452
Machinery and equipment	<u>4,032,877</u>	<u>118,278</u>		<u>4,151,155</u>
Total at historical cost:	22,271,767	1,666,960	(864,183)	23,074,544
Less accumulated depreciation for:				
Buildings	(6,075,410)	(184,769)	1,309	(6,258,870)
Improvements	(4,723,573)	(304,225)		(5,027,798)
Machinery and equipment	<u>(2,037,599)</u>	<u>(180,519)</u>		<u>(2,218,118)</u>
Total accumulated depreciation	<u>(12,836,582)</u>	<u>(669,513)</u>	<u>1,309</u>	<u>(13,504,786)</u>
Governmental activities capital assets, net	<u>\$ 9,435,185</u>	<u>\$ 997,447</u>	<u>\$ (862,874)</u>	<u>\$ 9,569,758</u>

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

Governmental activities:	
General government	\$ 342,177
Physical environment	1,018
Public Safety	565
Transportation	249,858
Culture and recreation	<u>75,895</u>
Total depreciation expense governmental activities	<u>\$ 669,513</u>

TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 6 – CAPITAL ASSETS (Continued)

The capital asset activity of business-type activities for the year ended September 30, 2022, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 2,492,332	\$	\$	\$ 2,492,332
Construction in progress	3,470,126	2,519,027		5,989,153
Capital assets being depreciated:				
Improvements	12,136,400	448,653		12,585,053
Machinery and equipment	3,546,874	282,053		3,828,927
Total at historical cost:	<u>21,645,732</u>	<u>3,249,733</u>		<u>24,895,465</u>
Less accumulated depreciation for:				
Improvements	(8,154,955)	(626,441)		(8,781,396)
Machinery and equipment	(2,369,896)	(236,176)		(2,606,072)
Total accumulated depreciation	<u>(10,524,851)</u>	<u>(862,617)</u>		<u>(11,387,468)</u>
Business-type activities capital assets, net	<u>\$ 11,120,881</u>	<u>\$ 2,387,116</u>	<u>\$</u>	<u>\$ 13,507,997</u>

NOTE 7 – LONG-TERM LIABILITIES

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

	<u>Balance October 1, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance September 30, 2022</u>	<u>Amount due within one year</u>
<u>Governmental activities:</u>					
Direct borrowings and direct placements					
Bonds and loans payable	\$ 1,527,767	\$	\$ (422,085)	\$ 1,105,682	\$ 335,961
Capital lease	1,377,012		(56,999)	1,320,013	60,094
Net pension liability (1)	55,281	277,753		333,034	
OPEB (see note 12)	92,521		(13,358)	79,163	
Compensated absences Payable	253,070	283,978	(267,104)	269,944	53,989
Claims and settlements					
Total	<u>\$3,305,651</u>	<u>\$ 561,731</u>	<u>\$ (759,546)</u>	<u>\$3,107,836</u>	<u>\$ 450,044</u>

(1) See note 11.

TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 7 – LONG-TERM LIABILITIES (Continued)

	Balance October 1, 2021	Additions	Reductions	Balance September 30, 2022	Amount due within one year
<u>Business-type activities:</u>					
Direct borrowings and direct placements					
Bonds and Loans payable	\$ 541,851	\$ 165,575	\$ (106,954)	\$ 600,472	\$ 155,196
Capital lease	155,806		(50,209)	105,597	51,916
Revenue bonds	2,765,000		(200,000)	2,565,000	200,000
OPEB (see note 12)	36,673		(7,707)	28,966	
Compensated absences payable	60,911	56,027	(65,729)	51,209	10,242
Total	<u>\$ 3,560,241</u>	<u>\$ 221,602</u>	<u>\$ (430,599)</u>	3,351,244	<u>\$ 417,354</u>
Unamortized premium				73,524	
				<u>\$ 3,424,768</u>	

Compensated absences and OPEB liabilities for governmental activities are generally liquidated by the General Fund and by the Marina Fund, Sanitation Fund, and Stormwater Fund for business-type activities.

Pledged Revenues

The Revenues Bonds Series 2016 and the Promissory Notes Series 2008A, 2008B and 2009 are all secured by the non-ad valorem revenues of the Town. The pledged revenues for the fiscal year ended September 30, 2022 were \$10,949,818 and the related debt service was \$726,326. Total principal and interest to maturity to be paid from pledged revenues is \$4,682,143.

TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 7 – LONG-TERM LIABILITIES (Continued)

Capital Lease

The Town entered into a lease agreement for financing the installation and renewal of facility infrastructure with a purchase price of \$1,494,679 on March 28, 2019. Since the Town retains title to the asset, this is exempt from the provision of GASB 87 *Leases* and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date. There are 18 annual payments required beginning January 1, 2020 with the final payment on January 1, 2037.

The agreement includes a provision that upon the occurrence of any event of default, the lessor may retake possession of the equipment under lease.

The future minimum lease obligations as of September 30, 2022, are as follows:

Year Ending September 30	Principal	Interest	Total Amount
2023	\$ 60,094	\$ 48,180	\$ 108,274
2024	63,331	45,987	109,318
2025	66,715	43,675	110,390
2026	70,258	41,240	111,498
2027	73,963	38,676	112,639
2028-2032	431,564	149,959	581,523
2033-2037	554,088	62,811	616,899
Total	<u>\$ 1,320,013</u>	<u>\$ 430,528</u>	<u>\$ 1,750,541</u>

Revenue Bonds, Series 2016

These bonds were issued September 29, 2016 in the amount of \$3,660,000 to advance refund the Series 2003A Florida Municipal Loan Council Revenue Bonds. The refunded note had an outstanding principal of \$3,575,000 at the refunding date and was called on November 1, 2016. The refunded note was issued in 2003 in the amount of \$4,810,000 for the construction of improvements at the Town's marina. The 2016 Bonds mature serially on October 1 of each year through October 1, 2033 with interest payable semiannually at rates ranging from 2% to 5%. The loan is secured by a covenant to appropriate in the annual budget the amount of non-ad valorem revenues to satisfy repayment. and is not an obligation of the Florida Municipal Loan Council, the State of Florida, or any political subdivision.

Default in the payment of principal or interest when due, in the performance of any part of the agreement, and/or any petition to declare bankruptcy are events of default. Remedies for an event of default include, but are not limited to, the Bond Insurer directing the Trustee to pursue any available remedy allowed by law to enforce the payment of principal and interest.

TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 7 – LONG-TERM LIABILITIES (Continued)

Revenue Bonds, Series 2016 (Continued)

The debt service requirements and interest rates of the bonds at September 30, 2022, are as follows:

<u>Year Ending</u> <u>September 30</u>	<u>Interest</u> <u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	2.00	200,000	77,963	277,963
2024	2.00	210,000	73,962	283,962
2025	2.25	215,000	69,762	284,762
2026	2.25	220,000	64,925	284,925
2027	2.50	225,000	59,975	284,975
2028	3.00	225,000	54,350	279,350
2029	5.00	230,000	47,600	277,600
2030	5.00	245,000	36,100	281,100
2031	3.00	260,000	23,850	283,850
2032	3.00	265,000	16,050	281,050
2033	3.00	270,000	8,100	278,100
		<u>\$ 2,565,000</u>	<u>\$ 532,637</u>	<u>\$ 3,097,637</u>

Promissory Note, Series 2008A

On August 28, 2008, the Town executed a tax-exempt note in the principal amount of \$4,928,350 with the Bank of America. Loan proceeds are restricted to finance the settlement of the pension obligation to the Town of Lake Park Firefighters' Pension and for the construction of improvements in the marina. In addition, \$2,420,000 of the governmental loan proceeds were transferred to the CRA as a grant for the acquisition of property and for the construction of improvements within the Town's community redevelopment area in accordance with an interlocal agreement between the Town and the CRA executed on August 20, 2008. The agreement does not require the CRA to repay the grant from the Town; however, if the CRA makes a voluntary payment to the Town, the Town will use the payment to pay debt service on the note.

TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 7 – LONG-TERM LIABILITIES (Continued)

Promissory Note, Series 2008A: (Continued)

Non-ad valorem revenues of the Town secure the promissory note. The Town is required to meet certain minimum financial amounts, debt limitations and reporting requirements. The continued exclusion of interest on the Tax-Exempt Note from gross income for federal income tax purposes depends, in part, upon compliance with the arbitrage limitations imposed by Sections 103(b)(2) and 148 of the Internal Revenue Code. Interest on the note is payable by the Town semi-annually on April 1 and October 1 and principal payments are due on April 1 with a final maturity date of April 1, 2028. The note bears an annual interest rate of 3.67%, which is subject to adjustment upon the occurrence of a Determination of Taxability.

Amounts currently outstanding on the note are as follows:

<u>Purpose</u>	<u>Amount</u>
Governmental activities	\$ 1,010,533
Business-type activities	<u>208,020</u>
	<u><u>\$ 1,218,553</u></u>

Annual debt service requirements to maturity are as follows:

Governmental Activities:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Amount</u>
2023	\$ 241,172	\$ 32,661	\$ 273,833
2024	142,985	25,612	168,597
2025	148,233	20,268	168,501
2026	153,673	14,728	168,401
2027	159,312	8,985	168,297
2028	165,158	3,031	168,189
Total	<u>\$ 1,010,533</u>	<u>\$ 105,285</u>	<u>\$ 1,115,818</u>

Business-type Activities:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Amount</u>
2023	\$ 31,623	\$ 7,054	\$ 38,677
2024	32,783	5,872	38,655
2025	33,986	4,647	38,633
2026	35,234	3,377	38,611
2027	36,527	2,060	38,587
2028	37,867	695	38,562
Total	<u>\$ 208,020</u>	<u>\$ 23,705</u>	<u>\$ 231,725</u>

TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 7 – LONG-TERM LIABILITIES (Continued)

Promissory Note, Series 2008B

On August 28, 2008, the Town executed a note in the principal amount of \$309,550 with the Bank of America to finance the construction of improvements in the marina and the purchase of recreation vehicles. Non-ad valorem revenues of the Town secure the promissory note. The Town is required to meet certain minimum financial amounts, debt limitations and reporting requirements. Interest on the note is payable by the Town semi-annually on April 1 and October 1 and principal payments are due on April 1 with a final maturity date of April 1, 2028. The note bears an annual interest rate of 6.78%.

Annual debt service requirements to maturity are as follows:

Business-type activities:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Amount</u>
2023	\$ 15,825	\$ 7,096	\$ 22,921
2024	16,898	5,987	22,885
2025	18,044	4,802	22,846
2026	19,267	3,538	22,805
2027	20,574	2,187	22,761
2028	21,970	745	22,715
Total	<u>\$ 112,578</u>	<u>\$ 24,355</u>	<u>\$ 136,933</u>

Promissory Note, Series 2009

On August 7, 2009, the Town executed a note in the principal amount of \$1,475,000 with the Bank of America to finance land acquisition and improvements, the purchase of a sanitation truck, fuel tanks, parking meters, and make roof repairs. Non-ad valorem revenues of the Town secure the promissory note. The Town is required to meet certain minimum financial amounts, debt limitations and reporting requirements. Interest on the note is payable by the Town semi-annually on April 1 and October 1 and principal payments are due on April 1 with a final maturity date of April 1, 2024. The note bears an annual interest rate of 5.11%.

Amounts currently outstanding on the note are as follows:

<u>Purpose</u>	<u>Amount</u>
Governmental activities	<u>\$ 95,150</u>

TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 7 – LONG-TERM LIABILITIES (Continued)

Promissory Note, Series 2009 (Continued)

Annual debt service requirements to maturity are as follows:

Governmental Activities:

Year Ending September 30	Principal	Interest	Total Amount
2023	\$ 94,789	\$ 4,862	\$ 99,651
2024	361	18	379
Total	<u>\$ 95,150</u>	<u>\$ 4,880</u>	<u>\$ 100,030</u>

The Promissory Notes Series 2008A, 2008B and 2009 all contain a provision that upon the occurrence of any event of default, the bank may declare all obligations of the Town under the Loan Agreement and the Note to be immediately due and payable without further action of any kind and upon such declaration the Note and the interest accrued thereon shall become immediately due and payable.

Capital Lease

The Town entered into a lease agreement for financing the purchase of street sweeper with a price of \$259,871. Since the Town retains title to the asset, this is exempt from the provision of GASB 87 *Leases* and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date. There are five annual payments required beginning June 1, 2020 with the final payment on June 1, 2024.

The lease agreements include a provision that upon the occurrence of any event of default, the lessor may retake possession of the equipment under lease.

The future minimum lease obligations as of September 30, 2022, are as follows:

Year Ending September 30	Principal	Interest	Total Amount
2023	\$ 51,916	\$ 3,590	\$ 55,506
2024	53,681	1,825	55,506
Total	<u>\$ 105,597</u>	<u>\$ 5,415</u>	<u>\$ 111,012</u>

TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 7 – LONG-TERM LIABILITIES (Continued)

Government Obligation Notes, Series 2019

On January 20, 2016, the Town executed a note for the purchase of a sanitation truck. The note was for \$290,422. The Town is required to appropriate funds annually to pay the current amount due. The note is payable in five annual payments of \$63,654. Principal and interest on the note is payable by the Town annually on October 15 with a final maturity date of October 15, 2023. The note bears an annual interest rate of 4.214%.

The agreements include a provision that upon the occurrence of any event of default, the lessor may retake possession of the equipment.

Annual debt service requirements to maturity are as follows:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Amount</u>
2023	\$ 58,610	\$ 5,044	\$ 63,654
2024	61,080	2,574	63,654
Total	<u>\$ 119,690</u>	<u>\$ 7,618</u>	<u>\$ 127,308</u>

Doering Promissory Note

The Town entered into a promissory note for financing the purchase of a sanitation truck with a price of \$165,575 on September 7, 2022. There are thirty-six monthly payments due of \$5,390 starting on September 7, 2022, and the note bears an annual interest rate of 11.25%.

The future minimum lease obligations as of September 30, 2022, are as follows:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Amount</u>
2023	\$ 49,138	\$ 15,542	\$ 64,680
2024	54,962	9,718	64,680
2025	56,085	3,205	59,290
Total	<u>\$ 160,185</u>	<u>\$ 28,465</u>	<u>\$ 188,650</u>

TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 7 – LONG-TERM LIABILITIES (Continued)

Annual Maturities

The aggregate maturities for all long-term debt of the Town with scheduled maturities (excluding compensated absences and claims and settlements), are as follows:

Year Ending September 30	Principal	Interest	Total Amount
2023	\$ 803,167	\$ 201,992	\$ 1,005,159
2024	636,081	171,556	807,637
2025	538,063	146,359	684,422
2026	498,431	127,808	626,239
2027	515,376	111,883	627,259
2028-2032	1,881,560	332,379	2,213,939
2033-2037	824,088	70,911	894,999
Total	<u>\$ 5,696,766</u>	<u>\$ 1,162,888</u>	<u>\$ 6,859,654</u>

NOTE 8 – LEASES

Effective October 1, 2021, the Town implemented Governmental Accounting Standards Board Statement 87 (GASB 87), *Leases*. There was no change in beginning net position/fund balance because of the implementation, and no restatement was required.

New Cingular Wireless PCS, LLC

The Town has entered into a lease agreement with New Cingular Wireless PCS, LLC which allows the use of the Town’s land for a transmission tower site. The initial term of the lease was for monthly payments over a 5-year period commencing on September 7, 1994, with four five year extensions. The agreement was subsequently amended for an additional four five year extensions. This extended the total term with renewals to August 9, 2039. The amendment also changed the rent to annual payments increasing 3% annually. The Town expects New Cingular Wireless PCS, LLC to exercise the renewal options. The discount rate was 4% using the Town’s estimated incremental borrowing rate.

SEH Lake Park, LLC

The Town has entered into a lease agreement with SEH Lake Park, LLC which allows the use of the Town’s land for additional parking. The terms of the lease is for annual payments over a 10-year period commencing on September 1, 2020, with two ten year extensions. The initial annual rent was \$2,950 with annual increases of 3%. The Town does not expect SEH Lake Park, LLC to exercise the renewal options. The discount rate was 4% using the Town’s estimated incremental borrowing rate.

**TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 8 – LEASES (Continued)

The General Fund is reporting a lease receivable of \$699,799 at September 30, 2022. For the fiscal year ended September 30, 2022, the General Fund reported lease revenue of \$53,115 and no interest revenue related to the lease payments received.

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 26,430	\$ 27,992	\$ 54,422
2024	28,831	26,935	55,766
2025	31,372	25,781	57,153
2026	34,053	24,527	58,580
2027	36,884	23,165	60,049
2028 - 2032	202,791	92,366	295,157
2033 - 2037	272,260	47,700	319,960
2038	67,178	2,687	69,865
	<u>\$ 699,799</u>	<u>\$ 271,153</u>	<u>\$ 970,952</u>

NOTE 9 – DEFERRED COMPENSATION PLAN ASSETS

Employees of the Town may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments).

The deferred compensation plan is available to all employees of the Town. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency. A third party administers the deferred compensation plan.

In 1999, the Town adopted GASB-32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The Town modified its Deferred Compensation Plan to conform with the changes in the Internal Revenue Code brought about by the Small Business Job Protection Act of 1996 (the “Act”). The Act requires that eligible deferred compensation plans established and maintained by governmental employers be amended to provide that all assets of the plan be held in trust, or under one or more appropriate annuity contracts or custodial accounts, for the exclusive benefit of plan participants and their beneficiaries. As a result of this change, these plan assets are no longer property of the Town and will no longer be subject to the claims of the Town’s general creditors.

Because the Town has little administrative involvement and does not perform the investing function for funds in the Plan, the Town’s activities do not meet the criteria for inclusion in the fiduciary funds of a government.

TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 10 – DEFINED CONTRIBUTION PENSION PLAN

The General Employees Retirement Plan is a defined contribution pension plan established by the Town to provide benefits at retirement for all current employees. Defined contribution plans have terms that specify how contributions to an individual's account are to be determined rather than the amount of pension benefits the individual is to receive. In a defined contribution plan, the pension benefits a participant will receive depend only on the amount contributed to the participant's account, earnings on investments of these contributions, and forfeitures of other participants' benefits that will be allocated to the participant's account. The Town does not hold or administer resources of the Plan. Consequently, the Plan does not meet the requirements for inclusion in the Town's financial statements as a fiduciary fund. The Plan does not issue a stand-alone financial report. Plan provisions are established and may be amended only by the Town Commission.

The Town is required to contribute 7.5% of the plan members' annual compensation and match 50% of the employees' voluntary contributions under the deferred compensation plan, up to a maximum of 2.5% of participants' annual compensation. For the year ended September 30, 2022, the Town had pension expense of \$322,280, and there were forfeitures of \$15,768. The Town had no contributions payable at September 30, 2022.

Vesting of the Town's contributions in the 401(a) plan commences after two years of service, with 25% vesting in year two and 25% each year thereafter until fully vested after five years. If an employee terminates before becoming fully vested, forfeited amounts will be reallocated to accounts of remaining participants as an additional employer contribution. Year of service begins upon an eligible employee successfully completing one year of service and having reached age 18. A year of service is a computation period during which an employee is credited with at least 1,000 hours of service.

NOTE 11 – DEFINED BENEFIT PENSION PLAN

The Town administers one single employer defined benefit pension plan that covers no current Town employees. The Retired Police Officers' Pension Fund (RPOPF) covers certain police retirees. The plan was established by the Town and administered by a separate board of trustees. The Board of Trustees consist of five members, the Town Manager, the Town Finance Director, two plan participants and a Town Citizen appointed by the other four members. The plan does not issue stand-alone financial reports.

Basis of Accounting. All pension fund financial statements are prepared using the accrual basis of accounting. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. The plan's fiduciary net position has been determined on the same basis used by the pension plan.

TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 11 – DEFINED BENEFIT PENSION PLAN (Continued)

Method Used to Value Investments. Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Administrative Expenses: Liability for future non-investment related expenses is the present value of the future anticipated expenses over 15 years based on expenses paid in the year preceding the valuation date.

Investments Concentrations. There were no investments representing concentrations of 5% or more of net plan assets in investments that are not issued or guaranteed by the U.S. government.

Effective October 1, 2001, the Palm Beach County Sheriff’s Office (PBSO) was contracted to provide police services for the Town. In connection with the transfer of Town police services to the PBSO, the active plan members of the plan were eligible for a lump sum payout. Effective November 20, 2002, the Town terminated the Municipal Police Officers’ Retirement Trust Fund and distributed lump sum payouts to the vested participants. On October 15, 2003, the Town established the Retired Police Officers’ Pension Fund for the retirees covered by the original plan and transferred substantially all remaining assets of the original plan to the new plan in April 2004.

The plan is a substituted trust established on October 1, 2003 by Town Ordinance No. 13-2003 to provide the retired members of the previous defined benefit pension plan with the monthly retirement benefits that were accrued under the prior plan. Accordingly, the Retired Police Officers’ Pension Fund covers only retirees and has no active plan members or employees of the Town that are eligible to participate and the provisions of the Retired Police Officers’ Pension Fund as established by Town ordinance, do not address any provisions related to vesting, eligibility for retirement, future retirement benefits, other benefits, or employee contributions. Administrative expenses are financed as part of the unfunded actuarial accrued liability.

The Town is required to contribute actuarially determined amounts sufficient to fund the plan. At October 1, 2021, the date of the latest actuarial valuation, the RPOPF included three service retirees, two disability retirees and one survivor receiving death benefits.

Asset Allocation. The plan’s adopted asset allocation policy as of September 30, 2022, is as follows:

<u>Asset Class</u>	<u>Target Allocation</u>
Equity	71%
Fixed Income	29
Cash	<u>0</u>
Total	<u>100%</u>

TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 11 – DEFINED BENEFIT PENSION PLAN (Continued)

Rate of Return. For the year ended September 30, 2022, the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was -14.04 percent adjusted for the changing amounts actually invested.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of October 1, 2021 updated to September 30, 2022 using the following actuarial assumptions applied to the September 30, 2022, measurement period.

Inflation	2.0%
Salary increases	N/A
Investment rate of return	7.50%
Mortality	Female: PubS.H-2010 for Healthy Retirees, set forward one year. Male: PubS.H-2010 (Below Median) for Healthy Retirees, set forward one year.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included the pension plan’s target asset allocation as of September 30, 2022, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	4.32%
Fixed Income	0.87%

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rates assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension 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.

TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 11 – DEFINED BENEFIT PENSION PLAN (Continued)

The components of the net pension liability of the Town at September 30, 2022, were as follows:

Description	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at September 30, 2021	\$ 1,506,808	\$ 1,451,527	\$ 55,281
Changes due to:			
Interest	108,046		108,046
Differences between expected and actual experience	2,980		2,980
Change of assumptions			
Employer contributions		62,090	(62,090)
Benefit payments and refunds	(132,388)	(132,388)	
Net investment income		(192,317)	192,317
Administrative expenses		(36,500)	36,500
Total changes	<u>(21,362)</u>	<u>(299,115)</u>	<u>(277,753)</u>
Balances at September 30, 2022	<u>\$ 1,485,446</u>	<u>\$ 1,152,412</u>	<u>\$ 333,034</u>

The Plan fiduciary net position was 77.58% of the total pension liability as of September 30, 2022.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liabilities of the Town, calculated using the discount rates above, as well as what the Town's net pension liabilities 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.

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Town's net pension liability	<u>\$ 407,963</u>	<u>\$ 333,034</u>	<u>\$ 267,332</u>

TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 11 – DEFINED BENEFIT PENSION PLAN (Continued)

Pension expense and deferred outflows and inflows of resources. For the fiscal year ended September 30, 2022, the Town recognized pension expense of \$72,749. In addition, the Town reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

Description	Deferred Outflows of Resources
Net difference between projected and actual earnings on plan investments	\$ 139,503
Total	\$ 139,503

The amounts reported as deferred inflows of resources and deferred inflows of resources related to the plan will be recognized in pension expense as follows:

Year ended September 30:	Amount
2023	\$ 32,999
2024	25,815
2025	21,254
2026	59,435
2027	
Thereafter	\$ 139,503

At September 30, 2022, the Town did not have any payables to the plan for outstanding contributions.

**TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The Town provides a single employer defined benefit postemployment health care benefit plan to all of its employees. The plan allows its employees and their beneficiaries to continue to obtain health benefits upon retirement. The benefits of the plan are in accordance with Florida Statutes, which is the legal authority for the plan. The plan has no assets and does not issue a separate financial report.

Contributions

The Town does not directly make a contribution to the plan on behalf of retirees. Retirees and their beneficiaries pay the same group rates as are charged to the Town for active employees by its healthcare provider. However, the Town’s actuaries in their actuarial valuation, calculate an offset to the cost of these benefits as an Employer Contribution, based upon an implicit rate subsidy. This offset equals the total age-adjusted costs paid by the Town or its active employees for coverage of the retirees and their dependents for the year net of the retiree’s own payments for the year.

Plan Membership

The following table provides a summary of the participants in the plan as of October 1, 2021, the latest valuation date:

Active plan members	61
Inactive plan members or beneficiaries currently receiving benefits	
Inactive plan members or beneficiaries entitled to but not yet receiving benefits	_____
	61

Discount Rate

The Town does not have a dedicated trust to pay retiree healthcare benefits. For plans that do not have assets held in a dedicated trust, the discount rate should equal the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. As of the measurement date of September 30, 2022, the rate was 4.77% based on the high-quality municipal bond rate based on the week closest to 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 Corporation’s AA rating. The discount rate as of the beginning of the measurement year was 4.77 %.

**TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At September 30, 2022, the Town reported a total OPEB liability of \$108,129. For the fiscal year ended September 30, 2022, the Town recognized OPEB revenue of \$9,943. As of September 30, 2022, the Town did not report any deferred outflows of resources or deferred in flows of resources related to OPEB.

Actuarial Methods and Assumptions

The total OPEB liability was calculated using the Alternative Measurement Method in accordance with the GASB No. 75 methodology.

Significant methods and assumptions were as follows:

Valuation date	October 1, 2021
Measurement date	September 30, 2022
Actuarial cost method	Entry Age Cost Method
Inflation	2.50%
Discount rate	4.77%
Retirement rates	100% at age 60
Mortality tables	PubG-2010 Mortality Table projected to the valuation date using MP-2019
Healthcare cost trend rates	Initially 7.50% trending to 4.00% in 55 years
Marital status	100% married with male spouses 3 years older than female spouses
Healthcare participation	20% participation with 40% electing spouse coverage

Changes in Assumptions

The discount rate was changed from 2.43% as of the beginning of the measurement period to 4.77% as of September 30, 2022. This change is reflected in the schedule of changes in total OPEB liability. There were no benefit changes during the year.

TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

Total OPEB Liability

The components of the total OPEB liability as of September 30, 2022, were as follows:

	Total OPEB Liability
Balance at September 30, 2021	\$ 129,194
Changes for the Year:	
Service Cost	14,521
Interest Cost	3,547
Changes of Assumptions and Other Inputs	(37,524)
Differences Between Expected and Actual Experience	6,063
Benefit Payments	(7,672)
Net Change in Total OPEB Liability	(21,065)
Balance at September 30, 2022	\$ 108,129

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following table presents the total OPEB liability of the Town calculated using the single discount rate of 4.77% as well as what the Town’s total OPEB liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current rate.

	1.0% Decrease (3.77%)	Discount Rate (4.77%)	1.0% Increase (5.77%)
Total OPEB Liability	\$ 116,922	\$ 108,129	\$ 100,396

**TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Trend Rates

The following table presents the total OPEB liability of the Town calculated using the assumed trend rates (7.50% decreasing to 4.00%) as well as what the Town’s total OPEB liability would be if it were calculated using a trend rate that is one percentage point lower or one percentage point higher than the assumed trend rates.

	1.0% Decrease (6.5% decreasing to 3%)	Healthcare cost Trend Rates (7.5% decreasing to 4%)	1.0% Increase (8.5% decreasing to 5%)
Total OPEB Liability	\$ 99,084	\$ 108,129	\$ 118,622

NOTE 13 – JOINTLY GOVERNED ORGANIZATION

The Town, through an interlocal agreement with certain other municipalities and Palm Beach County, created the Seacoast Utility Authority (“Seacoast”) which provides water and sewer service to the citizens of each of the participating municipalities and a portion of Palm Beach County. Seacoast’s governing board is comprised of one member from each participating entity. Seacoast is an Independent Authority organized under the laws of the State of Florida, and the Town has no participating equity ownership in Seacoast. The Town paid \$83,346 to Seacoast during the fiscal year for water and sewer service.

NOTE 14 – RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance through the Florida League of Cities, Inc., a statewide commercial insurance program. The policy for comprehensive property, casualty and liability insurance provides coverage with a deductible of \$5,000 for property and casualty and \$25,000 for liability claims per occurrence, with a combined annual cap of \$2 million. The Town does not retain any risk of loss under this policy.

Florida Statutes limit the Town’s maximum loss for most liability claims to \$200,000 per person and \$300,000 per occurrence under the Doctrine of Sovereign Immunity. However, under certain circumstances, a plaintiff can seek to recover damages in excess of statutory limits by introducing a claims bill to the Florida Legislature. The limits addressed in Florida Statutes do not apply to claims filed in Federal courts. There have been no significant reductions in insurance coverage in the prior year. No settlements exceeded insurance coverage for the past three years.

TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 14 – RISK MANAGEMENT (Continued)

The Town has established a risk management program for workers' compensation where premiums are paid from each department to the Florida League of Cities who fully insures all claims to a statutory level. The Town does not retain any risk of loss under this policy. There were no significant reductions in insurance coverage from the prior year. The amount of insurance settlements has not exceeded the Town's insurance coverage in any of the prior three fiscal years.

The Town currently reports all of its risk management activities in the Insurance Fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported.

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by those agencies, principally Palm Beach County, FEMA, the U.S. Department of Housing and Urban Development and the State of Florida. Any disallowed claims, including amounts already received, might constitute a liability of the Town for the return of those funds.

Litigation

The Town is a defendant in various lawsuits arising in the ordinary course of normal operations. Although the ultimate outcome of some of these lawsuits cannot be determined at the present time, it is the opinion of legal counsel that the likelihood of unfavorable outcome and the amounts of potential losses cannot be reasonably determined for all claims at this time.

NOTE 15 - RELATED PARTY TRANSACTIONS

The General Fund provides the other funds with various management services. Administrative costs totaling \$539,208 for the CRA Fund; \$112,443 for the Streets and Roads Fund; \$337,329 for the Marina Fund; \$505,994 for the Sanitation Fund; and \$168,665 for the Stormwater Utility Fund were charged for 2022.

NOTE 16 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

In governmental accounting, interfund loans are reported as interfund receivables in lender funds and interfund payables in borrower funds. There is no net effect in the governmental-wide financial statements. The current portion of the interfund loan is reported in the governmental funds as Due to and Due from other funds and the non-current portion is reported as Advance to and Advance from other funds.

**TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 16 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Continued)

The composition of interfund balances at September 30, 2022, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Due to/from</u>	<u>Advance</u>
General Fund	Marina Fund	\$	\$ 3,250,000
CRA Fund	General Fund	267,785	
General Fund	Sanitation Fund	111,468	
General Fund	Streets and Roads Fund	28,457	

All payables and receivables were for cash flow purposes.

Interfund transfers during the year ended September 30, 2022, are as follows:

<u>Fund</u>	<u>Transfers in</u>	<u>Transfers out</u>
General Fund	\$ 176,389	
CRA Fund		176,389
CRA Fund	959,790	
General Fund		959,790
General Fund	10,000	
Marina Fund		10,000
Stormwater Fund	821,660	
Special Projects Fund		821,660
Marina Fund	401,935	
Public Improvement Fund		401,935

The transfer of \$176,389 from the CRA Fund to the General Fund was for principal and interest payments that the CRA Fund agreed to reimburse the General Fund if the CRA Fund has sufficient available resources.

The transfer of \$959,790 from the General Fund to the CRA Fund was for the 2022 incremental tax obligation.

The transfer of \$10,000 from the Marina Fund to the General Fund was for the Marina's share of the Johnson Controls upgrade.

The transfer of \$821,660 from the Special Projects Fund to the Stormwater Fund was improvement projects funded with Infrastructure Surtax proceeds.

The transfer of \$401,935 from the Public Improvement Fund to the Marina Fund for projects funded with Public Improvement monies.

TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 17 – DEFICIT NET POSITION

The Town has a net position financial deficit of \$975,144 in the Marina Fund as of September 30, 2022. This was caused by the Town terminating and repaying a grant agreement for \$2,400,000 that placed restrictions on land the grant purchased. The Town is currently negotiating with a developer for the Marina and expects these future payments to offset the deficit.

NOTE 18 – INTER-LOCAL AGREEMENTS

Fire Protection and Emergency Medical Services

The Town has opted into the County’s Fire-Rescue Municipal Services Taxing Unit (“MSTU”) for the provision of fire rescue, fire protection, and related services from the County commencing on October 1, 2015. The tax for the MSTU is included in the maximum 10 mills the Town is legally allowed to assess. On September 30, 2022, the MSTU millage rate was 3.4581 mills.

Palm Beach County Sheriff’s Office Inter-Local Agreement

On April 11, 2006, the Town and the Palm Beach County Sheriff’s Office entered into an agreement for law enforcement services beginning October 1, 2005. The seventeenth addendum to the contract extended the term of service from October 1, 2022, thru September 30, 2023, and the Town will pay \$3,333,263 in equal monthly installments.

NOTE 19 – COMMITMENTS

The Town received a \$11,067,635 grant, with a match of \$391,120 from the Florida Department of Economic Opportunity’s Rebuild Florida General Infrastructure Program for the bioswale project.

The Town also received State of Florida, Department of State, Division of Historic Resources grant for Lake Park Historic Town Hall Preservation for \$325,000 with a match of \$325,000

TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 20– NEW ACCOUNTING STANDARDS

The Town implemented the following Governmental Accounting Standards Board Statements during the current fiscal year.

GASB Statement No. 87, *Leases*. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting that is based on the foundational principle that leases are financings of the right to use an underlying asset. See Note 8.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The requirements of this Statement will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The Town implemented the provisions of this statement related to Section 457 Deferred Compensation Plans in the current fiscal year.

Recently Issued Accounting Standards

A brief description of new accounting pronouncements that might have a significant impact on the Town's financial statements is presented below. Management is currently evaluating the impact of adoption of these statements in the Town's financial statements.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This Statement will improve financial reporting by addressing issues related to public-private and public-public arrangements. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements. This Statement is effective for the fiscal year ending September 30, 2023.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement is effective for the fiscal year ending September 30, 2023.

TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 20– NEW ACCOUNTING STANDARDS (Continued)

Recently Issued Accounting Standards (Continued)

In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to more easily locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of state and local government financial statements. The requirements of this Statement are effective as follows:

- The requirements related to leases, public-private and public-public partnerships, and subscription-based information technology arrangements are effective for fiscal years ending September 30, 2023, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years ending September 30, 2024, and all reporting periods thereafter.

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years ending September 30, 2024, and all reporting periods thereafter.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. The model also will result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences. The requirements of this Statement are effective for fiscal years ending September 30, 2025, and all reporting periods thereafter.

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A

FIDUCIARY FUNDS

Pension Trust Funds

Retired Police Officers' Pension Trust Fund

TOWN OF LAKE PARK, FLORIDA
Required Supplemental Information
Retired Police Officers' Retirement Fund
Schedule of Changes in Net Pension Liability and Related Ratios
September 30, 2022

Last Ten Fiscal Years

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Total pension liability:					
Service cost	\$ 126,439	\$ 124,182	\$ 116,219	\$ 132,596	\$ 131,746
Differences between expected and actual experience		(73,829)	206,781	8,574	(71,972)
Change of assumptions			51,891		
Benefit payments, including refunds of employee contributions	<u>(156,529)</u>	<u>(156,529)</u>	<u>(156,529)</u>	<u>(156,529)</u>	<u>(148,482)</u>
Net change in total pension liability	(30,090)	(106,176)	218,362	(15,359)	(88,708)
Total pension liability - beginning	<u>1,764,115</u>	<u>1,734,025</u>	<u>1,627,849</u>	<u>1,846,211</u>	<u>1,830,852</u>
Total pension liability - ending (a)	<u>\$ 1,734,025</u>	<u>\$ 1,627,849</u>	<u>\$ 1,846,211</u>	<u>\$ 1,830,852</u>	<u>\$ 1,742,144</u>
Plan fiduciary net position					
Contributions - employer	\$ 52,328	\$ 39,097	\$ 75,932	\$ 80,380	\$ 71,508
Net investment income	170,788	(3,080)	141,510	142,541	114,653
Benefit payments, including refunds of employee contributions	(156,529)	(156,529)	(156,529)	(156,529)	(148,482)
Administrative expenses	<u>(15,671)</u>	<u>(35,380)</u>	<u>(26,578)</u>	<u>(29,853)</u>	<u>(34,266)</u>
Net change in plan fiduciary net position	50,916	(155,892)	34,335	36,539	3,413
Plan fiduciary net position - beginning	<u>1,423,896</u>	<u>1,474,812</u>	<u>1,318,920</u>	<u>1,353,255</u>	<u>1,389,794</u>
Plan fiduciary net position - ending (b)	<u>\$ 1,474,812</u>	<u>\$ 1,318,920</u>	<u>\$ 1,353,255</u>	<u>\$ 1,389,794</u>	<u>\$ 1,393,207</u>
Net pension liability (a) - (b)	<u>\$ 259,213</u>	<u>\$ 308,929</u>	<u>\$ 492,956</u>	<u>\$ 441,058</u>	<u>\$ 348,937</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>85.05%</u>	<u>81.02%</u>	<u>73.30%</u>	<u>75.91%</u>	<u>79.97%</u>

Change of Assumptions

For September 30, 2020, as mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in Milliman's July 1, 2019 FRS valuation report for special risk employees.

NOTE: The Town implemented GASB Statement 67 in 2014; information is presented for those years in which information is available.

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 125,696	\$ 110,375	\$ 107,476	\$ 108,046
(197,588)	8,549 (25,188)	32,509	2,980
<u>(132,388)</u>	<u>(132,388)</u>	<u>(132,389)</u>	<u>(132,388)</u>
(204,280)	(38,652)	7,596	(21,362)
<u>1,742,144</u>	<u>1,537,864</u>	<u>1,499,212</u>	<u>1,506,808</u>
<u>\$ 1,537,864</u>	<u>\$1,499,212</u>	<u>\$1,506,808</u>	<u>\$1,485,446</u>
\$ 44,708	\$ 36,525	\$ 62,090	\$ 62,090
64,072	72,360	282,473	(192,317)
(132,388)	(132,388)	(132,389)	(132,388)
<u>(32,329)</u>	<u>(40,950)</u>	<u>(33,464)</u>	<u>(36,500)</u>
(55,937)	(64,453)	178,710	(299,115)
<u>1,393,207</u>	<u>1,337,270</u>	<u>1,272,817</u>	<u>1,451,527</u>
<u>\$ 1,337,270</u>	<u>\$1,272,817</u>	<u>\$1,451,527</u>	<u>\$1,152,412</u>
<u>\$ 200,594</u>	<u>\$ 226,395</u>	<u>\$ 55,281</u>	<u>\$ 333,034</u>
<u>86.96%</u>	<u>84.90%</u>	<u>96.33%</u>	<u>77.58%</u>

TOWN OF LAKE PARK, FLORIDA
Required Supplemental Information
Retired Police Officers' Retirement Fund
September 30, 2022

Last Ten Fiscal Years

Schedule of Contributions

Fiscal Year Ending September 30	Acturially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)
2014	\$ 52,328	\$ 52,328	\$
2015	39,097	39,097	
2016	75,932	75,932	
2017	80,380	80,380	
2118	71,508	71,508	
2019	44,708	44,708	
2020	36,525	36,525	
2021	62,090	62,090	
2022	62,090	62,090	

Schedule of Investment Returns

Fiscal Year Ending September 30	Annual money weighted rate of return net of investment expenses
2014	12.44%
2015	-0.22%
2016	11.24%
2017	11.04%
2018	8.72%
2019	4.78%
2020	5.72%
2021	23.31%
2022	-14.04%

NOTE: The Town implemented GASB Statement 67 in 2014; information is presented for those years in which information is available.

TOWN OF LAKE PARK, FLORIDA
Required Supplemental Information
Retired Police Officers' Retirement Fund
Notes to the Schedule of Contributions
September 30, 2022

Methods and assumptions used in calculations of determined contributions.

The actuarially determined contribution rates are calculated as of October 1, one year prior to the end of the fiscal year in which contributions are reported.

Valuation Date	10/01/2021
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar amount
Amortization Period	15
Asset Valuation Method	Market
Inflation	N/A
Salary increases	N/A
Investment Rate of Return	7.50%
Mortality	Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB. Male: RP2000 Generational, 10% Annuitant White Collar/90% Annuitant Blue Collar, Scale BB

OTHER POST-EMPLOYMENT BENEFITS

TOWN OF LAKE PARK, FLORIDA
Required Supplementary Information
Schedule of Changes in Total OPEB Liability
September 30, 2022

	2018	2019	2020	2021	2022
Total OPEB liability - beginning	\$ 119,471	\$ 120,655	\$ 132,825	\$ 123,631	\$ 129,194
Changes for the year:					
Service cost	9,362	9,008	14,531	13,501	14,521
Interest	4,555	5,252	5,086	2,854	3,547
Differences Between Expected and Actual Experience			(450)		6,063
Changes of assumptions	(5,275)	6,021	(18,599)	(3,185)	(37,524)
Benefit payments	(7,458)	(8,111)	(9,762)	(7,607)	(7,672)
Net change in total OPEB liability	<u>1,184</u>	<u>12,170</u>	<u>(9,194)</u>	<u>5,563</u>	<u>(21,065)</u>
Total OPEB liability - ending	<u>\$ 120,655</u>	<u>\$ 132,825</u>	<u>\$ 123,631</u>	<u>\$ 129,194</u>	<u>\$ 108,129</u>
Covered Employee Payroll	<u>\$ 2,388,729</u>	<u>\$ 2,448,447</u>	<u>\$ 2,999,824</u>	<u>\$ 3,074,819</u>	<u>\$ 3,368,189</u>
Total OPEB Liability as a percentage of Covered Employee Payroll	<u>5.05%</u>	<u>5.42%</u>	<u>4.12%</u>	<u>4.20%</u>	<u>3.21%</u>
<u>Change in Assumptions</u>					
Discount rate	4.18%	3.58%	2.14%	2.43%	4.77%

The discount rate was 3.64% as of September 30, 2017.

There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the

This schedule is intended to show information for 10 years. However, until a full 10-year trend is compiled, information will be presented for those years for which information is available.

GENERAL FUND

TOWN OF LAKE PARK, FLORIDA
Budgetary Comparison Schedule -
General Fund
For the Year Ended September 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Taxes				
General property taxes	\$ 4,187,539	\$ 4,242,539	\$ 4,234,082	\$ (8,457)
Franchise taxes				
Electricity	587,600	570,600	639,584	68,984
Gas	10,000	10,000	12,746	2,746
Solid Waste	46,000	71,000	71,506	506
Utility taxes				
Electricity	908,520	848,520	845,216	(3,304)
Water	190,000	239,000	239,322	322
Gas	47,000	47,000	51,000	4,000
Total taxes	<u>5,976,659</u>	<u>6,028,659</u>	<u>6,093,456</u>	<u>64,797</u>
Licenses and permits				
Building permits	363,300	2,931,090	2,970,262	39,172
Alarm permits	14,000	14,000	12,800	(1,200)
Signage permits	6,000	6,000	7,000	1,000
Business tax receipts	350,000	350,000	336,849	(13,151)
Business tax confirmation	22,000	22,000	19,828	(2,172)
Rental property inspections	5,000	5,000	5,111	111
Reinspection fees	2,000	2,000	7,500	5,500
Cost recovery	50,000	50,000	58,188	8,188
Special event fees	1,500	1,500	2,200	700
Contractors fees	1,000	1,000	1,250	250
Total licenses and permits	<u>814,800</u>	<u>3,382,590</u>	<u>3,420,988</u>	<u>38,398</u>
Intergovernmental revenues				
State shared revenues				
Local government sales tax	726,000	906,000	908,171	2,171
Local communication services taxes	266,000	266,000	269,188	3,188
State revenue sharing	270,144	340,144	342,812	2,668
Alcoholic beverage licenses	10,000	10,000	9,784	(216)
Motor fuel tax refund	6,000	6,000	4,906	(1,094)
County shared revenues				
County business tax	19,000	19,000	21,377	2,377
Grant revenues				
FEMA grant			239	239
ARPA grant	75,000	2,025,290	2,051,788	26,498
COVID grants		53,000	53,982	982
Community development block grant	60,000			
State grant technology	6,174	6,174	6,174	
State aid to libraries	5,000	5,000	7,873	2,873
Total intergovernmental revenues	<u>\$ 1,443,318</u>	<u>\$ 3,636,608</u>	<u>\$ 3,676,294</u>	<u>\$ 39,686</u>

(Continued)

See notes to the budgetary comparison schedules.

TOWN OF LAKE PARK, FLORIDA
Budgetary Comparison Schedule -
General Fund
For the Year Ended September 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
(Continued)				
Revenues (Continued)				
Charges for services				
Indirect cost allocations				
CRA	\$ 539,304	\$ 539,304	\$ 539,208	\$ (96)
Streets and Roads	115,848	115,848	112,443	(3,405)
Marina	289,620	337,329	337,329	
Sanitation	521,315	505,994	505,994	
Stormwater utility	115,848	168,665	168,665	
Plan review fees	20,000	20,000	28,200	8,200
Bank registration fees	450	450	150	(300)
Parks and recreation	43,100	43,100	13,966	(29,134)
Other charges for services	28,750	43,750	45,511	1,761
Total charges for services	<u>1,674,235</u>	<u>1,774,440</u>	<u>1,751,466</u>	<u>(22,974)</u>
Fines and forfeitures				
Court fines	22,000	22,000	23,242	1,242
Code violations	143,000	113,000	109,757	(3,243)
Code violations - administrative cost	15,000	15,000	15,294	294
Alarm violations	6,000	6,000	4,250	(1,750)
Library fines	200	200	148	(52)
Total fines and forfeitures	<u>186,200</u>	<u>156,200</u>	<u>152,691</u>	<u>(3,509)</u>
Miscellaneous revenue				
Interest earnings	20,000	40,000	49,759	9,759
Interest earnings - tax collector	1,000	1,000	272	(728)
Rent	50,368	68,368	68,473	105
Sale of surplus property	1,500	1,500	4,678	3,178
Sale of capital assets	4,000	4,000		(4,000)
Sale of scrap material	10,000	10,000	927	(9,073)
Fuel reimbursement from Sheriff	1,000	1,000	429	(571)
Miscellaneous revenues	27,100	83,100	85,331	2,231
Total miscellaneous revenues	<u>114,968</u>	<u>208,968</u>	<u>209,869</u>	<u>901</u>
Total revenues	<u>\$ 10,210,180</u>	<u>\$ 15,187,465</u>	<u>\$ 15,304,764</u>	<u>\$ 117,299</u> (Continued)

See notes to the budgetary comparison schedules.

TOWN OF LAKE PARK, FLORIDA
Budgetary Comparison Schedule -
General Fund
For the Year Ended September 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
(Continued)				
Expenditures				
General government				
Legislative				
Personal services	\$ 77,270	\$ 77,270	\$ 77,723	\$ (453)
Operating expenditures	74,274	81,274	79,418	1,856
Total legislative	<u>151,544</u>	<u>158,544</u>	<u>157,141</u>	<u>1,403</u>
Town manager				
Personal services	276,599	291,599	289,730	1,869
Operating expenditures	58,499	100,499	79,978	20,521
Total town manager	<u>335,098</u>	<u>392,098</u>	<u>369,708</u>	<u>22,390</u>
Personnel				
Personal services	217,136	238,136	235,903	2,233
Operating expenditures	48,615	68,615	53,053	15,562
Total personnel	<u>265,751</u>	<u>306,751</u>	<u>288,956</u>	<u>17,795</u>
Town clerk				
Personal services	198,978	245,203	239,136	6,067
Operating expenditures	68,423	115,867	118,829	(2,962)
Capital outlay				
Total town clerk	<u>267,401</u>	<u>361,070</u>	<u>357,965</u>	<u>3,105</u>
Finance				
Personal services	506,851	520,851	501,805	19,046
Operating expenditures	87,030	87,030	89,294	(2,264)
Total finance	<u>593,881</u>	<u>607,881</u>	<u>591,099</u>	<u>16,782</u>
Communications and grants				
Personal services	180,544	190,544	150,494	40,050
Operating expenditures	27,992	41,992	34,235	7,757
Total town clerk	<u>208,536</u>	<u>232,536</u>	<u>184,729</u>	<u>47,807</u>
Legal				
Operating expenditures	160,000	216,000	214,929	1,071
Total legal	<u>160,000</u>	<u>216,000</u>	<u>214,929</u>	<u>1,071</u>
Information technology				
Personal services	114,969	154,969	156,345	(1,376)
Operating expenditures	217,509	217,509	109,166	108,343
Total information technology	<u>332,478</u>	<u>372,478</u>	<u>265,511</u>	<u>106,967</u>

(Continued)

See notes to the budgetary comparison schedules.

TOWN OF LAKE PARK, FLORIDA
Budgetary Comparison Schedule -
General Fund
For the Year Ended September 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
(Continued)				
Expenditures (Continued)				
Non-departmental				
Personal services	\$ 166,789	\$ 166,789	\$ 62,090	\$ 104,699
Operating expenditures	159,999	574,289	571,723	2,566
Debt service	485,976	585,246	580,231	5,015
Total non-departmental	<u>812,764</u>	<u>1,326,324</u>	<u>1,214,044</u>	<u>112,280</u>
Total general government	<u>3,127,453</u>	<u>3,973,682</u>	<u>3,644,082</u>	<u>329,600</u>
Public Safety				
Law enforcement				
Operating expenditures	<u>3,191,247</u>	<u>3,200,747</u>	<u>3,197,788</u>	<u>2,959</u>
Disaster				
Operating expenditures	<u>250</u>	<u>9,250</u>	<u>8,840</u>	<u>410</u>
Total disaster	<u>250</u>	<u>9,250</u>	<u>8,840</u>	<u>410</u>
Community development				
Personal services	707,365	727,365	618,077	109,288
Operating expenditures	130,361	1,730,361	1,704,239	26,122
Total community development	<u>837,726</u>	<u>2,457,726</u>	<u>2,322,316</u>	<u>135,410</u>
Total public safety	<u>4,029,223</u>	<u>5,667,723</u>	<u>5,528,944</u>	<u>138,779</u>
Physical environment				
Public works- administration				
Personal services	429,184	479,184	441,553	37,631
Operating expenditures	19,340	33,840	31,872	1,968
Total Public works- administration	<u>448,524</u>	<u>513,024</u>	<u>473,425</u>	<u>39,599</u>
Vehicle maintenance				
Personal services	182,044	198,044	191,905	6,139
Operating expenditures	91,405	101,905	100,665	1,240
Total vehicle maintenance	<u>273,449</u>	<u>299,949</u>	<u>292,570</u>	<u>7,379</u>
Total physical environment	<u>721,973</u>	<u>812,973</u>	<u>765,995</u>	<u>46,978</u>
Transportation				
Facility maintenance				
Personal services	151,156	157,156	156,504	652
Operating expenditures	206,082	244,082	235,631	8,451
Capital outlay	-	-	3,507	(3,507)
Total facility maintenance	<u>357,238</u>	<u>401,238</u>	<u>395,642</u>	<u>5,596</u>
Total transportation	<u>357,238</u>	<u>401,238</u>	<u>395,642</u>	<u>5,596</u>

(Continued)

See notes to the budgetary comparison schedules.

TOWN OF LAKE PARK, FLORIDA
Budgetary Comparison Schedule -
General Fund
For the Year Ended September 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
(Continued)				
Expenditures (Continued)				
Culture and recreation				
Library				
Personal services	\$ 363,234	\$ 395,234	\$ 338,523	\$ 56,711
Operating expenditures	89,341	93,841	77,381	16,460
Total library	<u>452,575</u>	<u>489,075</u>	<u>415,904</u>	<u>73,171</u>
Recreation				
Personal services	247,713	292,713	213,197	79,516
Operating expenditures	106,999	126,499	106,488	20,011
Capital outlay	60,000	60,000		60,000
Total recreation	<u>414,712</u>	<u>479,212</u>	<u>319,685</u>	<u>159,527</u>
Public works - ground maintenance				
Personal services	353,692	353,692	342,325	11,367
Operating expenditures	63,625	63,625	73,484	(9,859)
Total public works - ground maintenance	<u>417,317</u>	<u>417,317</u>	<u>415,809</u>	<u>1,508</u>
Total culture and recreation	<u>1,284,604</u>	<u>1,385,604</u>	<u>1,151,398</u>	<u>234,206</u>
Total expenditures	<u>9,520,491</u>	<u>12,241,220</u>	<u>11,486,061</u>	<u>755,159</u>
Excess (deficiency) of revenues over (under) expenditures	<u>689,689</u>	<u>2,946,245</u>	<u>3,818,703</u>	<u>872,458</u>
Other financing sources (uses)				
Transfers in				
Transfer from CRA	260,101	320,101	176,389	(143,712)
Transfer from Marina	10,000	10,000	10,000	
Transfer from Sanitation		31,000		(31,000)
Total transfers in	<u>270,101</u>	<u>361,101</u>	<u>186,389</u>	<u>(174,712)</u>
Transfers out				
Transfer out CRA	(959,790)	(959,790)	(959,790)	
Transfer out Marina		(2,400,000)		2,400,000
Total transfers out	<u>(959,790)</u>	<u>(3,359,790)</u>	<u>(959,790)</u>	<u>2,400,000</u>
Contingency, reserves and unappropriated		52,444		(52,444)
Total other financing sources (uses)	<u>(689,689)</u>	<u>(2,946,245)</u>	<u>(773,401)</u>	<u>2,172,844</u>
Net change in fund balance	<u>\$</u>	<u>\$</u>	<u>\$ 3,045,302</u>	<u>\$ 3,045,302</u>

See notes to the budgetary comparison schedules.

CRA FUND

TOWN OF LAKE PARK, FLORIDA
Required Supplementary Information
Budgetary Comparison Schedule -
Community Redevelopment Fund
For the Year Ended September 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Revenues				
Intergovernmental	\$ 521,178	\$ 518,178	\$ 517,896	\$ (282)
Miscellaneous revenue		400,000	400,000	
Transfer from General Fund	959,790	959,790	959,790	
Balance brought forward	140,770			
Total revenues	<u>1,621,738</u>	<u>1,877,968</u>	<u>1,877,686</u>	<u>(282)</u>
Expenditures				
Economic environment	875,024	1,064,622	992,882	71,740
Capital outlay	252,343	186,910	14,058	172,852
Grants and aids	135,000	267,065	82,869	184,196
Transfers	359,371	359,371	176,389	182,982
Total expenditures	<u>1,621,738</u>	<u>1,877,968</u>	<u>1,266,198</u>	<u>611,770</u>
Net change in fund balance	<u>\$</u>	<u>\$</u>	<u>\$ 611,488</u>	<u>\$ 611,488</u>

See notes to the budgetary comparison schedules.

**TOWN OF LAKE PARK
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO BUDGETARY COMPARISON SCHEDULES
SEPTEMBER 30, 2022**

NOTE A - BUDGETARY ACCOUNTING

An appropriated budget has been legally adopted for the General Fund and Community Redevelopment Fund on the same modified-accrual basis used to reflect revenue and expenditures.

The Town follows these procedures in establishing the annual budget:

1. Prior to September 1, the Town Manager submits to the Town Commission a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at the Town Hall to obtain taxpayer comments.
3. The Town advises the Palm Beach County Tax Collector's office of the proposed millage rate, the rolled back millage rate and the day, time and place of the public hearing for budget acceptance.
4. A public hearing is held to obtain taxpayer input and to adopt the final budget and millage rate.
5. A final operating budget and related millage rates are legally enacted through the passage of a resolution.
6. Changes or amendments to the total budgeted expenditures of funds the must be approved by the Town Commission. Accordingly, the legal level of control is at the fund level.
7. All unencumbered balances lapse at the end of each fiscal year.

TOWN OF LAKE PARK
NOTES TO BUDGETARY COMPARISON SCHEDULES
SEPTEMBER 30, 2022

NOTE A - BUDGETARY ACCOUNTING (Continued)

The reported budgetary data represents the final appropriated budget after amendments adopted by the Town Commission. An appropriated budget is legally required and has been legally adopted for the General Fund, Community Redevelopment Special Revenue Fund, Streets and Roads Special Revenue Fund, and the Insurance Internal Service Fund on the same modified-accrual basis used to reflect actual revenues and expenditures. The operations of the Town's other funds are non-budgeted financial activities, which are not legally required to adopt budgets. Budgetary comparison schedules for the Roads Special Revenue Fund, a non-major fund, and the Insurance Internal Service Fund, a proprietary fund, are not required to be presented and may be found in Other Supplementary Information.

NOTE B – EXPENDITURES OVER APPROPRIATIONS

There were no expenditures in excess of appropriations at the fund level.

OTHER SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

Debt Service Fund

Special Revenue Funds
Streets and Roads Fund

Capital Projects Funds
Capital Projects Fund

TOWN OF LAKE PARK, FLORIDA
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2022

	Debt Service Fund	Special Revenue Fund Streets & Roads Fund	Capital Projects Fund Capital Projects Bond Fund	Total Nonmajor Governmental Funds
Assets				
Pooled cash and cash equivalents	\$ 170,086	\$	\$ 16,593	\$ 186,679
Due from other governments		56,560		56,560
Total assets	<u>\$ 170,086</u>	<u>\$ 56,560</u>	<u>\$ 16,593</u>	<u>\$ 243,239</u>
Liabilities and fund balances				
Liabilities				
Accounts payable	\$	\$ 21,316	\$	\$ 21,316
Accrued items		1,961		1,961
Deferred revenue		11,209		11,209
Due to other funds		28,457		28,457
Total liabilities		<u>62,943</u>		<u>62,943</u>
Deferred inflows of resources				
Unavailable revenue				
Fund balances				
Restricted for:				
Debt service	170,086			170,086
Transportation		527,965		527,965
Capital projects			16,593	16,593
Unassigned		(534,348)		(534,348)
Total fund balances	<u>170,086</u>	<u>(6,383)</u>	<u>16,593</u>	<u>180,296</u>
Total liabilities and fund balances	<u>\$ 170,086</u>	<u>\$ 56,560</u>	<u>\$ 16,593</u>	<u>\$ 243,239</u>

TOWN OF LAKE PARK, FLORIDA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2022

	Debt Service Fund	Special Revenue Fund Streets & Roads Fund	Capital Projects Fund Capital Projects Bond Fund	Total Nonmajor Governmental Funds
Revenues				
Taxes	\$	\$	\$	\$
Intergovernmental		384,284		384,284
Total revenues		<u>384,284</u>		<u>384,284</u>
Expenditures				
Current				
General government	15			15
Transportation		438,957		438,957
Capital outlay		87,089		87,089
Total expenditures	<u>15</u>	<u>526,046</u>		<u>526,061</u>
Net changes in fund balances	(15)	(141,762)		(141,777)
Fund balances - beginning	<u>170,101</u>	<u>135,379</u>	<u>16,593</u>	<u>322,073</u>
Fund balances - ending	<u>\$ 170,086</u>	<u>\$ (6,383)</u>	<u>\$ 16,593</u>	<u>\$ 180,296</u>

TOWN OF LAKE PARK, FLORIDA
Budgetary Comparison Schedule -
Streets and Roads Fund
For the Year Ended September 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Intergovernmental	\$ 355,689	\$ 355,689	\$ 384,284	\$ 28,595
Total revenues	<u>355,689</u>	<u>355,689</u>	<u>384,284</u>	<u>28,595</u>
Expenditures				
Transportation	509,454	525,939	438,957	86,982
Capital outlay	115,000	115,000	87,089	27,911
Total expenditures	<u>624,454</u>	<u>640,939</u>	<u>526,046</u>	<u>114,893</u>
Balance brought forward	<u>268,765</u>	<u>285,250</u>		<u>(285,250)</u>
Net change in fund balances - budgetary basis	<u>\$</u>	<u>\$</u>	<u>\$ (141,762)</u>	<u>\$ (141,762)</u>

PROPRIETARY FUNDS

Internal Service Fund
Insurance Fund

TOWN OF LAKE PARK, FLORIDA
Budgetary Comparison Schedule -
Insurance Fund
For the Year Ended September 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Contributed revenue	\$ 220,998	\$ 287,948	\$ 287,815	\$ (133)
Balance brought forward	24,300			
Total revenues	<u>245,298</u>	<u>287,948</u>	<u>287,815</u>	<u>(133)</u>
Expenditures				
Personal services	44,265	49,465	49,387	78
Operating expenses	<u>201,033</u>	<u>238,483</u>	<u>235,744</u>	<u>2,739</u>
Total expenditures	<u>245,298</u>	<u>287,948</u>	<u>285,131</u>	<u>2,817</u>
Operating income (loss)			<u>2,684</u>	<u>2,684</u>
Net change in net position - budgetary basis	<u>\$</u>	<u>\$</u>	<u>\$ 2,684</u>	<u>\$ 2,684</u>

STATISTICAL SECTION

STATISTICAL SECTION

This part of the Town of Lake Park's comprehensive annual financial report presents detailed unaudited information as a context for understanding what the information in the financial statement, note disclosures, and required supplementary information says about the Town's overall financial health.

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Financial Trends

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

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Revenue Capacity

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

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Debt Capacity

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

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Demographic and Economic Information

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

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Operating Information

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

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

TOWN OF LAKE PARK, FLORIDA
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting) Unaudited

	Fiscal Year				
	2013	2014	2015	2016	2017
Expenses					
Governmental activities:					
General government	\$ 1,543,348	\$ 1,608,593	\$ 1,622,346	\$ 2,119,258	\$ 2,379,266
Public safety	4,578,728	4,749,126	4,927,037	3,460,558	3,616,758
Physical environment	289,172	268,706	279,885	313,900	337,601
Transportation	565,936	564,501	589,970	566,643	572,008
Culture and recreation	919,506	815,290	842,876	859,896	937,507
Economic environment	1,921	39,905	1,429	3,925	
Interest on long-term debt	316,601	276,467	233,655	191,384	147,633
Total governmental activities expenses	<u>8,215,212</u>	<u>8,322,588</u>	<u>8,497,198</u>	<u>7,515,564</u>	<u>7,990,773</u>
Business-type activities:					
Marina	1,591,055	1,600,962	1,728,929	1,664,332	1,854,387
Sanitation	1,396,551	1,152,304	1,163,127	1,205,728	1,365,725
Stormwater	414,106	402,905	335,711	392,237	364,367
Total business-type activities expenses	<u>3,401,712</u>	<u>3,156,171</u>	<u>3,227,767</u>	<u>3,262,297</u>	<u>3,584,479</u>
Total primary government expenses	<u>\$ 11,616,924</u>	<u>\$ 11,478,759</u>	<u>\$ 11,724,965</u>	<u>\$ 10,777,861</u>	<u>\$ 11,575,252</u>
Program revenues					
Governmental activities:					
Charges for services:					
General government	\$ 79,381	\$ 82,406	\$ 89,112	\$ 111,930	\$ 109,601
Public safety	754,094	778,395	762,073	873,864	1,068,425
Physical environment					
Transportation	29,015	31,056	27,680	290	
Culture and recreation	69,116	46,549	52,827	16,995	26,740
Operating contributions and grants:					
General government					
Public safety					
Physical environment	5,000	3,517	2,470	4,951	3,980
Transportation					
Culture and recreation	11,371	9,024	9,230	7,116	24,221
Economic Environment					
Capital contributions and grants:					
General government					
Public safety					
Physical environment					
Transportation	18,141	18,642	19,245	19,822	23,997
Culture and recreation	36,580	45,416	9,065	56,726	251,920
Total governmental activities program revenues	<u>1,002,698</u>	<u>1,015,005</u>	<u>971,702</u>	<u>1,091,694</u>	<u>1,508,884</u>
Business-type activities:					
Charges for services:					
Marina	801,716	1,105,139	1,357,287	1,340,328	1,403,726
Sanitation	1,459,636	1,445,086	1,672,392	1,707,491	1,691,438
Stormwater	505,271	489,396	487,537	487,878	505,642
Operating contributions and grants:					
Marina					
Sanitation					
Stormwater					
Capital contributions and grants:					
Marina					
Stormwater					
Total business-type activities program revenues	<u>2,766,623</u>	<u>3,039,621</u>	<u>3,517,216</u>	<u>3,535,697</u>	<u>3,600,806</u>
Total primary government program revenues	<u>\$ 3,769,321</u>	<u>\$ 4,054,626</u>	<u>\$ 4,488,918</u>	<u>\$ 4,627,391</u>	<u>\$ 5,109,690</u>

		Fiscal Year							
		2018	2019	2020	2021	2022			
\$	1,897,797	\$	1,796,253	\$	2,114,917	\$	1,929,635	\$	2,131,579
	3,769,881		3,890,768		3,987,837		4,211,942		5,529,482
	243,451		369,636		250,097		388,350		567,812
	573,583		627,123		738,997		819,468		931,643
	1,017,475		1,139,623		1,150,406		843,683		995,026
	459,417		563,372		786,273		831,683		1,411,479
	111,880		120,502		120,947		119,915		100,106
	<u>8,073,484</u>		<u>8,507,277</u>		<u>9,149,474</u>		<u>9,144,676</u>		<u>11,667,127</u>
	1,703,023		1,885,821		1,768,741		2,375,706		4,975,478
	1,282,784		1,422,337		1,746,142		2,076,764		1,979,857
	386,464		575,569		596,912		704,635		643,893
	<u>3,372,271</u>		<u>3,883,727</u>		<u>4,111,795</u>		<u>5,157,105</u>		<u>7,599,228</u>
\$	<u>11,445,755</u>	\$	<u>12,391,004</u>	\$	<u>13,261,269</u>	\$	<u>14,301,781</u>	\$	<u>19,266,355</u>
\$	123,425	\$	112,775	\$	113,464	\$	108,933	\$	551,899
	1,048,644		1,033,888		1,434,668		1,299,583		3,626,388
	35,577		37,409		15,592		14,018		14,389
					146,257		64,714		505,770
									1,600,000
	71,845		4,919		11,725		75,014		1,113
	51,573		33,660		8,248		77,497		19,399
									180,000
					27,975				
			33,960		1,829,673				
	25,007		50,056		55,223		27,009		27,819
	323,233		60,354		39,844		3,379		84,208
	<u>1,679,304</u>		<u>1,367,021</u>		<u>3,682,669</u>		<u>1,670,147</u>		<u>6,610,985</u>
	1,475,452		1,584,076		1,328,429		1,624,539		1,909,905
	1,696,560		1,768,552		1,739,770		1,904,997		1,892,574
	768,853		769,833		920,992		918,803		964,669
	23,261		23,003		1,957		11,385		
	79,162		43,919		38,396				
	11,286		9,454		61,449		100,000		139,437
	31,625		288,999		15,614		2,155,778		1,580,413
	<u>4,086,199</u>		<u>4,487,836</u>		<u>4,106,607</u>		<u>6,715,502</u>		<u>6,486,998</u>
\$	<u>5,765,503</u>	\$	<u>5,854,857</u>	\$	<u>7,789,276</u>	\$	<u>8,385,649</u>	\$	<u>13,097,983</u>

TOWN OF LAKE PARK, FLORIDA
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting) Unaudited

	Fiscal Year				
	2013	2014	2015	2016	2017
Net (expense) revenue					
Governmental activities	\$ (7,212,514)	\$ (7,307,583)	\$ (7,525,493)	\$ (6,423,870)	\$ (6,481,889)
Business-type activities	(635,089)	(116,550)	289,469	273,400	16,327
Total primary government net expense	<u>\$ (7,847,603)</u>	<u>\$ (7,424,133)</u>	<u>\$ (7,236,024)</u>	<u>\$ (6,150,470)</u>	<u>\$ (6,465,562)</u>
General revenues and other changes in net position					
Governmental activities:					
Taxes:					
Property taxes	\$ 4,315,899	\$ 4,554,358	\$ 4,839,895	\$ 3,496,377	\$ 3,791,642
Infrastructure surtax					389,411
Franchise fees	493,884	651,664	598,424	605,622	627,219
Utility service taxes	849,228	926,495	952,772	975,706	1,006,475
Local option gas taxes	230,639	236,922	251,894	257,756	269,595
Communication sales tax	356,437	324,291	315,322	286,682	276,237
Intergovernmental, unrestricted	1,033,832	1,093,000	1,196,655	1,222,771	1,282,459
Gain on sale of surplus property	2,043		320,000		
Miscellaneous revenue					
Investment earnings	26,307	12,705	20,104	25,946	54,286
Transfers	(2,168,700)	199,420	303,078	310,000	310,000
Total governmental activities	<u>5,139,569</u>	<u>7,998,855</u>	<u>8,798,144</u>	<u>7,180,860</u>	<u>8,007,324</u>
Business-type activities					
Investment earnings	11,214	814	4,767	1,911	3,609
Gain on sale of equipment	18,388				
Miscellaneous revenues	880,000				
Transfers	2,168,700	(199,420)	(303,078)	(310,000)	(310,000)
Total business-type activities	<u>3,078,302</u>	<u>(198,606)</u>	<u>(298,311)</u>	<u>(308,089)</u>	<u>(306,391)</u>
Total primary government	<u>\$ 8,217,871</u>	<u>\$ 7,800,249</u>	<u>\$ 8,499,833</u>	<u>\$ 6,872,771</u>	<u>\$ 7,700,933</u>
Changes in net position					
Governmental activities	\$ (2,072,945)	\$ 691,272	\$ 1,272,651	\$ 756,990	\$ 3,208,345
Business-type activities	2,443,213	(315,156)	(8,842)	(34,689)	110,593
Total primary government	<u>\$ 370,268</u>	<u>\$ 376,116</u>	<u>\$ 1,263,809</u>	<u>\$ 722,301</u>	<u>\$ 3,318,938</u>

		Fiscal Year				
2018	2019	2020	2021	2022		
\$ (6,394,177)	\$ (7,140,256)	\$ (5,466,805)	\$ (7,474,529)	\$ (5,056,142)		
712,928	604,109	(5,188)	1,558,397	(1,112,230)		
<u>\$ (5,681,249)</u>	<u>\$ (6,536,147)</u>	<u>\$ (5,471,993)</u>	<u>\$ (5,916,132)</u>	<u>\$ (6,168,372)</u>		
\$ 3,644,561	\$ 3,443,832	\$ 3,721,481	\$ 4,012,875	\$ 4,234,082		
620,736	644,946	610,154	713,453	853,456		
632,237	634,652	594,844	635,073	723,836		
1,025,980	1,037,613	1,018,200	1,042,374	1,135,538		
266,361	269,924	240,713	249,902	262,118		
278,915	274,449	274,183	262,334	269,188		
1,357,344	1,423,061	1,435,228	1,624,209	1,877,912		
	49,749					
47,015	219,825	108,585	14,925	121,952		
411,877	325,000		(941,839)	(1,213,595)		
<u>8,285,026</u>	<u>8,323,051</u>	<u>8,003,388</u>	<u>7,613,306</u>	<u>8,264,487</u>		
5,720	11,653	4,331	617	2,751		
74,152		35,735		6,477		
(411,877)	(325,000)	-	941,839	1,213,595		
<u>(332,005)</u>	<u>(313,347)</u>	<u>40,066</u>	<u>942,456</u>	<u>1,222,823</u>		
<u>\$ 7,953,021</u>	<u>\$ 8,009,704</u>	<u>\$ 8,043,454</u>	<u>\$ 8,555,762</u>	<u>\$ 9,487,310</u>		
\$ 1,890,849	\$ 1,182,795	\$ 2,536,583	\$ 138,777	\$ 3,208,345		
380,923	290,762	34,878	2,500,853	110,593		
<u>\$ 2,271,772</u>	<u>\$ 1,473,557</u>	<u>\$ 2,571,461</u>	<u>\$ 2,639,630</u>	<u>\$ 3,318,938</u>		

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TOWN OF LAKE PARK, FLORIDA
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting) Unaudited

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Revenues					
Taxes	\$ 5,659,011	\$ 6,132,517	\$ 6,391,091	\$ 5,077,705	\$ 5,814,747
Licenses and permits	502,279	537,298	622,763	732,567	727,048
Intergovernmental	1,718,020	1,742,766	1,827,646	1,821,757	1,971,076
Charges for services	418,675	347,788	408,911	345,977	365,978
Fines and forfeitures	185,451	167,991	80,929	100,810	290,900
Miscellaneous	167,701	144,617	470,381	162,649	187,875
Total revenues	<u>8,651,137</u>	<u>9,072,977</u>	<u>9,801,721</u>	<u>8,241,465</u>	<u>9,357,624</u>
Expenditures					
General government	1,429,575	1,459,677	1,610,692	1,812,849	2,285,666
Public safety	4,578,945	4,754,459	4,926,858	3,458,641	3,612,914
Physical environment	267,232	269,391	277,727	307,054	329,059
Transportation	471,465	488,139	477,058	480,458	472,046
Culture and recreation	776,567	718,737	709,111	701,248	803,814
Economic environment	1,921	39,905	1,429	3,925	
Capital outlay	70,763	122,795	111,467	222,166	338,565
Debt service					
Principal	865,224	904,943	915,002	948,039	982,074
Interest	323,700	283,903	241,454	199,556	156,080
Grants and aid					
Total expenditures	<u>8,785,392</u>	<u>9,041,949</u>	<u>9,270,798</u>	<u>8,133,936</u>	<u>8,980,218</u>
Excess of revenues over (under) expenditures	(134,255)	31,028	530,923	107,529	377,406
Other financing sources (uses)					
Transfers in	866,943	846,898	1,304,254	993,767	1,084,848
Transfers out	(3,035,643)	(647,478)	(950,832)	(683,767)	(774,848)
Capital lease obligations					
Total other financing sources (uses)	<u>(2,168,700)</u>	<u>199,420</u>	<u>353,422</u>	<u>310,000</u>	<u>310,000</u>
Net change in fund balances	<u>\$ (2,302,955)</u>	<u>\$ 230,448</u>	<u>\$ 884,345</u>	<u>\$ 417,529</u>	<u>\$ 687,406</u>
Debt service as a percentage of non-capital expenditures	<u>13.64%</u>	<u>13.33%</u>	<u>12.63%</u>	<u>14.50%</u>	<u>13.17%</u>

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$	5,923,514	\$ 5,761,043	\$ 5,944,679	\$ 6,403,775	\$ 6,946,912
	820,631	761,108	707,998	1,089,750	3,420,988
	2,469,253	2,239,661	2,137,834	2,548,901	4,662,682
	411,005	437,528	1,228,671	1,622,555	1,751,466
	159,231	220,336	685,695	193,156	152,691
	193,236	423,564	2,000,208	95,647	815,979
	<u>9,976,870</u>	<u>9,843,240</u>	<u>12,705,085</u>	<u>11,953,784</u>	<u>17,750,718</u>
	1,979,986	1,987,217	2,281,813	2,612,970	3,067,165
	3,769,659	3,872,115	3,987,837	4,211,378	5,528,944
	241,094	364,034	619,952	574,401	765,995
	509,351	528,708	685,850	776,439	831,092
	913,563	1,019,952	1,061,868	991,331	1,151,398
	459,417	563,372	602,624	750,620	1,172,882
	1,113,065	2,247,676	465,347	1,247,277	752,054
	646,531	286,450	361,702	364,238	479,084
	116,019	92,701	122,631	120,903	101,147
			183,649	81,063	82,869
	<u>9,748,685</u>	<u>10,962,225</u>	<u>10,373,273</u>	<u>11,730,620</u>	<u>13,932,630</u>
	228,185	(1,118,985)	2,331,812	223,164	3,818,088
	1,167,729	1,258,334	979,739	1,073,969	1,146,179
	(857,729)	(933,334)	(979,739)	(2,015,808)	(2,359,774)
		1,494,679			
	<u>310,000</u>	<u>1,819,679</u>	<u>-</u>	<u>(941,839)</u>	<u>(1,213,595)</u>
\$	<u>538,185</u>	<u>\$ 700,694</u>	<u>\$ 2,331,812</u>	<u>\$ (718,675)</u>	<u>\$ 2,604,493</u>
	<u>8.83%</u>	<u>4.35%</u>	<u>4.98%</u>	<u>4.66%</u>	<u>4.43%</u>

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TOWN OF LAKE PARK, FLORIDA
Governmental Funds Tax Revenues by Source
Last Ten Fiscal Years
(Accrual Basis of Accounting) Unaudited

Fiscal Year	Property Taxes	Franchise Fees	Utility Service Taxes	Communication Services Taxes	Sales Tax	Totals
2013	\$ 4,315,899	\$ 493,884	\$ 849,228	\$ 356,437	\$ 563,688	\$ 6,579,136
2014	4,554,358	651,664	926,495	324,291	605,562	7,062,370
2015	4,839,895	598,424	952,772	315,322	650,565	7,356,978
2016	3,496,377	605,622	975,706	286,682	673,639	6,038,026
2017	3,791,642	627,219	1,006,475	276,237	1,067,305 (1)	6,768,878
2018	3,644,561	632,237	1,025,980	278,915	1,320,225	6,901,918
2019	3,441,936	634,652	1,037,613	274,449	1,357,273	6,745,923
2020	4,146,404	594,844	1,018,200	274,183	1,273,258	7,306,889
2021	4,012,875	635,073	1,042,374	262,334	1,492,059	7,444,715
2022	4,234,082	723,836	1,135,538	269,188	1,761,627	8,124,271

(1) In 2017 the Infrastructure Surtax started, which is an additional locally approved sales tax.

TOWN OF LAKE PARK, FLORIDA
General Governmental Revenue by Source
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting) Unaudited

Fiscal Year	Taxes	Licenses and Permits	Inter- governmental	Charges for Services
2013	\$ 5,659,011	\$ 502,279	\$ 1,718,020	\$ 418,675
2014	6,132,517	537,298	1,742,766	347,788
2015	6,391,091	622,763	1,827,646	408,911
2016	5,077,705	732,567	1,821,757	345,977
2017	5,814,747	727,048	1,971,076	365,978
2018	5,923,514	820,631	2,469,253	411,005
2019	5,761,043	761,108	2,239,661	437,528
2020	5,944,679	707,998	2,137,834	1,228,671
2021	6,403,775	1,089,750	2,548,901	1,622,555
2022	6,946,912	3,420,988	4,662,682	1,751,466

Fiscal Year	Fines and Forfeitures	Miscellaneous	Other Financing Sources	Total	Annual Percentage Increase (Decrease)
2013	\$ 185,451	\$ 167,701	\$ 376,907	\$ 9,028,044	(2.4) %
2014	167,991	144,617	251,300	9,324,277	3.3 %
2015	80,929	470,381	353,422	10,155,143	8.9 %
2016	100,810	162,649	310,000	8,551,465	(15.8) %
2017	290,900	187,875	310,000	9,667,624	13.1 %
2018	159,231	193,236	310,000	10,286,870	6.4 %
2019	220,336	423,564	1,819,679	11,662,919	13.4 %
2020	685,695	2,000,208		12,705,085	8.9 %
2021	193,156	95,647		11,953,784	(5.9) %
2022	152,691	815,979		17,750,718	48.5 %

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TOWN OF LAKE PARK, FLORIDA
Assessed Value of Taxable Property
Last Ten Fiscal Years
Unaudited

Tax Year	Real Property		Personal Property	Centrally Assessed Property	Assessed Value for Operations	Total Direct Tax Rate	Total Taxable Value (1)
	Residential	Commerical					
2013	180,958,234	232,119,848	33,942,130	910,919	447,931,131	10.5455	447,931,131
2014	199,990,131	244,391,470	34,480,712	1,079,128	479,941,441	10.4705	479,941,441
2015	225,062,210	262,052,591	34,999,307	1,271,593	523,385,701	10.3455	523,385,701
2016	247,734,289	290,478,840	36,381,709	1,404,468	575,999,306	10.2335	575,999,306
2017	271,762,954	318,484,359	34,296,329	1,494,679	626,038,321	9.4730	626,038,321
2018	290,066,574	339,045,111	34,962,598	1,568,074	665,642,357	8.8055	665,642,357
2019	316,637,931	365,505,348	39,530,880	1,556,194	723,230,353	8.8055	723,230,353
2020	340,559,805	391,381,387	42,715,405	1,549,431	776,206,028	8.8055	776,206,028
2021	390,842,528	459,138,779	43,912,976	1,580,812	895,475,095	8.8055	895,475,095
2022	403,132,350	457,296,345	48,316,946	1,723,008	910,468,649	8.8055	910,468,649

(1) Florida state law requires all property to be assessed at current fair market value. Accordingly, the estimated actual value is equal to the Total Assessed Value.

Source: Palm Beach County Property Appraiser

TOWN OF LAKE PARK, FLORIDA
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
Rate per \$1,000 of Assessed Value
Unaudited

Tax Year	Town of Lake Park Property Tax Rates			Overlapping Property Tax Rates - (1) Palm Beach County			
	(2) Operating Millage	General Obligation Debt Service	Total Town Millage	Operating Millage	General Obligation Debt Service	(2) Fire Rescue MSTU	Total County Millage
2013	8.8055	1.7400	10.5455	4.7815	0.2037		4.9852
2014	8.8055	1.6650	10.4705	4.7815	0.1914		4.9729
2015	5.3474	1.5400	6.8874	4.7815	0.1462	3.4581	4.9277
2016	5.3474	1.4280	6.7754	4.7815	0.1327	3.4581	8.3723
2017	5.3474	0.6675	6.0149	4.7815	0.1208	3.4581	8.3604
2018	5.3474	-	5.3474	4.7815	0.1165	3.4581	8.3561
2019	5.3474	-	5.3474	4.7815	0.0765	3.4581	8.3161
2020	5.3474	-	5.3474	4.7815	0.0309	3.4581	8.2705
2021	5.3474	-	5.3474	4.7815	0.0334	3.4581	8.2730
2022	5.3474	-	5.3474	4.7150	0.0289	3.4581	8.2020

Note: All millage rates are based on \$1 for every \$1000 of assessed value

Source: Notice of Ad Valorem Taxes and Non-Ad Valorem Assessments

(1 Overlapping rates are those of local and county governments that apply to property owners within the Town of Lake Park. Not all overlapping rates apply to all Town property owners (i.e. The rates for special districts apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the special district.)

(2 Starting with tax year 2015, rather than paying for fire services the Town entered into a Municipal Services Taxing Unit (MTSU) with Palm Beach County Fire/Rescue who will receive the taxes directly.

Overlapping Property Tax Rates - (1)

Palm Beach County School District			Palm Beach	
Operating Millage	General Obligation Debt Service	Total School Millage	County Special Districts	Total
7.586	-	7.586	2.2280	25.3447
7.594	-	7.594	2.1732	25.2106
7.512	-	7.512	2.0974	21.4245
7.070	-	7.070	1.9453	24.1630
6.769	-	6.769	1.7818	22.9261
6.572	-	6.572	1.6920	21.9675
7.164	-	7.164	1.6873	22.5148
7.010	-	7.010	1.6753	22.3032
6.875	-	6.875	1.6386	22.1340
6.519	-	6.519	1.5390	21.6074

TOWN OF LAKE PARK, FLORIDA
Principal Property Taxpayers
Current Year and Nine Years Ago
Unaudited

	2022			
	Taxable Assessed Valuation	Taxes	Rank	Percentage of Total Taxes Levied
Mariners Key Owners, LLC	\$ 44,455,581	\$ 241,920	1	4.97%
Wal Mart Stores East LP	22,869,754	155,486	2	3.19%
Florida Power & Light Co	20,893,930	15,817	3	0.41%
SC Lake Park Associates, LLLP	19,775,899	112,253	4	2.31%
Mullinax Ford of PBC, LLC	19,865,890	110,331	5	2.85%
Earl Stewart LLC	17,023,033	88,736	6	2.14%
Lake Park Square Joint Venture	15,602,750	101,885	7	2.61%
Kelsey Industrial, LLC	16,556,356	85,628	8	1.76%
Northlake Square East LLC	12,413,998	74,557	9	1.53%
ASVRF Silver Beach Road LLC	14,068,404	70,931	10	1.97%
Totals	\$ 203,525,595	\$ 1,057,544		23.74%

Source: Palm Beach County Property Appraiser.

	2013			
	Taxable Assessed Valuation	Taxes	Rank	Percentage of Total Taxes Levied
Lake Park Owner LLC	\$ 20,390,867	\$ 215,032	1	4.55%
Walmart Stores East LP	13,641,619	143,858	2	3.05%
Congress Ave Properties LTD	11,788,034	124,311	3	2.63%
Lake Park Square Joint Venture	9,212,821	97,154	4	2.06%
Trust Lake Park, LTD	9,000,000	94,910	5	2.01%
Mullinax Ford of PBC, LLC	8,680,461	91,540	7	1.94%
Northlake Square East, LLC	6,968,715	73,489	6	1.56%
Earl Stewart, LLC	6,741,493	71,092	8	1.51%
Twin Cities Investors, Inc.	6,614,513	69,753	9	1.48%
Kelsey Industrial, LLC	6,469,345	68,222	10	1.44%
Totals	\$ 99,507,868	\$ 1,049,361		22.23%

Source: Palm Beach County Property Appraiser.

Note: Assessed values are established by the Palm Beach County Property Appraiser's office as of January 1st of each year.

TOWN OF LAKE PARK, FLORIDA
Property Tax Levies and Collections
Last Ten Fiscal Years
Unaudited

Tax Year	Total Tax Levy	Amount of Current Taxes Collected (1)	Percent of Current Taxes Collected (1)	Amount of Delinquent Taxes Collected
2013	4,723,657	4,272,897	90.5 %	55,412
2014	5,025,228	4,550,477	90.6 %	8,107
2015	3,604,768	2,577,893	71.5 %	411
2016	3,905,670	3,460,856	88.6 %	48,873
2017	3,767,181	3,720,816	98.8 %	37,598
2018	3,559,456	3,633,065	102.1 %	11,806
2019	3,867,402	3,436,942	88.9 %	13,066
2020	4,150,684	3,725,509	89.8 %	3,233
2021	4,398,525	4,004,424	91.0 %	8,690
2022	4,868,640	4,236,588	87.0 %	1,108

Tax Year	Total Collected for the Year	Ratio of Total Taxes Collected to Current Levy	Accumulated Delinquent Taxes	Ratio of Delinquent Taxes to Current Levy
2013	4,328,309	91.6 %	-	- %
2014	4,558,584	90.7 %	-	- %
2015	2,578,304	71.5 %	-	- %
2016	3,509,729	89.9 %	-	- %
2017	3,758,414	99.8 %	-	- %
2018	3,644,871	102.4 %	-	- %
2019	3,450,008	89.2 %	-	- %
2020	3,728,742	89.8 %	-	- %
2021	4,013,114	91.2 %	-	- %
2022	4,237,696	87.0 %	-	- %

(1) Includes discount taken for early payment of property taxes.

Source: Palm Beach County Property Appraiser

TOWN OF LAKE PARK, FLORIDA
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
Unaudited

Governmental Activities						
Fiscal Year	General Obligation Bonds	Capital Lease Obligations	Loans Payable	Total Governmental Activities	Percentage of Taxable Value of Property	Per Capita
2013	3,076,238	-	3,742,842	6,819,080	1.42%	931.60
2014	2,444,756	-	3,469,381	5,914,137	1.13%	684.51
2015	1,782,535	-	3,216,600	4,999,135	0.87%	578.60
2016	1,088,763	-	2,962,333	4,051,096	0.65%	468.61
2017	371,249	-	2,697,456	3,068,705	0.46%	356.62
2018	-	-	2,422,491	2,422,491	0.36%	281.52
2019	-	1,494,679	2,136,041	3,630,720	0.50%	426.89
2020	-	1,431,057	1,837,961	3,269,018	0.42%	382.07
2021	-	1,377,012	1,527,767	2,904,779	0.32%	321.08
2022	-	1,320,013	1,105,682	2,425,695	0.27%	270.12

Note: Details about the Town's outstanding debt can be found in the notes to the financial statements.

Business-type Activities				Primary Government			
Marina Revenue Bonds	Loans Payable	Capital Lease Obligations	Total Business-type Activities	Total Primary Government	Population	Percent Of Average Household Income	Per Capita
\$ 3,950,000	1,192,615	-	5,142,615	11,961,695	8,314	3.27%	1,438.74
3,830,000	948,963	-	4,778,963	10,693,100	8,360	2.63%	1,279.08
3,705,000	757,064	-	4,462,064	9,461,199	8,448	2.45%	1,119.93
3,575,000	1,070,087	-	4,645,087	8,696,183	8,640	1.97%	1,006.50
3,490,000	885,400	-	4,375,400	7,444,105	8,645	1.86%	861.09
3,320,000	694,447	-	4,014,447	6,436,938	8,605	1.46%	748.05
3,140,000	1,121,553	-	4,261,553	7,892,273	8,505	1.73%	927.96
2,955,000	776,077	204,365	3,935,442	7,204,460	8,556	1.36%	842.04
2,765,000	541,851	155,806	3,462,657	6,367,436	9,047	1.14%	703.82
2,565,000	320,597	105,597	2,991,194	5,416,889	8,980	0.99%	603.22

TOWN OF LAKE PARK, FLORIDA
Ratios of General Bonded Debt Outstanding
As of September 30, 2022

Unaudited

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2013	3,076,238	106,624	2,969,614	0.66%	357
2014	2,444,756	90,898	2,353,858	0.49%	282
2015	1,782,535	94,030	1,688,505	0.32%	200
2016	1,088,763	106,900	981,863	0.17%	114
2017	371,249	146,225	225,024	0.04%	26
2018	-	-	-	0.00%	-
2019	-	-	-	0.00%	-
2020	-	-	-	0.00%	-
2021	-	-	-	0.00%	-
2022	-	-	-	0.00%	-

TOWN OF LAKE PARK, FLORIDA
Direct and Overlapping Governmental Activities Debt
As of September 30, 2022

Unaudited

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated (1) Percentage Applicable to Town of Lake Park</u>	<u>Estimated (1) Share of Direct and Overlapping Debt</u>
Overlapping debt:			
Direct debt - Town of Lake Park			
General obligation bonds	\$ -	100.0%	\$ -
Loans and capital lease payable	2,425,695	100.0%	2,425,695
	<u>2,425,695</u>		<u>2,425,695</u>
Other debt			
Palm Beach County	26,250,000	2.983%	783,038
Palm Beach County School Board	4,273,000	2.983%	127,464
	<u>30,523,000</u>		<u>910,502</u>
Total direct and overlapping debt			3,336,197
Estimated town population			<u>8,980</u>
Total per capita			<u>\$ 371.51</u>

(1) Estimates based on ratio of assessed taxable values.

Source: Finance Department, Town of Lake Park, Florida
Palm Beach County Property Appraiser
School Board of Palm Beach County

TOWN OF LAKE PARK, FLORIDA
Pledged-Revenue Coverage
Last Ten Fiscal Years
Unaudited

Marina Revenue Bonds					
Fiscal Year	Gross Revenue	Operating Expense (1)	Net Revenue Available for Debt Service	Debt Service (2)	Coverage
2013	806,493	890,456	(83,963)	317,013	(0.26)
2014	1,157,019	940,047	216,972	315,713	0.69
2015	1,357,287	974,610	382,677	315,713	1.21
2016	1,340,329	911,991	428,338	314,150	1.36
2017	1,403,726	1,157,953	245,773	317,325	0.77
2018	1,475,452	1,028,588	446,864	279,513	1.60
2019	1,607,079	1,231,365	375,714	284,412	1.32
2020	1,330,386	1,134,523	195,863	282,213	0.69
2021	1,923,192	1,751,749	171,443	281,663	0.61
2022	2,311,840	4,355,762	(2,043,922)	285,963	(7.15)

(1) Expense is exclusive of depreciation.

(2) Includes principal and interest of revenue bonds only.

TOWN OF LAKE PARK, FLORIDA
Demographic and Economic Statistics
Last Ten Fiscal Years
Unaudited

Fiscal Year	Population (1)	Per Capita Personal Income (1)	Average Household Income (1)	Median Age (1)	Education Level in Years of Formal Schooling	School Enrollment (3)	Unemployment Rate (4)
2013	8,314	20,978	44,014	37	N/A	323	7.1%
2014	8,360	22,071	48,691	37	N/A	341	6.0%
2015	8,448	18,774	45,780	37	N/A	350	4.9%
2016	8,640	20,984	51,182	38	N/A	348	5.3%
2017	8,645	20,160	46,175	36	N/A	352	4.1%
2018	8,605	20,999	51,186	40	N/A	368	3.4%
2019	8,505	20,799	53,659	37	N/A	368	3.2%
2020	8,556	23,162	61,705	38	N/A	368	6.2%
2021	9,047	23,162	61,705	38	N/A	368	4.1%
2022	8,980	25,015	60,632	36	N/A	546	2.7%

Data Sources:

- (1) The Population for 2013, 2014, 2015, 2016, 2017, 2018, 2019 , 2020,2021 and 2022was obtained from the US Ce Finder. Per Capita, Avg Household Income & Median Age was obtained from the US Census Bureau Fact F
- (3) Lake Park Elementary
- (4) Unemployment rate was obtained from the US Dept of Labor Local Area Unemployment Statistics

TOWN OF LAKE PARK, FLORIDA
Principal Employers
Current Year and Nine Years Ago
Unaudited

	2022			2013		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Town Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Town Employment</u>
Employer						
Palm Beach County School District	22,426	1	N/A	21,495	1	N/A
Palm Beach County	5,753	2	N/A	11,381	2	N/A
Tenet Coastal Division PBC	5,734	3	N/A	6,100	3	N/A
Next Era Energy (Parent Co, FPL)	5,330	4	N/A	3,635	4	N/A
Florida Atlantic University	5,059	5	N/A	2,714	7	N/A
Boca Raton Regional Hospital	2,135	6	N/A	2,200	10	N/A
Veterans Health Administration	2,600	7	N/A	2,706	7	N/A
HCA Healthcare	2,419	8	N/A	2,205	6	N/A
The Breakers	2,300	9	N/A	2,391	N/A	N/A
Baptist Health South Florida	2,282	10	N/A	2,250	8	N/A
Totals	<u>56,038</u>		<u>N/A</u>	<u>N/A</u>		<u>N/A</u>

Source: Business Development Board of Palm Beach County. Data is for the West Palm Beach to Boca Raton metropolitan area.

N/A: Not available.

TOWN OF LAKE PARK, FLORIDA
Full-Time Equivalent Town Employees by Function/Program
Last Ten Fiscal Years
Unaudited

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
General government										
Town Manager	2	2	2	2	3	2	3	3	3	2
Personnel	2	2	2	2	2	2	2	2	2	2
Town Clerk	2	1	1	2	2	2	2	2	2	2
Finance	4	4	5	5	5	6	5	5	5	5
Grant Writer/Chief PIO	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1
Information technology	1	1	1	1	1	1	1	1	1	1
Public Safety										
Police	-	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-
Community Development	6	6	6	6	6	5	7	7	7	8
Physical Environment										
Public works	8	8	8	8	8	5	7	7	8	8
Vehicle maintenance	1	1	1	2	2	2	2	2	2	2
Transportation										
Transportation	2	2	2	2	2	2	2	2	2	2
Culture and Recreation										
Library	4	5	5	5	5	5	6	5	4	6
Park maintenance	6	6	6	5	6	6	6	6	5	5
Recreation	1	1	1	1	3	3	3	3	3	3
Marina	3	3	3	3	4	4	5	5	6	6
Sanitation	<u>8</u>	<u>8</u>	<u>8</u>	<u>8</u>	<u>7</u>	<u>7</u>	<u>6</u>	<u>8</u>	<u>7</u>	<u>9</u>
Total	<u><u>50</u></u>	<u><u>50</u></u>	<u><u>51</u></u>	<u><u>52</u></u>	<u><u>56</u></u>	<u><u>52</u></u>	<u><u>57</u></u>	<u><u>58</u></u>	<u><u>57</u></u>	<u><u>62</u></u>

TOWN OF LAKE PARK, FLORIDA
Operating Indicators by Function/Program
Last Ten Fiscal Years
Unaudited

Function	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Public Safety										
Community development										
Code violations	385	503	451	723	651	703	891	847	684	781
Building permits issued	564	581	663	830	792	990	683	618	674	868
Value of permits (in thousands)					9,871	33,464	12,203	9,844	17,839	61,028
Transportation										
Street resurfacing (miles)	-	-	-	-	-	1	-	-	-	-
Pot holes repaired	215	127	450	441	512	585	429	419	468	436
Culture and Recreation										
Library										
Circulation	27,240	27,360	27,010	29,790	27,300	8,790	4,700	2,669	3,173	2,969
Programs offered	1,283	1,282	1,314	1,300	980	1,015	821	256	57	149
Park maintenance										
Acres of parks	69	69	69	69	69	69	69	69	69	69
Recreation										
Recreation programs offered	3	3	3	-	1	7	7	7	11	9
Recreation program attendance	75	825	825	-	880	134	283	168	190	185
Youth athletic participants	-	-	-	-	-	74	173	68	140	150
Marina										
Available slips	112	112	112	112	112	112	112	112	112	112
Sanitation										
Residential customers	3,666	3,666	3,666	3,666	3,666	3,397	3,689	3,689	3,666	3,666
Commercial customers	268	375	375	375	288	293	303	328	315	295
Refuse collected (tons)	9,056	8,970	9,385	9,827	10,246	10,362	10,686	11,308	11,758	11,167
Recyclables collected (tons)	424	392	398	391	361	377	319	189	279	219

Sources: Town departments

N/A: Not available

TOWN OF LAKE PARK, FLORIDA
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years
Unaudited

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Public Safety (contracted to Palm Beach County)										
Police Station - County	1	1	1	1	1	1	1	1	1	1
Fire Station - County	1	1	1	1	1	1	1	1	1	1
Transportation										
Roads & Streets										
Street Lights	340	340	340	340	340	340	345	340		675
Lane Miles	64	64	64	64	64	64	64	64	64	64
Culture and Recreation										
Marina										
Wet Slips	112	112	112	112	112	112	112	112	112	112
Library										
Books	34,676	35,435	35,000	37,000	37,695	42,340	34,780	35,118	36,338	36,338
Leisure Services										
Ballfields - lighted	2	2	2	2	2	2	2	2	1	1
Basketball courts	2	2	2	2	2	2	2	2	1	1
Soccer fields	1	1	1	1	1	1	1	1	1	1
Tennis courts	6	6	6	6	6	6	6	6	4	4
Parks	7	7	7	7	7	7	7	7	6	6
Sanitation										
Garbage Trucks	13	13	13	14	14	14	14	14	12	10
Water /Sewer	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
(Provided by Seacoast Utility)										

N/A: Not applicable

Source: Town Departments, Town of Lake Park, Florida

OTHER REPORTS



NOWLEN, HOLT & MINER, P.A.

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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*

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The Honorable Mayor and Members of the Town Commission
Town of Lake Park, 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 Town of Lake Park, Florida, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Lake Park, Florida's basic financial statements and have issued our report thereon dated June 28, 2023.

Internal Control Over Financial Reporting

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

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

combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Lake Park, 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Nowlen, Holt & Mimes, P.A.

June 28, 2023
West Palm Beach, Florida



NOWLEN, HOLT & MINER, P.A.

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REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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The Honorable Mayor and Members of the Town Commission
Town of Lake Park, Florida

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Town of Lake Park, Florida's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Town of Lake Park, Florida's major federal programs for the year ended September 30, 2022. The Town of Lake Park, Florida's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town of Lake Park, Florida complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2022.

Basis for Opinion on Each Major Federal Program

Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Nowlen, Holt & Mimer, P.A.

June 28, 2023
West Palm Beach, Florida

TOWN OF LAKE PARK, FLORIDA
Schedule of Expenditures of Federal Awards
and State Financial Assistance
For the Year Ended September 30, 2022

Federal Grantor/Pass-Through Grantor Program Title	Federal Assistance Listing Number	Agency or Pass-Through Number	Expenditures	Transfers to Subrecipients
<u>U.S. Department of Housing and Urban Development</u>				
Passed through Palm Beach County Community Development Block Grant	14.218	R2021-1532	\$ 80,835	\$ -
<u>U.S. Department of the Treasury</u>				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027		2,161,225	-
<u>U.S. Department of Homeland Security</u>				
Passed through Florida Department of Emergency Management Public Assistance Grants	97.036	Z1794	53,982	-
Hazard Mitigation Grant Program	97.039	4337-149-R	<u>1,519,446</u>	<u>-</u>
Total Federal Awards			<u>\$ 3,815,488</u>	<u>\$ -</u>

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Town of Lake Park, Florida under programs of the federal government for the year ended September 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 - INDIRECT COST RATE

The Town of Lake Park, Florida has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4 - CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by those agencies. Any disallowed claims, including amounts already received, might constitute a liability of the Town for the return of those funds. In the opinion of management, all grant expenditures were in compliance with the terms of the grant agreements and applicable federal and state laws and regulations.

TOWN OF LAKE PARK, FLORIDA
Schedule of Findings and Questioned Costs
September 30, 2022

Section I—Summary of Auditors’ Results

Financial Statements

Type of auditor’s report issued on whether the financial statements audited were prepared in accordance with GAAP:	<u>Unmodified</u>
Internal control over financial reporting:	
• Material weakness identified?	<u>No</u>
• Significant deficiency identified that is not considered to be a material weakness?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>
Internal control over major projects:	
• Material weakness identified?	<u>No</u>
• Significant deficiency identified that is not considered to be a material weakness?	<u>None reported</u>
Type of auditors’ report issued on compliance for major projects:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with the 2 CFR Section 200.516(a)	<u>No</u>

Identification of Major Federal Program

<u>CFDA Number</u>	<u>Name of Federal Program</u>
	U.S. Department of the Treasury
21.027	<ul style="list-style-type: none"> • COVID-19 - Coronavirus State and Local Fiscal Recovery Funds
	U.S. Department of Homeland Security - FEMA
97.039	<ul style="list-style-type: none"> • Hazard Mitigation Grant Program

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

Auditee qualified as low-risk auditee? No

TOWN OF LAKE PARK, FLORIDA
Schedule of Findings and Questioned Costs
September 30, 2022

Section II—Financial Statement Findings

None

Section III—Federal Awards Findings and Questioned Costs

None

Section IV—Summary Schedule of Prior Audit Findings

There were no prior audit findings.



NOWLEN, HOLT & MINER, P.A.

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MANAGEMENT LETTER IN ACCORDANCE WITH THE RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

BELLE GLADE OFFICE
333 S.E. 2nd STREET
POST OFFICE BOX 338
BELLE GLADE, FLORIDA 33430-0338
TELEPHONE (561) 996-5612
FAX (561) 996-6248

The Honorable Mayor and Members of the Town Commission
Town of Lake Park, Florida

Report on the Financial Statements

We have audited the financial statements of the Town of Lake Park, Florida, as of and for the year ended September 30, 2022, and have issued our report thereon dated June 28, 2023.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Florida Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditors' Report on Compliance with Requirements that could have a Direct and Material Effect on Each Major Federal Program and on Internal Control over Compliance, the Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 28, 2023, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. Finding 2022-1 is an uncorrected finding from the prior year.

Official Title and Legal Authority

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

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Town of Lake Park, Florida met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the Town of Lake Park, Florida did not meet any of the conditions described in Section 218.503(1), Florida Statutes, during the fiscal year ended September 30, 2022.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Town of Lake Park, Florida. It is management's responsibility to monitor the Town of Lake Park, Florida's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same. Our assessment was done as of the fiscal year end. The results of our procedures did not disclose any matters that are required to be reported.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we have the following recommendation noted below.

Finding 2022-1

Condition

The Town of Lake Park allocated \$428,456 of indirect costs from eight Town departments to the CRA. The allocation percentages varied from five percent to twenty percent and were applied to the total budgeted expenses of each department. The Town did not have supporting documentation for the percentages used nor how the departmental expenditures were in accordance with the CRA Plan.

Effect

Lack of documentation supporting indirect costs charged leading to possible excess costs being charged.

Recommendation

The Town should obtain documentation supporting the indirect costs charged to ensure they are appropriate and reasonable.

Special District Component Units

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

Special District Specific Information

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the required Special District information is included in the Town of Lake Park Community Redevelopment Agency audit.

Additional Matters

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

Single Audits

The Town expended less than \$750,000 of state financial assistance for the fiscal year ended September 30, 2022, and was not required to have a state single audit.

Response to Management Letter

The Town's response to the finding identified in our audit is described in the attached letter dated June 30, 2023. We did not audit Town of Lake Park, Florida's response and, accordingly, we express no opinion on it.

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 state awarding agencies and pass-through agencies, the Town Commission, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Nowlen, Holt & Mimer, P.A.

June 28, 2023
West Palm Beach, Florida



NOWLEN, HOLT & MINER, P.A.

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

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333 S.E. 2nd STREET
POST OFFICE BOX 338
BELLE GLADE, FLORIDA 33430-0338
TELEPHONE (561) 996-5612
FAX (561) 996-6248

The Honorable Mayor and Members of the Town Commission
Town of Lake Park, Florida

We have examined the Town of Lake Park, Florida’s compliance with Section 218.415, Florida Statutes during the year ended September 30, 2022. Management of the Town of Lake Park, Florida is responsible for the Town of Lake Park, Florida’s compliance with the specified requirements. Our responsibility is to express an opinion on the Town of Lake Park, Florida’s compliance with the specified requirements based on our examination.

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

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

Our examination does not provide a legal determination on the Town of Lake Park, Florida’s compliance with the specified requirements.

In our opinion, the Town of Lake Park, Florida complied, in all material respects, with Section 218.415, Florida Statutes for the year ended September 30, 2022.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and Florida House of Representatives, the Florida Auditor General, applicable management, and the Town Commission, and is not intended to be and should not be used by anyone other than these specified parties.

Nowlen, Holt & Miner, P.A.

West Palm Beach, Florida
June 28, 2023



Finance
Department

June 30, 2022

Governing Board
Town of Lake Park

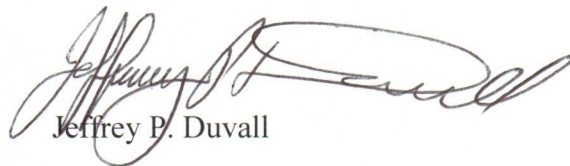
RE: Response to Report of Audit Findings Management Letter for Year
ending September 30, 2022

2022-1 Noncompliance with Section 163.387 Florida Statutes applicable
to the CRA.

The Town will address how it allocates Indirect Cost for all of its
enterprise funds and the CRA to address this issue. Some of the
actions the Town has already taken regarding the CRA is to
directly assign and charge personnel such as code enforcement that
perform activities solely in the CRA. For activities that are shared
by all of Town's cost centers such as accounting and community
development activities, the Town will look at other mechanisms to
allocate those costs.

Should you have any questions or concerns about the above response,
please contact me directly.

Sincerely,



Jeffrey P. Duvall

535 Park Avenue
Lake Park, FL 33403
Phone: (561) 881-3350
Fax: (561) 881-3358

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