

# ***TOWN OF LAKE PLACID, FLORIDA***



## ***Auditor's Discussion & Analysis Presentation of Financial and Compliance Audit Results September 30, 2015***

Presented by:  
Wade Sansbury, CPA

**MAULDIN  
& JENKINS**

CERTIFIED PUBLIC ACCOUNTANTS, LLC  
[www.mjcpa.com](http://www.mjcpa.com)

TOWN OF LAKE PLACID, FLORIDA  
AUDITOR'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2015

---

**PURPOSE OF ANNUAL AUDIT AGENDA**

- ◆ Engagement Team and Firm Information.
- ◆ Overview of:
  - Audit Opinion;
  - Financial Statements, Footnotes and Supplementary Information;
  - Compliance Reports;
  - Audit Scopes & Procedures.
- ◆ Required Communications under *Government Auditing Standards*.
- ◆ Other Matters for Communication.
- ◆ Answer Questions.

**TOWN OF LAKE PLACID, FLORIDA**  
**AUDITOR'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2015**

---

**MAULDIN & JENKINS—GOVERNMENTAL PRACTICE**

**General Information:**

- Founded in 1918. Large regional firm serving the Southeastern United States.
- Offices located in Bradenton, Florida; Macon, Atlanta and Albany, Georgia; Chattanooga, Tennessee; and Birmingham, Alabama.
- Approximately 260 personnel are employed at Mauldin & Jenkins.

**Governmental Sector:**

- Largest specific industry niche served by Firm representing 25% of Firm practice.
- We serve a tremendous amount of governmental entities in the southeast requiring over 70,000 hours of service on an annual basis.
- Approximately 90 professional staff persons with current governmental experience.
- In the past three years, have served approx. 300 governments in the Southeast, including:
  - ✓ 80 cities;
  - ✓ 40 counties;
  - ✓ 40 school systems;
  - ✓ 40 state entities; and,
  - ✓ 100 special purpose entities (stand-alone business type entities, libraries, etc.).
  - ✓ Inclusive of the above, we serve 85 governments receiving the GFOA's Certificate of Achievement for Excellence in Financial Reporting.
- Experience performing forensic audit services and information technology consultations.
- Experience performing municipal bond debt issuance attestation services serving clients with over \$11.0 billion in aggregate publicly issued debt instruments.  
10<sup>th</sup> highest level of Single Audits conducted in U.S.A. approximating \$8.0 billion annually.

**Engagement Team Leaders for the Town Include:**

- Wade Sansbury, Engagement Partner
- Meredith Lipson, Quality Assurance Engagement Partner
- Daniel Anderson, Engagement Manager

TOWN OF LAKE PLACID, FLORIDA  
AUDITOR'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2015

---

**MAULDIN & JENKINS—ADDITIONAL INFORMATION**

**Other Industries & Services by Mauldin & Jenkins:**

Each of Mauldin & Jenkins' offices provides a wide variety of services to a broad range of clientele. We have partners and managers who are responsible for specialized practice areas of auditing and accounting, taxes and management advisory services. Their purpose, as leaders in the particular practice area, is to establish policies with respect to technical matters in these specific areas and ensure that the quality of the Firm's practice is maintained.

**Industries Served:** Over the years our partners have developed expertise in certain industries representative of a cross section of the Florida economy, including:

- Governmental Entities (state entities, cities, counties, school systems, business type operations, libraries, and other special purpose entities)
- SEC Registrants
- Wholesale Distribution
- Agri-Businesses
- Manufacturing
- Professional Services
- Employee Benefit Plans
- Financial Institutions (community banks, savings and loans, thrifts, credit unions, mortgage companies, and finance companies)
- Non-Profit Organizations
- Retail Businesses
- Long-term Healthcare
- Construction and Development
- Individuals, Estates and Trusts
- Real Estate Management

**Services Provided:** This diversity of practice enables our personnel to experience a wide variety of business, accounting and tax situations. We provide the traditional and non-traditional services such as:

- Financial Audit/Review/Compilation
- Compliance Audits and Single Audits
- Agreed-Upon Procedures
- Forensic Audits
- Bond Issuance Services
- Performance Audits
- State Sales Tax Matters
- International Tax Matters
- Business and Strategic Planning
- Profitability Consulting
- Budgeting
- Buy-Sell Agreements and Business Valuation Issues
- Income Tax Planning and Preparation
- Multi-State Income Tax Issues
- Information Systems Consulting
- Cost Accounting Analysis
- Healthcare Cost Reimbursement
- Outsourced Billing Services
- Fixed Asset Inventories
- Succession and Exit Strategy Consulting
- Estate Planning
- Management Information Systems
- Employee Benefit Plan Administration
- Merger/Acquisition and Expansion Financing

TOWN OF LAKE PLACID, FLORIDA  
AUDITOR'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2015

---

**INDEPENDENT AUDITOR'S REPORT**

The standard independent auditor's report for governmental units has specific sections of significance to readers of the financial report.

**Management's Responsibility for the Financial Statements**

The financial statements are the responsibility of management.

**Auditor's Responsibility**

Our responsibility, as external auditors, is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We planned and performed our audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

**Opinion**

We have issued an unmodified audit report which is the highest form of assurance we can render with regard to the fairness of financial information on which we are opining. The financial statements are considered to present fairly the financial position and results of operations as of, and for the year ended September 30, 2015.

**Emphasis of Matter**

The financial statements reflect the implementation of certain new pronouncements, and our opinions are not modified with respect to them.

**Other Reporting**

*Government Auditing Standards* require auditors to issue a report on our consideration of internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. We have issued such a report and reference to this report is included in the independent auditor's report.

TOWN OF LAKE PLACID, FLORIDA  
*AUDITOR'S DISCUSSION AND ANALYSIS*  
SEPTEMBER 30, 2015

---

**REQUIRED COMMUNICATIONS**

**The Auditor's Responsibility Under *Government Auditing Standards*  
and Auditing Standards Generally Accepted in the United States of America**

Our audit of the financial statements of the Town of Lake Placid, Florida (the "Town") for the year ended September 30, 2015, was conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error, fraudulent financial reporting or misappropriation of assets. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Accordingly, the audit was designed to obtain reasonable, rather than absolute, assurance about the financial statements. We believe our audit accomplishes that objective.

In accordance with *Government Auditing Standards*, we have also performed tests of controls and compliance with laws and regulations that contribute to the evidence supporting our opinion on the financial statements. However, they do not provide a basis for opining on the Town's internal control or compliance with laws and regulations.

**Accounting Policies**

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Town. There are new accounting standards which will be required to be implemented in the coming years. These are discussed later in this document.

In considering the qualitative aspects of the Town's accounting policies, we did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. The Town's policies relative to the timing of recording of transactions are consistent with GAAP and typical government organizations.

**TOWN OF LAKE PLACID, FLORIDA**  
**AUDITOR'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2015**

---

**Management Judgments and Accounting Estimates**

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. Management has informed us they used all the relevant facts available to them at the time to make the best judgments about accounting estimates and we considered this information in the scope of our audit. We considered this information and the qualitative aspects of management's calculations in evaluating the Town's significant accounting policies. Estimates significant to the financial statements include such items as the estimated lives of depreciable assets and the estimated allowance for uncollectible accounts.

**Financial Statement Disclosures**

The footnote disclosures to the financial statements are also an integral part of the financial statements. The process used by management to accumulate the information included in the disclosures was the same process used in accumulating the financial statements, and the accounting policies described above are included in those disclosures. The overall neutrality, consistency and clarity of the disclosures was considered as part our audit and in forming our opinion on the financial statements.

**Significant Difficulties Encountered in Performing the Audit**

We encountered no difficulties in dealing with management relating to the performance of the audit.

**Audit Adjustments**

During our audit of the Town's basic financial statements as of and for the year ended September 30, 2015, there were several adjustments proposed to the funds of the Town. The detail of all proposed adjustments for the funds has been previously provided to management.

All adjustments have been discussed with management and have been recorded.

**Uncorrected Misstatements**

We had no passed adjustments.

**TOWN OF LAKE PLACID, FLORIDA**  
**AUDITOR'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2015**

---

**Disagreements with Management**

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on significant matters, the scope of the audit or significant disclosures to be included in the financial statements.

**Representation from Management**

We requested written representations from management relating to the accuracy of information included in the financial statements and the completeness and accuracy of various information requested by us, during the audit. Management provided those written representations without delay and in an organized manner.

**Management's Consultations with Other Accountants**

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

**Significant Issues Discussed with Management**

There were no significant issues discussed with management related to business conditions, plans or strategies that may have affected the risk of material misstatement of the financial statements. We are not aware of any consultations management had with us or other accountants about accounting or auditing matters. No major issues were discussed with management prior to our retention to perform the aforementioned audit.

**Independence**

We are independent of the Town, and all related organizations, in accordance with auditing standards promulgated by the American Institute of Public Accountants and *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Other Information in Documents Containing Audited Financial Statements**

We are not aware of any other documents that contain the audited basic financial statements. If such documents were to be published, we would have a responsibility to determine that such financial information was not materially inconsistent with the audited statements of the Town.

TOWN OF LAKE PLACID, FLORIDA  
AUDITOR'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2015

---

**OVERVIEW OF FINANCIAL STATEMENTS**

There was no single audit report in this year's report as the Town did not have in excess of \$500,000 of federal expenditures.

The financial statements as presented to you today include the basic financial statements as well as Management's Discussion and Analysis as prepared by Town management.

The Town's basic financial statements include three components: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to the financial statements.

The **government-wide financial statements** provide a broad overview of all of the Town's activities. The *Statement of Net Position* presents information on all assets and liabilities of the Town, with the difference between the two reported as net position. The *Statement of Activities* presents information showing how the Town's net position changed during the most recent fiscal year. Revenues are categorized as program revenues or general revenues. Expenses are categorized by function.

The **fund financial statements** more closely resemble the financial statements as presented prior to the adoption of GASB Statement No. 34. All of the funds of the Town can be divided into three categories: (1) governmental funds, (2) proprietary funds, and (3) fiduciary funds.

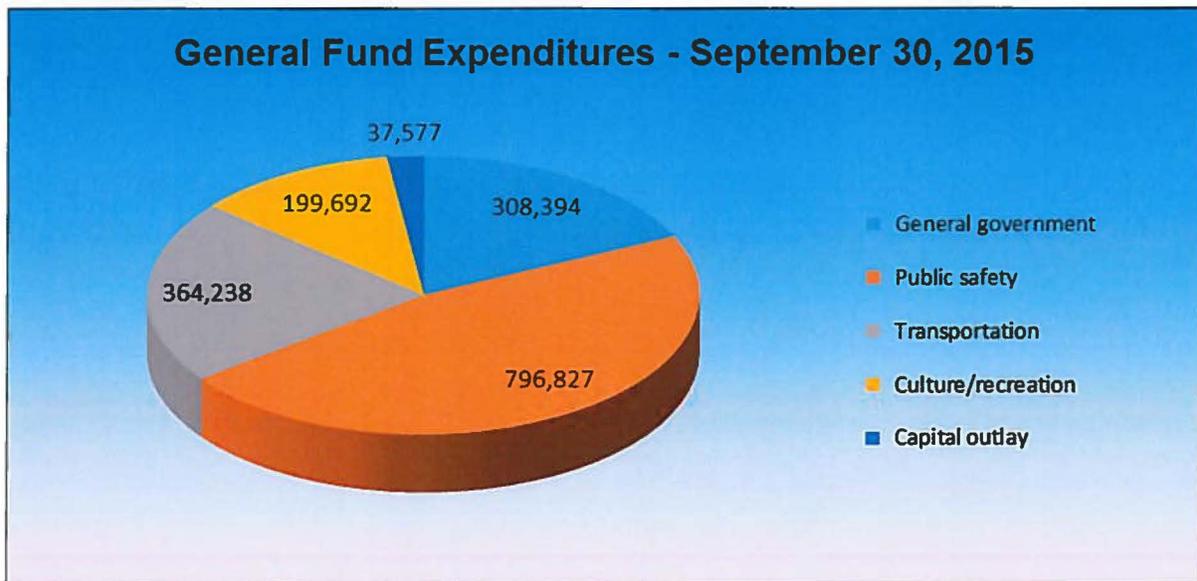
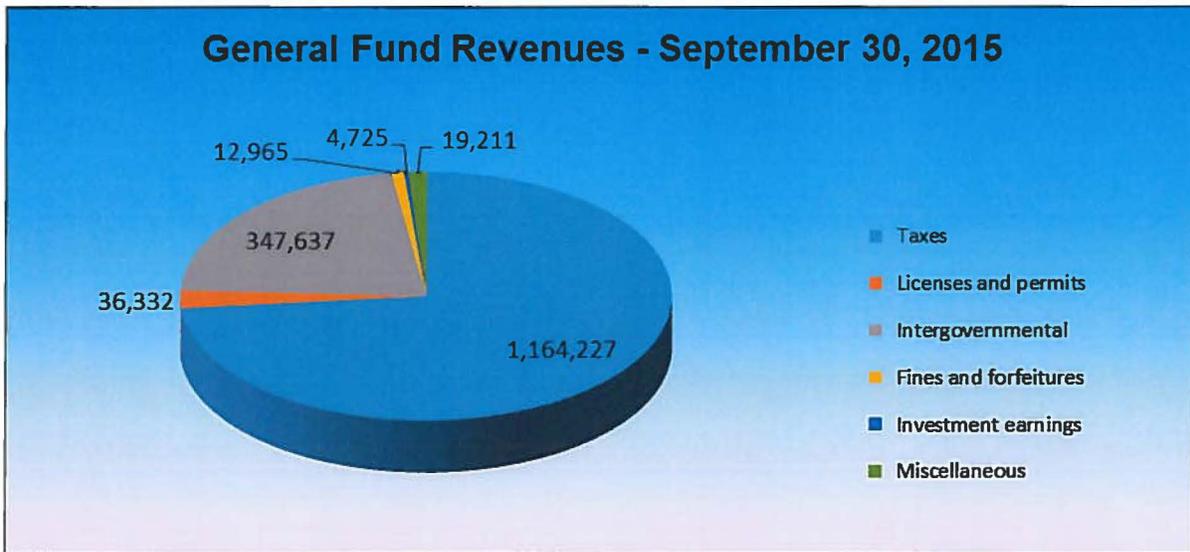
**COMPLIANCE REPORTS**

Included in the report is our report based on our tests of the Town's internal controls and compliance with laws, regulations, etc. The report is not intended to provide an opinion, but to provide a form of negative assurance as to the Town's internal controls and compliance with applicable rules and regulations. This report and the procedures performed are required by *Government Auditing Standards* as issued by the U. S. Government Accountability Office (GAO).

**TOWN OF LAKE PLACID, FLORIDA**  
**AUDITOR'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2015**

**General Fund**

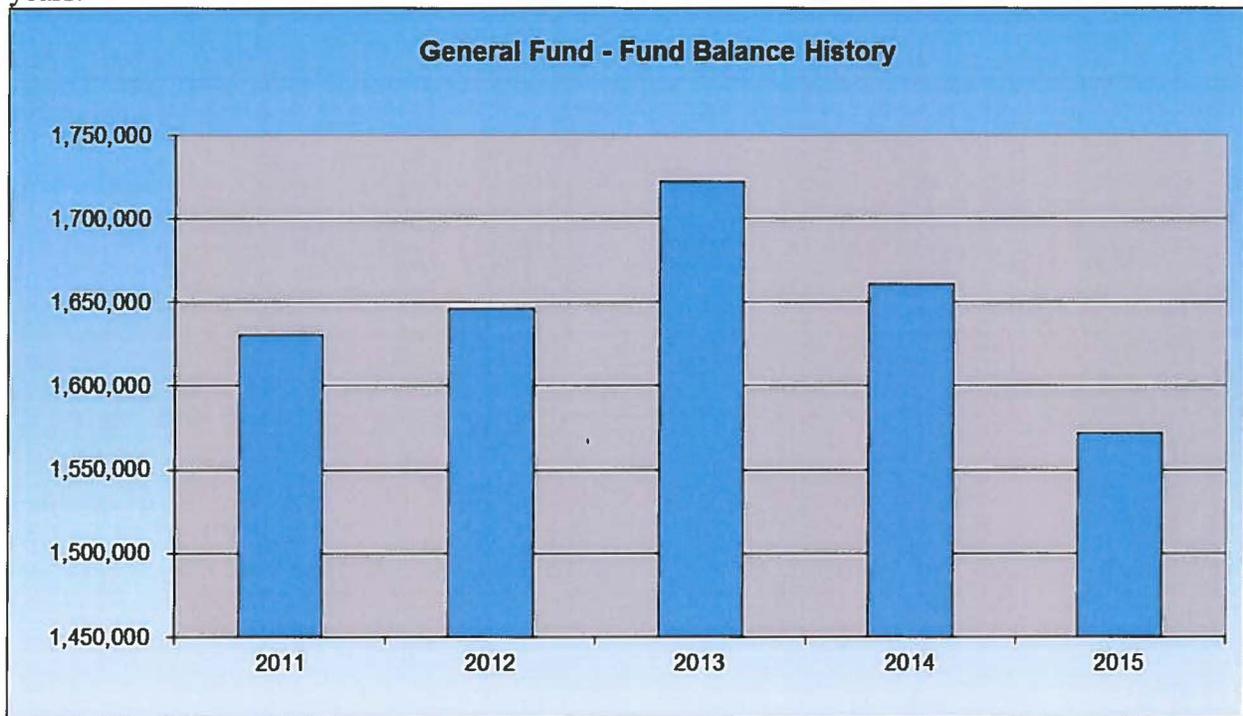
Of primary interest to the Town is the General Fund, which accounts for the majority of revenues received and funds expended in the operations of the Town, including administration, public safety, transportation, economic environment, and culture and recreation. The following charts present the sources of revenues and the expenditures of the General Fund for the fiscal year ended September 30, 2015:



**TOWN OF LAKE PLACID, FLORIDA**  
**AUDITOR'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2015**

Total fund balance of the General Fund at September 30, 2015, was a positive \$1,572,111. Fund balance does not necessarily equal cash on hand and available to spend. Fund balance is the difference between assets and liabilities, of which only a portion of cash is available to be spent. While the Town's General Fund has cash and investments on hand at September 30, 2015, of \$1,366,476, the Town also has \$98,435 in current liabilities due to outside parties and employees. Additionally, the General Fund incurs expenditures of approximately \$142,000 per month. A large part of the cash on hand at September 30, 2015, will be needed in subsequent months to fund these expenditures, until the Town's property tax revenues are collected beginning in November and December.

The following is a history of the total ending fund balance of the General Fund over the past five years:



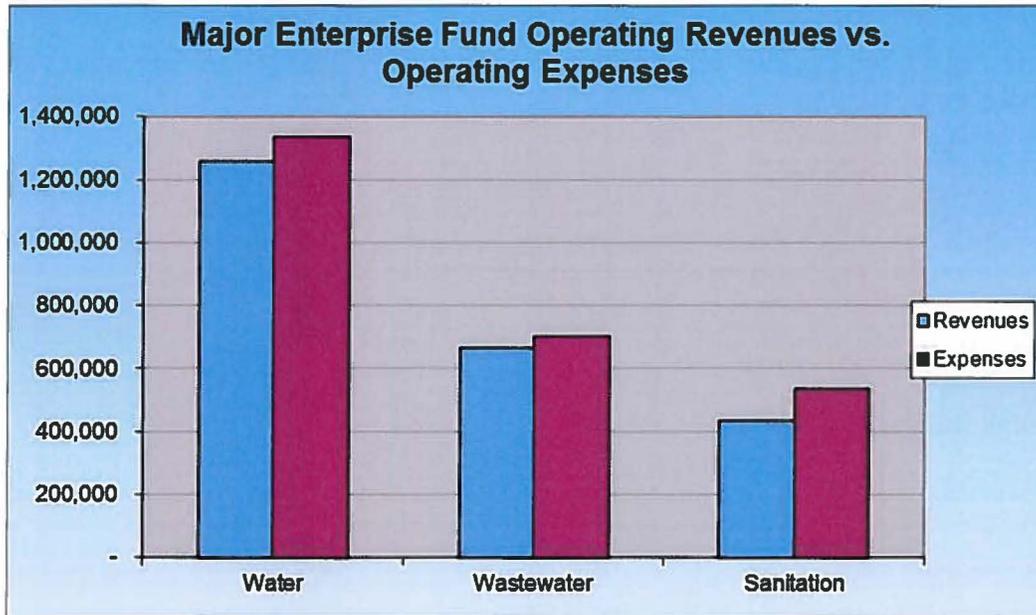
**Other Governmental Funds**

The Town also maintains an infrastructure fund, which is used to account for revenues and expenditures related to the renovation and/or construction of major capital assets, and a grants fund, which is used to account for revenues and expenditures of major grants obtained.

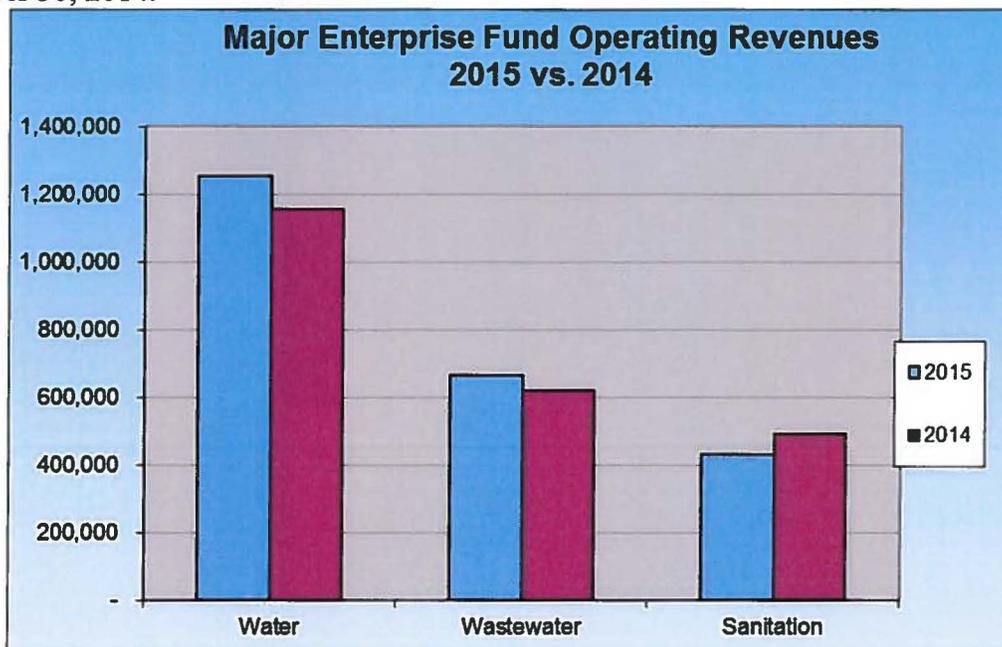
**TOWN OF LAKE PLACID, FLORIDA**  
**AUDITOR'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2015**

**Enterprise Funds**

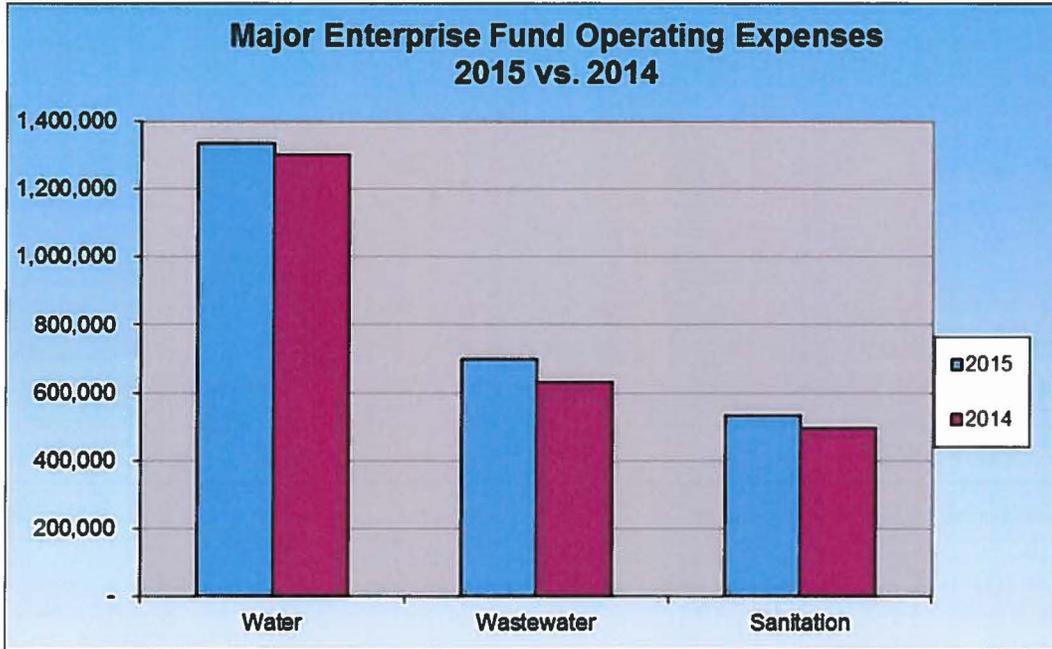
The Town maintains three major enterprise funds which are used to account for operations in a manner similar to private business enterprises – where the intent is that the costs of providing the goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The Water Fund, the Wastewater Fund, and the Sanitation Fund are not currently generating revenues sufficient to cover the costs of operations.



As noted within the following two tables, the Town's fiscal year 2015 enterprise fund's operating revenues and operating expenditures were consistent with that of the previous year ending September 30, 2014.



TOWN OF LAKE PLACID, FLORIDA  
AUDITOR'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2015



TOWN OF LAKE PLACID, FLORIDA  
AUDITOR'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2015

---

**ACCOUNTING RELATED MATTERS**

**Other Matters for Communication to the Commission and Management**

During our audit of the financial statements as of and for the year ended September 30, 2015, we noted other matters which we wish to communicate to you in an effort to keep the Town abreast of accounting matters that could present challenges in financial reporting in future periods.

**New Governmental Accounting Standards  
Board (GASB) Pronouncements**



As has been the case for the past ten years, GASB has issued several other new pronouncements which will be effective in future years. The following is a brief summary of the new standards:

- a. **Statement No. 68, *Accounting and Reporting for Pensions* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date (an Amendment of GASB No. 68)*** are effective for the Town's fiscal year ended September 30, 2015, and it has been adopted as part of the financial reports prepared and issued by the Town as of and for the ended September 30, 2015. This pronouncement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* and Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria, including agent and cost-sharing multiple employer plans.

Statement No. 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits.

Relative to the Town, the unfunded actuarial liabilities (net of certain deferred outflows and inflows) of the Town's pension plans have been recorded in the net amounts of approximately \$1,200,000 which have effectively reduced net position (or equity) by the same respective amounts.

The statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information (RSI).

**Defined Benefit Pension Plans.** Statement No. 68 requires governments that participate in defined benefit pension plans to report in their statement of net position a net pension liability. The net pension liability is the difference between the total pension liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside in a trust and restricted to paying benefits to current employees, retirees, and their beneficiaries.

**TOWN OF LAKE PLACID, FLORIDA**  
**AUDITOR'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2015**

---

Statement No. 68 calls for immediate recognition of more pension expense than is currently required. This includes immediate recognition of annual service cost and interest on the pension liability and immediate recognition of the effect on the net pension liability of changes in benefit terms. Other components of pension expense will be recognized over a closed period that is determined by the average remaining service period of the plan members (both current and former employees, including retirees). These other components include the effects on the net pension liability of: (1) changes in economic and demographic assumptions used to project benefits; and, (2) differences between those assumptions and actual experience. Lastly, the effects on the net pension liability of differences between expected and actual investment returns will be recognized in pension expense over a closed five-year period.

Statement No. 68 requires cost-sharing employers to record a liability and expense equal to their proportionate share of the collective net pension liability and expense for the cost-sharing plan. The statement also will improve the comparability and consistency of how governments calculate the pension liabilities and expense. These changes include:

- **Projections of Benefit Payments.** Projections of benefit payments to employees will be based on the then-existing benefit terms and incorporate projected salary changes and projected service credits (if they are factors in the pension formula), as well as projected automatic postemployment benefit changes (those written into the benefit terms), including automatic cost-of-living-adjustments (COLAs). For the first time, projections also will include ad hoc postemployment benefit changes (those not written into the benefit terms), including ad hoc COLAs, if they are considered to be substantively automatic.
- **Discount Rate.** The rate used to discount projected benefit payments to their present value will be based on a single rate that reflects (a) the long-term expected rate of return on plan investments as long as the plan net position is projected under specific conditions to be sufficient to pay pensions of current employees and retirees and the pension plan assets are expected to be invested using a strategy to achieve that return; and (b) a yield or index rate on tax-exempt 20-year, AA-or-higher rated municipal bonds to the extent that the conditions for use of the long-term expected rate of return are not met.
- **Attribution Method.** Governments will use a single actuarial cost allocation method – “entry age,” with each period’s service cost determined as a level percentage of pay.

**TOWN OF LAKE PLACID, FLORIDA**  
**AUDITOR'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2015**

---

**Note Disclosures and Required Supplementary Information.** Statement No. 68 also requires employers to present more extensive note disclosures and RSI, including disclosing descriptive information about the types of benefits provided, how contributions to the pension plan are determined, and assumptions and methods used to calculate the pension liability. Single and agent employers will disclose additional information, such as the composition of the employees covered by the benefit terms and the sources of changes in the components of the net pension liability for the current year. A single or agent employer will also present RSI schedules covering the past 10 years regarding:

- Sources of changes in the components of the net pension liability
- Ratios that assist in assessing the magnitude of the net pension liability
- Comparisons of actual employer contributions to the pension plan with actuarially determined contribution requirements, if an employer has actuarially determined contributions.

Cost-sharing employers are required to present the RSI schedule of net pension liability, information about contractually required contributions, and related ratios.

**Defined Contribution Pensions.** The existing standards for governments that provide defined contribution pensions are largely carried forward in this new statement. These governments will recognize pension expenses equal to the amount of contributions or credits to employees' accounts, absent forfeited amounts. A pension liability will be recognized for the difference between amounts recognized as expense and actual contributions made to a defined contribution pension plan.

**Special Funding Situations.** Certain governments are legally responsible for making contributions directly to a pension plan that is used to provide pensions to the employees of another government. For example, a state may be legally required to contribute to a pension plan that covers local school districts' teachers. In specific circumstances called special funding situations, the statement requires governments that are non-employer contributing entities to recognize in their own financial statements their proportionate share of the other governmental employers' net pension liability and pension expense.

The changes noted above by Statement No. 68 are significant to Governments who sponsor retirement plans, and we strongly encourage Town officials to continue to review the actual pronouncement and always consider the potential effects on the financial reporting of the Government.

- b. **Statement No. 69, *Government Combinations and Disposals of Government Operations*** is effective for the Town's fiscal year ended September 30, 2015. This pronouncement primarily applies to governments involved in some form of mergers, acquisitions, transfers of operations or disposal of operations. Unless the Town enters into any agreements whereby such actions are anticipated, this pronouncement should not affect the Town.

**TOWN OF LAKE PLACID, FLORIDA**  
**AUDITOR'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2015**

---

- c. **Statement No. 72, *Fair Value Measurement and Application*** was issued in February of 2015, and is effective for financial statements for periods beginning after June 15, 2015 resulting in the Town's fiscal year ending September 30, 2016.

This statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement provides guidance for determining a fair value measurement for financial reporting purposes, and also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

This statement generally requires investments to be measured at fair value. An *investment* is defined as a security or other asset that (a) a government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or to be sold to generate cash. Investments not measured at fair value continue to include, for example, money market investments, 2a7-like external investment pools, investments in life insurance contracts, common stock meeting the criteria for applying the equity method, unallocated insurance contracts, and synthetic guaranteed investment contracts. A government is permitted in certain circumstances to establish the fair value of an investment that does not have a readily determinable fair value by using the net asset value per share (or its equivalent) of the investment.

This statement requires measurement at acquisition value (an entry price) for donated capital assets, donated works of art, historical treasures, and similar assets and capital assets received in a service concession arrangement. These assets were previously required to be measured at fair value.

This statement requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. Governments should organize these disclosures by type of asset or liability reported at fair value. It also requires additional disclosures regarding investments in certain entities that calculate net asset value per share (or its equivalent).

- d. **Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement No. 68*** was issued in June of 2015. The provisions of this standard are two (2) tiered. Amendments to GASB No 68 are required to be reported with the close of September 30, 2016. The elements of this pronouncement dealing with defined benefit pensions that are not within the scope of Statement No. 68 will have disclosure requirements effective as of September 30, 2016 and financial reporting requirements effective as of September 30, 2017.

The requirements of this statement will improve financial reporting by establishing a single framework for the presentation of information about pensions, which will enhance the comparability of pension-related information reported by employers and non-employer contributing entities.

**TOWN OF LAKE PLACID, FLORIDA**  
**AUDITOR'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2015**

---

This statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68 as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement No. 68. It also amends certain provisions of Statement No. 67, and Statement No. 68 for pension plans and pensions that are within their respective scopes.

The requirements of this statement extend the approach to accounting and financial reporting established in Statement No. 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement No. 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement No. 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and non-employer contributing entities.

This statement also clarifies the application of certain provisions of Statements No.'s 67 and 68 with regard to the following issues:

- **Information** that is required to be presented as notes to the 10-year schedules of required supplementary information about investment-related factors that significantly affect trends in the amounts reported.
  - **Accounting** and financial reporting for separately financed specific liabilities of individual employers and non-employer contributing entities for defined benefit pensions.
  - **Timing** of employer recognition of revenue for the support of non-employer contributing entities not in a special funding situation.
- e. **Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*** was issued in June of 2015, and is effective for financial statements for periods beginning after June 15, 2016 resulting in the Town's fiscal year ending September 30, 2017. This statement could easily be described as the GASB No. 67 for postemployment benefit plans due to the fact that it will closely follow the provisions of GASB No. 67 for pension plans.

The objective of this statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

**TOWN OF LAKE PLACID, FLORIDA**  
**AUDITOR'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2015**

---

This statement replaces Statements No. 43, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement No. 43, and Statement No. 50, *Pension Disclosures*.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain non-employer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities.

The scope of this statement includes OPEB plans (defined benefit and defined contribution) administered through trusts that meet the following criteria:

- Contributions from employers and non-employer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.
- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
- OPEB plan assets are legally protected from the creditors of employers, non-employer contributing entities, and the OPEB plan administrator. If the plan is a defined benefit OPEB plan, plan assets also are legally protected from creditors of the plan members.

The requirements of this statement will improve financial reporting primarily through enhanced note disclosures and schedules of required supplementary information that will be presented by OPEB plans that are administered through trusts that meet the specified criteria. The new information will enhance the decision-usefulness of the financial reports of those OPEB plans, their value for assessing accountability, and their transparency by providing information about measures of net OPEB liabilities and explanations of how and why those liabilities changed from year to year.

The net OPEB liability information, including ratios, will offer an up-to-date indication of the extent to which the total OPEB liability is covered by the fiduciary net position of the OPEB plan. The comparability of the reported information for similar types of OPEB plans will be improved by the changes related to the attribution method used to determine the total OPEB liability.

**TOWN OF LAKE PLACID, FLORIDA**  
**AUDITOR'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2015**

---

The contribution schedule will provide measures to evaluate decisions related to the assessment of contribution rates in comparison with actuarially determined rates, if such rates are determined. In addition, new information about rates of return on OPEB plan investments will inform financial report users about the effects of market conditions on the OPEB plan's assets over time and provide information for users to assess the relative success of the OPEB plan's investment strategy and the relative contribution that investment earnings provide to the OPEB plan's ability to pay benefits to plan members when they come due.

- f. **Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*** was issued in June of 2015, and is effective for financial statements for periods beginning after June 15, 2017 resulting in the Town's fiscal year ending September 30, 2018. This statement could easily be described as the GASB No. 68 for postemployment benefit plans due to the fact that it will closely follow the provisions of GASB No. 68 for pension plans.

The primary objective of this statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

The scope of this statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

**TOWN OF LAKE PLACID, FLORIDA**  
**AUDITOR'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2015**

---

In addition, this statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. This statement also addresses certain circumstances in which a non-employer entity provides financial support for OPEB of employees of another entity.

In this statement, distinctions are made regarding the particular requirements depending upon whether the OPEB plans through which the benefits are provided are administered through trusts that meet the following criteria:

- Contributions from employers and non-employer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.
- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
- OPEB plan assets are legally protected from the creditors of employers, non-employer contributing entities, the OPEB plan administrator, and the plan members.

The requirements of this statement will improve the decision-usefulness of information in employer and governmental non-employer contributing entity financial reports and will enhance its value for assessing accountability and inter-period equity by requiring recognition of the entire OPEB liability and a more comprehensive measure of OPEB expense. Decision-usefulness and accountability also will be enhanced through new note disclosures and required supplementary information.

- g. Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*** was issued in June of 2015, and is effective for financial statements for periods beginning after June 15, 2015 resulting in the Town's fiscal year ending September 30, 2016. This statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.

The objective of this statement is to identify (in the context of the current governmental financial reporting environment) the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This statement reduces the GAAP hierarchy to two (2) categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

**TOWN OF LAKE PLACID, FLORIDA**  
**AUDITOR'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2015**

---

The requirements in this statement improve financial reporting by: (1) raising the category of GASB Implementation Guides in the GAAP hierarchy, thus providing the opportunity for broader public input on implementation guidance; (2) emphasizing the importance of analogies to authoritative literature when the accounting treatment for an event is not specified in authoritative GAAP; and (3) requiring the consideration of consistency with the GASB Concepts Statements when evaluating accounting treatments specified in non-authoritative literature. As a result, governments will apply financial reporting guidance with less variation, which will improve the usefulness of financial statement information for making decisions and assessing accountability and enhance the comparability of financial statement information among governments.

- h. Statement No. 77, *Tax Abatement Disclosures*** was issued in August of 2015, and is effective for financial statements for periods beginning after December 15, 2015 resulting in the Town's fiscal year ending September 30, 2017.

Tax abatements are widely used by state and local governments, particularly to encourage economic development. For financial reporting purposes, this statement defines tax abatement as resulting from an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens.

This statement requires disclosure of tax abatement information about: (1) a reporting government's own tax abatement agreements; and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues.

This statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients
- The gross dollar amount of taxes abated during the period
- Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

Governments should organize those disclosures by major tax abatement program and may disclose information for individual tax abatement agreements within those programs.

**TOWN OF LAKE PLACID, FLORIDA**  
**AUDITOR'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2015**

---

Tax abatement agreements of other governments should be organized by the government that entered into the tax abatement agreement and the specific tax being abated. Governments may disclose information for individual tax abatement agreements of other governments within the specific tax being abated. For those tax abatement agreements, a reporting government should disclose:

- The names of the governments that entered into the agreements.
- The specific taxes being abated.
- The gross dollar amount of taxes abated during the period.

- i. **Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*** was issued in December of 2015, and is effective for financial statements for periods beginning after December 15, 2015 resulting in the Town's fiscal year ending September 30, 2017.

This new pronouncement amends the scope and applicability of GASB No. 68 to **exclude** pensions provided via a cost-sharing multiple-employer defined benefit plan that meets the following:

- Plan is **not** a state or local government pension plan;
- Plan is used to provide defined benefit pensions to **both** governmental and private sector employees; and,
- Plan has **no predominant state or local governmental employer** (individually or collectively).

For plans described above, this standard establishes requirements for measurement and recognition of:

- Pension expense;
- Expenditures;
- Liabilities;
- Note disclosures; and,
- Required supplementary information (RSI).

We do not expect this pronouncement to affect the financial reporting of the Town.

- j. **Statement No. 79, *Certain External Investment Pools and Pool Participants*** was issued in December of 2015, and is effective for financial statements for periods beginning after June 15, 2015 resulting in the Town's fiscal year ending September 30, 2016.

This pronouncement establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes.

**TOWN OF LAKE PLACID, FLORIDA**  
**AUDITOR'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2015**

---

This new standard also establishes additional note disclosures for the pool and the pool participants. Specifically, the new disclosures address:

- How the external investment pool transacts with participants;
- Requirements for portfolio maturity, quality, diversification, and liquidity;
- Calculation and requirements of a shadow price (the amortized value rather than the assigned market value which is normally a nominal value of \$1.00 per share).

If a pool does not meet the above specifics, then pool participants should measure their investments in that pool at fair value (and not at amortized cost), as provided by GASB No. 31. We do not expect this pronouncement to affect the financial reporting of the Town.

- k. Statement No. 80, *Blending Requirements for Certain Component Units – an Amendment of GASB Statement No. 14*** was issued in January of 2016, and is effective for financial statements for periods beginning after June 15, 2016 resulting in the Town's fiscal year ending September 30, 2017.

This new standard amends the blending requirements established by paragraph 53 of GASB No. 14. This statement requires blending of not-for-profit component units whose primary government is the sole corporate member. This statement does not apply to component units included in the provisions of GASB No. 39. We do not expect this pronouncement to affect the financial reporting of the Town.

- l. Statement No. 81, *Irrevocable Split-Interest Agreements*** was issued in March of 2016, and is effective for financial statements for periods beginning after December 15, 2016 resulting in the Town's fiscal year ending September 30, 2018.

Irrevocable split-interest agreements (which are prevalent at colleges and universities) whereby split-interest agreements in which an asset is given to a government in trust. During stated term of the trust the income generated by the trust goes to the donor and when the trust ends then the assets become the governments. We do not expect this pronouncement to affect the financial reporting of the Town.

- m. Other Pending or Current GASB Projects.** As noted by the numerous pronouncements issued by GASB over the past decade, the GASB continues to research various projects of interest to governmental units. Subjects of note include:

- **Capital leases or operating leases** continues to be a hot topic. Looking into whether all leases should be treated the same way. Final standard expected in 2016.

**TOWN OF LAKE PLACID, FLORIDA**  
**AUDITOR'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2015**

---

- **Asset retirement obligations** in which the GASB is considering standards for reporting liabilities related to obligations to perform procedures to close certain capital assets, such as nuclear power plants. This concept would not change existing standards such as GASB 18 (landfills) or GASB 49 (pollution remediation). Final standard expected in 2016.
- **Fiduciary responsibilities** and new definitions for fiduciary funds and use of whether a government has “control” and who benefits to determine accounting as fiduciary. Final standard expected in 2016.
- **Re-Examination of the Financial Reporting Model.** GASB has added this project to its technical agenda to make improvements to the existing financial reporting model (established via GASB 34). Improvements are meant to enhance the effectiveness of the model in providing information for decision-making and assessing a government’s accountability. GASB anticipates issuing an initial due process document on this project by the end of 2016.
- **Conceptual Framework** is a constant matter being looked at by GASB. Current measurement focus statements (for governmental funds) to change to near-term financial resources measurement. May dictate a period (such as 60 days) for revenue and expenditure recognition. May expense thing such as supplies and prepaid assets at acquisition. Will look into which balances (at all statement levels) are measured at acquisition and which need to be re-measured at year-end. Project placed on hold for now.
- **Economic Condition Reporting** is another long-term matter being looked into by GASB. Includes presentation of information on fiscal sustainability (including projections). Tabled for now pending resolution to issues raised on GASBs scope.

**Single Audit Standards**

There continues to be changes to auditing standards relative to the conduct and reporting of Single Audits. This year’s financial and compliance audit recognized the implementation of the new Uniform Grant Guidance (a/k/a “Uniform Guidance” or “UG”) which included significant changes to cost principles and other requirements for auditees receiving Federal funds.

These changes are driven based on the grant award date as awarded by the Federal agency. As such, auditors and auditees will follow requirements from both the “old” and “new” guidance for a few years to come.

Beginning with fiscal years ending December 31, 2015, additional changes to audit requirements will be effective. These include changes to the:

- Threshold requiring a Single Audit (from \$500,000 to \$750,000);
- Major program thresholds; and
- Percentage coverage thresholds (for low risk from 25% to 20% and for high risk from 50% to 40%).

TOWN OF LAKE PLACID, FLORIDA  
AUDITOR'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2015

---

**COMPLIMENTARY CONTINUING EDUCATION  
AND NEWSLETTERS FOR GOVERNMENTAL CLIENTS**

**Complimentary Continuing Education.** We provide complimentary continuing education for all of our governmental clients. Annually, we pick a couple of significant topics tailored to be of interest to governmental entities. We provide these complimentary services typically in the summer months over a two day period and typically see 40 to 50 people. We obtain the input and services of experienced outside speakers along with providing the instruction utilizing our in-house professionals. We hope Town staff and officials have been able to participate in this opportunity, and that it has been beneficial to you. Examples of subjects addressed in the past include:

1. GASB updates (several sessions);
2. Internal Controls Over Revenue and Cash Receipting;
3. Internal Controls Over Accounts Payable, Payroll and Cash Disbursements;
4. Capital Asset Accounting Processes and Controls;
5. Grant Accounting Processes and Controls;
6. Policies and Procedures Manuals;
7. Segregation of Duties;
8. GASB No. 51, Intangible Assets;
9. Single Audits for Auditees;
10. GASB No. 54, Governmental Fund Balance (subject addressed twice);
11. Best Budgeting Practices, Policies and Processes;
12. Internal Revenue Service (IRS) Compliance Issues, Primarily Payroll Matters;
13. CAFR Preparation (several times including a two day hands-on course);
14. GASB No. 60, Service Concession Arrangements (webcast);
15. GASB No.'s 63 and 65, Deferred Inflows and Outflows (webcast);
16. GASB No. 61, the Financial Reporting Entity (webcast);
17. GASB No. 67, Financial Reporting for Pension Plans;
18. GASB No. 68, Accounting and Reporting for Pensions.

**Governmental Newsletters.** We produce newsletters tailored to meet the needs of governments. The newsletters have addressed a variety of subjects and are intended to be timely in their subject matter. The newsletters are authored by Mauldin & Jenkins partners and managers, and are not purchased from an outside agency. The newsletters are produced and delivered periodically (approximately six times per year), and are intended to keep you informed of current developments in the government finance environment.

**Communication.** In an effort to better communicate our complimentary continuing education plans and newsletters, please email Lauren Wood at [LWood@mjcpa.com](mailto:LWood@mjcpa.com) and provide to her individual names, mailing addresses, email addresses, and phone numbers of anyone you wish to participate and be included in our database.

**TOWN OF LAKE PLACID, FLORIDA**  
**AUDITOR'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2015**

---

**CLOSING**

We believe the implementation of these suggestions will enhance both the control environment and the financial reporting process, making both more effective. We also believe these recommendations can be easily implemented, and all problems resolved quite timely should management elect to employ the corrective measures. If you have any questions regarding any comments, suggestions or recommendations set forth in this memorandum, we will be pleased to discuss it with you at your convenience.

This information is intended solely for the use of the Town's management, and others within the Town's organization and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the opportunity to serve the Town of Lake Placid, Florida, and look forward to serving the Town in the future. Thank you.

**TOWN OF LAKE PLACID, FLORIDA**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
SEPTEMBER 30, 2015**

**THIS PAGE INTENTIONALLY LEFT BLANK**

**TOWN OF LAKE PLACID, FLORIDA  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

TABLE OF CONTENTS

FINANCIAL SECTION

	<u>Page</u>
Independent Auditor's Report.....	1
Management's Discussion and Analysis.....	3
 Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position.....	11
Statement of Activities.....	12
Fund Financial Statements	
Balance Sheet – Governmental Funds.....	13
Reconciliation of the Balance Sheet – Governmental Funds To the Statement of Net Position .....	14
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds .....	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	16
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual—General Fund.....	17
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual—Infrastructure Fund.....	18
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual—Grant Fund .....	19
Statement of Net Position – Proprietary Funds .....	20
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds .....	21
Statement of Cash Flows – Proprietary Funds .....	22
Notes to Financial Statements.....	24
 Required Supplementary Information:	
Schedule of the Town’s Proportionate Share of the Net Pension Liability - FRS.....	47
Schedule of Contributions - FRS .....	48
Schedule of the Town’s Proportionate Share of the Net Pension Liability - HIS .....	49
Schedule of Contributions - HIS .....	50

OTHER REPORTS

Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	51
Schedule of Findings and Responses .....	53
Schedule of Prior Year Findings .....	55
Independent Auditor's Management Letter .....	56
Independent Auditor's Report – Investment Compliance .....	58

**THIS PAGE INTENTIONALLY LEFT BLANK**



## INDEPENDENT AUDITOR'S REPORT

---

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **Town of Lake Placid, Florida** (the "Town"), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

---

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund, the Infrastructure Fund, and the Grant Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Note 12, the Town implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, as well as Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, as of October 1, 2014. These standards significantly changed the accounting for the Town’s net pension liability and the related disclosures. Our opinions are not modified with respect to this matter.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis on pages 4 through 12 and the schedule of the Town’s proportionate share of the net pension liability and schedule of contributions on pages x through x, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2016, on our consideration of the Town’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

*Mauldin & Jenkins, LLC*

Bradenton, Florida  
June 22, 2016

TOWN OF LAKE PLACID, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2015  
(Unaudited)

---

This discussion and analysis of the Town of Lake Placid, Florida (the "Town"), is to inform readers of the Town's financial performance and provide an overview of the activities for the fiscal year ending September 30, 2015. The information contained in this Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events and conditions. This discussion and analysis is intended to be read in conjunction with the accompanying basic financial statements.

### FINANCIAL HIGHLIGHTS

- The Town's combined assets and deferred outflows exceeded its liabilities and deferred inflows by \$18,110,784. Total Net Position increased \$65,292, from last years restated net position.
- Compared to last year, net position from Governmental Activities changed by (\$330,917). Net position from Business-type Activities changed by \$396,209.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

#### Government-wide Financial Statements

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

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

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

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

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

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

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

TOWN OF LAKE PLACID, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2015  
(Unaudited)

---

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

## **Reporting the Town's Most Significant Funds**

### **Fund Financial Statements**

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

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

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

### **Notes to the Financial Statements**

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

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

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

TOWN OF LAKE PLACID, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2015  
(Unaudited)

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

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

**Statement of Net Position**

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

At the end of the fiscal year, September 30, 2015, the Town reported positive balances in all three categories of net position: the Town as a whole, as well as for its separate governmental and business-type activities.

**Statement of Net Position  
As of September 30, 2015**

	Governmental Activities		Business-type Activities		Totals	
	2015	(Restated) 2014	2015	(Restated) 2014	2015	(Restated) 2014
Current and other assets	\$ 3,047,909	\$ 3,434,538	\$ 3,599,610	\$ 3,283,881	\$ 6,647,519	\$ 6,718,419
Capital assets	3,010,067	3,094,042	11,273,430	11,160,130	14,283,497	14,254,172
Total assets	<u>6,057,976</u>	<u>6,528,580</u>	<u>14,873,040</u>	<u>14,444,011</u>	<u>20,931,016</u>	<u>20,972,591</u>
Deferred outflows	357,217	24,496	267,842	18,367	625,059	42,863
Other liabilities	70,100	456,151	413,841	382,267	483,941	838,418
Long-term liabilities	787,046	480,126	1,698,069	1,651,418	2,485,115	2,131,544
Total liabilities	<u>857,146</u>	<u>936,277</u>	<u>2,111,910</u>	<u>2,033,685</u>	<u>2,969,056</u>	<u>2,969,962</u>
Deferred inflows	272,165	-	204,070	-	476,235	-
Net position:						
Net investment in capital assets	3,010,067	3,094,042	10,135,970	9,915,434	13,146,037	13,009,476
Restricted	1,422,523	1,334,069	451,503	444,390	1,874,026	1,778,459
Unrestricted	853,292	1,188,688	2,237,429	2,068,869	3,090,721	3,257,557
Total net position	<u>\$ 5,285,882</u>	<u>\$ 5,616,799</u>	<u>\$ 12,824,902</u>	<u>\$ 12,428,693</u>	<u>\$ 18,110,784</u>	<u>\$ 18,045,492</u>

The largest portion of the Town's net position, \$13,146,037 reflects the Town's investment in capital assets less any related outstanding debt used to acquire those assets. The Town uses these capital assets to supply services to citizens. These assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay these debts must be provided from other sources, since the capital assets themselves cannot be used to liquidate liabilities.

An additional portion of the Town's net position, \$1,874,026 represents resources that are subjected to external restrictions, on how they may be used. The major restrictions on net position are funding source restrictions. The remaining balance of total net position of \$3,090,721 is unrestricted and may be utilized to meet the Town's obligations to citizens and creditors.

TOWN OF LAKE PLACID, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2015  
(Unaudited)

**Statement of Activities**

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

**Statement of Activities  
As of September 30, 2015**

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 56,913	\$ 57,571	\$ 2,377,733	\$ 2,302,084	\$ 2,434,646	\$ 2,359,655
Operating grants and contributions	163,703	143,699	-	-	163,703	143,699
Capital grants and contributions	389,298	750,391	154,000	-	543,298	750,391
General revenues:						
Property taxes	584,036	576,469	-	-	584,036	576,469
Other taxes	909,762	903,468	-	-	909,762	903,468
Other	92,684	123,381	43,462	28,400	136,146	151,781
Total revenues	<u>2,196,396</u>	<u>2,554,979</u>	<u>2,575,195</u>	<u>2,330,484</u>	<u>4,771,591</u>	<u>4,885,463</u>
Operating Expenses:						
General government	262,750	170,297	-	-	262,750	170,297
Public safety	927,512	754,521	-	-	927,512	754,521
Transportation	515,799	363,929	-	-	515,799	363,929
Culture and recreation	365,427	332,129	-	-	365,427	332,129
Interest	-	-	-	-	-	-
Water	-	-	1,333,270	1,301,051	1,333,270	1,301,051
Wastewater	-	-	719,932	650,904	719,932	650,904
Sanitation	-	-	533,786	493,600	533,786	493,600
Cemetery	-	-	47,823	38,151	47,823	38,151
Total operating expenses	<u>2,071,488</u>	<u>1,620,876</u>	<u>2,634,811</u>	<u>2,483,706</u>	<u>4,706,299</u>	<u>4,104,582</u>
Increase in net position before transfers	124,908	934,103	(59,616)	(153,222)	65,292	780,881
Transfers	(455,825)	(219,872)	455,825	219,872	-	-
Change in net position	(330,917)	714,231	396,209	66,650	65,292	780,881
Net position, beginning - as restated	5,616,799	4,902,568	12,428,693	12,362,043	18,045,492	17,264,611
Net position, ending	<u>\$ 5,285,882</u>	<u>\$ 5,616,799</u>	<u>\$ 12,824,902</u>	<u>\$ 12,428,693</u>	<u>\$ 18,110,784</u>	<u>\$ 18,045,492</u>

**Governmental Activities**

Compared to last year, the Town's governmental net position changed by (\$330,917), due to grant activity in operating expense, a decrease in grant revenue received, and an increase in the net pension liability.

TOWN OF LAKE PLACID, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2015  
(Unaudited)

---

**Business-type Activities**

Compared to last year, the Town's total business-type net position changed by \$396,209. This change is mainly due to capital contributions.

**FINANCIAL ANALYSIS OF THE TOWN'S FUNDS**

**Governmental Funds**

*General Government*, which includes administrative, planning and zoning expenses, are offset with revenues collected from taxes and governmental fees. This fiscal year, General Government expenditures increased due to grant activity. Grant funding is a major fund and is being treated as such. Grant expenditures totaled \$470,998. The *Grant Fund* accounts for the grant revenues and expenditures relating to major public works' projects.

*Public Safety*, which includes police and code enforcement, experienced an overall increase in expenses of \$58,331. The increase was due to an increase in capital outlay of \$37,600.

*Transportation*, which includes streets and roads, experienced an increase in expenses of \$79,900 due to road maintenance.

*Recreation*, which includes parks and recreational areas, increased costs by \$33,300. This increase was primarily due to an increase in repair and maintenance for greatly needed upgrades and operational expense. Parks and recreation operating expenses are primarily offset with revenues collected from general governmental taxes and fees. The County also provides financial support to this department.

The *Infrastructure Fund*, which relates to fixed capital expenditure and fixed capital outlay related with the construction or improvement of public facilities, land acquisitions or improvement, design and engineering costs related thereto, had zero expenditures for the year. A transfer of \$81,700 was transferred into the Grant Fund to comply with grant requirements. Infrastructure expenditures were offset by revenues collected from Infrastructure Surtax and interest income.

**Proprietary Funds**

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

Business-type activities, which include: Water, Wastewater, Cemetery, and Sanitation netted an increase over last year's business-type expenses by \$151,105. This expense was offset by total revenues and transfers-in of the business-type activities.

*Water System* operational and capital outlay obligations are being met timely. When compared to last year, water expenses increased only by \$26,094. *Wastewater* expenses increased \$59,577, due to wastewater plant and lines upgrade.

*Sanitation*, which includes miscellaneous trash and brush disposal for residential and commercial customers, had no significance increase in expenses. The main contributing factors in this increase were due to repairs and maintenance. Sanitation and refuse removal services are limited to commercial and residential customers residing within the Town's limits.

TOWN OF LAKE PLACID, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2015  
(Unaudited)

---

No significant change in Cemetery operations. *Cemetery*, which includes cemetery lot sales, mausoleum spaces and memorial fees, experienced a slight increase in expenses due to transfer-out to the cemetery trust account.

### **BUDGETARY HIGHLIGHTS**

This fiscal year, General Fund overall actual to budget variance was a positive \$80,026.

The cause of the General budget variance is due to actual revenue below budgeted revenue of (\$613,232) and actual expenditures below budgeted expenditures of \$978,010, which resulted in a shortage of revenues over expenditures of \$364,778. The shortage is mainly due to budgeted grant revenue not received.

### **CAPITAL ASSET AND DEBT ADMINISTRATION**

Capital Assets—The Town's capital assets, for its governmental and business-type activities, as of September 30, 2015, are \$14,283,497. This investment in capital assets includes land, buildings, improvements, vehicles and equipment, water system and wastewater system improvements and upgrades.

#### **Governmental Activities**

Government-Activities capital assets decreased by (\$83,975), from the prior year, due to current year depreciation expense exceeding additions. For further details, see Note 5 – Capital Assets

This year's Government-type capital projects completed

- Purchase of equipment
- Sidewalks
- Streets
- Land Purchase
- Parking
- Software upgrade

Government -type capital projects in progress, as of September 30, 2015

- CDBG Project for Streets
- Streets, Roads and Sidewalks Improvement
- Alleyways

Future Governmental projects

- Road and Sidewalk Improvement
- Alleyways

TOWN OF LAKE PLACID, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2015  
(Unaudited)

**Business-type Activities**

Business-type capital assets convey an increase of \$113,300, from the prior year, due to wastewater improvements. For further details, see Note 5 – Capital Assets

This year's Business-type capital projects completed

- Replace meters and lines
- CDBG Project for Wastewater
- Software upgrade

Business-type capital projects in progress, as of September 30, 2015

- Water meters
- Wastewater connections
- Wastewater Plant assessment
- Capital projects – Generator
- Equipment

Future Business-type projects

- Water Lines Improvement
- Wastewater Plant Improvement

**Long-term Liabilities and Pension Plans**

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

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

**Debt Outstanding  
As of September 30, 2015**

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Compensated absences	\$ 98,310	\$ 60,050	\$ 44,194	\$ 91,748	\$ 142,504	\$ 151,798
Net pension liability	688,736	420,076	516,415	314,974	1,205,151	735,050
Loans payable	-	-	1,137,460	1,244,696	1,137,460	1,244,696
<b>Total debt</b>	<b>\$ 787,046</b>	<b>\$ 480,126</b>	<b>\$ 1,698,069</b>	<b>\$ 1,651,418</b>	<b>\$ 2,485,115</b>	<b>\$ 2,131,544</b>

**Governmental Activities**

Total governmental debt outstanding is zero as all debt related to governmental activities was paid off in prior years and no new debt was issued.

TOWN OF LAKE PLACID, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2015  
(Unaudited)

---

New accounting standards for the Town's retirement system (the Florida Retirement System) were implemented in the current year. GASB 68 Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, as well as the requirements of Statement No. 50, Pension Disclosures were required to be adopted by the Town during 2015. The new GASB statements require the Town's proportionate share of the net pension liability (NPL) of the Florida Retirement System, to be recognized on the balance sheets of the Town and other participating employers. For further details about the Town's pension plan please see Note 8 – Pension Plan.

#### **Business-type Activities**

The remaining balance of Business-type loan payables is currently \$1,137,460. For further details, see Note 7– Long Term Liabilities

From wastewater revenue, the Town of Lake Placid paid two semi-annual payments to the State of Florida Department of Environmental Protection (*SRF Loan I*) for the construction of the wastewater treatment plant, the North Main Street lift station and the maintenance warehouse. The principal payments amounted to \$55,889.

From wastewater revenue, the Town of Lake Placid paid two semi-annual payments to the Department of Environmental Protection (*SRF Loan II*) for the Gravity and Low Pressure Wasterwater Collection System. Total principal paid was \$51,346.

#### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The General Fund adopted the final levying of Ad Valorem taxes at an operating millage rate of 3.65 mills.

The following key factors were considered in preparing the budgets for the 2015-2016 fiscal year:

- There was a 1% to 5% salary increase to compensate for inflation and the cost of living. Some employees received a merit raise. The merit raise depended upon the employee's job performance or job certification.

#### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Town of Lake Placid finances for anyone with an interest. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Finance Manager, Town of Lake Placid, 311 W. Interlake Boulevard, Lake Placid, Florida 33852.

**BASIC FINANCIAL STATEMENTS**

**THIS PAGE INTENTIONALLY LEFT BLANK**

**TOWN OF LAKE PLACID, FLORIDA**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2015**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 2,650,532	\$ 2,681,518	\$ 5,332,050
Investments	61,215	-	61,215
Accounts receivables, net	36,138	242,312	278,450
Due from other governments	59,430	245	59,675
Internal balances	240,594	(240,594)	-
Inventory	-	162,553	162,553
Restricted asset, cash and cash equivalents	-	704,733	704,733
Restricted investments	-	48,843	48,843
Capital assets			
Non-depreciable	1,009,499	575,253	1,584,752
Depreciable, net	2,000,568	10,698,177	12,698,745
Total assets	<u>6,057,976</u>	<u>14,873,040</u>	<u>20,931,016</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows - pension	357,217	267,842	625,059
Total assets and deferred outflows	<u>\$ 6,415,193</u>	<u>\$ 15,140,882</u>	<u>\$ 21,556,075</u>
<b>Liabilities</b>			
Accounts payable	\$ 33,157	\$ 89,022	\$ 122,179
Accrued liabilities	36,943	34,004	70,947
Accrued interest payable	-	4,079	4,079
Customer deposits payable	-	286,736	286,736
Noncurrent liabilities			
Due within one year	59,000	135,621	194,621
Due in more than one year	728,046	1,562,448	2,290,494
Total liabilities	<u>857,146</u>	<u>2,111,910</u>	<u>2,969,056</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows - pension	<u>272,165</u>	<u>204,070</u>	<u>476,235</u>
<b>Net position</b>			
Net investment in capital assets	3,010,067	10,135,970	13,146,037
Restricted for			
Infrastructure	1,405,698	-	1,405,698
Park improvements	16,247	-	16,247
Law enforcement	578	-	578
Cemetery long-term care	-	314,756	314,756
Debt service	-	136,747	136,747
Unrestricted	853,292	2,237,429	3,090,721
Total net position	<u>5,285,882</u>	<u>12,824,902</u>	<u>18,110,784</u>
Total liabilities, deferred inflows and net position	<u>\$ 6,415,193</u>	<u>\$ 15,140,882</u>	<u>\$ 21,556,075</u>

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

**TOWN OF LAKE PLACID, FLORIDA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Functions/programs</b>							
<b>Governmental activities</b>							
General government	\$ 262,750	\$ 25,799	\$ -	\$ -	\$ (236,951)	\$ -	\$ (236,951)
Public safety	927,512	13,274	2,116	389,298	(522,824)	-	(522,824)
Transportation	515,799	-	51,587	-	(464,212)	-	(464,212)
Culture/recreation	365,427	17,840	110,000	-	(237,587)	-	(237,587)
<b>Total governmental activities</b>	<u>2,071,488</u>	<u>56,913</u>	<u>163,703</u>	<u>389,298</u>	<u>(1,461,574)</u>	<u>-</u>	<u>(1,461,574)</u>
<b>Business-type activities</b>							
Water	1,333,270	1,256,225	-	154,000	-	76,955	76,955
Wastewater	719,932	663,591	-	-	-	(56,341)	(56,341)
Sanitation	533,786	432,713	-	-	-	(101,073)	(101,073)
Cemetery	47,823	25,204	-	-	-	(22,619)	(22,619)
Total business-type activities	<u>2,634,811</u>	<u>2,377,733</u>	<u>-</u>	<u>154,000</u>	<u>-</u>	<u>(103,078)</u>	<u>(103,078)</u>
<b>Total primary government</b>	<u>\$ 4,706,299</u>	<u>\$ 2,434,646</u>	<u>\$ 163,703</u>	<u>\$ 543,298</u>	<u>(1,461,574)</u>	<u>(103,078)</u>	<u>(1,564,652)</u>
<b>General revenues</b>							
<b>Taxes</b>							
Property taxes					584,036	-	584,036
Gas taxes					80,164	-	80,164
Infrastructure taxes					218,746	-	218,746
Communications services tax					99,108	-	99,108
Franchise fees					187,211	-	187,211
Utility taxes					213,708	-	213,708
Half cent sales tax					110,825	-	110,825
State shared revenues					73,109	-	73,109
Investment earnings					7,380	5,245	12,625
Miscellaneous					11,595	37,227	48,822
Gain on sale of capital asset					600	990	1,590
<b>Transfers</b>					(455,825)	455,825	-
Total general revenues and transfers					<u>1,130,657</u>	<u>499,287</u>	<u>1,629,944</u>
<b>Change in net position</b>					<u>(330,917)</u>	<u>396,209</u>	<u>65,292</u>
<b>Net position, beginning of year</b>					<u>5,616,799</u>	<u>12,428,693</u>	<u>18,045,492</u>
<b>Net position, end of year</b>					<u>\$ 5,285,882</u>	<u>\$ 12,824,902</u>	<u>\$ 18,110,784</u>

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

**TOWN OF LAKE PLACID, FLORIDA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2015**

	<u>General Fund</u>	<u>Infrastructure Fund</u>	<u>Grant Fund</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 1,305,261	\$ 1,345,271	\$ -	\$ 2,650,532
Investments	61,215	-	-	61,215
Accounts receivable, net	36,138	-	-	36,138
Due from other funds	21,942	60,427	630	82,999
Due from other governments	59,430	-	-	59,430
Advances to other funds	186,560	-	-	186,560
<b>Total assets</b>	<u>\$ 1,670,546</u>	<u>\$ 1,405,698</u>	<u>\$ 630</u>	<u>\$ 3,076,874</u>
<b>Liabilities and fund balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 32,527	\$ -	\$ 630	\$ 33,157
Accrued liabilities	36,943	-	-	36,943
Due to other funds	28,965	-	-	28,965
<b>Total liabilities</b>	<u>98,435</u>	<u>-</u>	<u>630</u>	<u>99,065</u>
<b>Fund balances</b>				
<b>Nonspendable</b>				
Advances to other funds	186,560	-	-	186,560
<b>Restricted</b>				
Infrastructure improvements	-	1,405,698	-	1,405,698
Park improvements	16,247	-	-	16,247
Law enforcement	578	-	-	578
<b>Assigned</b>				
Capital improvements	552,723	-	-	552,723
Unassigned	816,003	-	-	816,003
<b>Total fund balances</b>	<u>1,572,111</u>	<u>1,405,698</u>	<u>-</u>	<u>2,977,809</u>
<b>Total liabilities and fund balances</b>	<u>\$ 1,670,546</u>	<u>\$ 1,405,698</u>	<u>\$ 630</u>	<u>\$ 3,076,874</u>

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

**TOWN OF LAKE PLACID, FLORIDA  
RECONCILIATION OF THE BALANCE SHEET-  
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2015**

<b>Fund balances, total governmental funds</b>		<b>\$ 2,977,809</b>
 Amounts reported for governmental activities in the Statement of Net Position are different because:		
 Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		
Governmental capital assets	\$ 5,693,039	
Accumulated depreciation	<u>(2,682,972)</u>	3,010,067
 Deferred outflows, deferred inflows, and the net pension liability related to the Town's pension plan are not expected to be liquidated with expendable available financial resources and, therefore are not reported in the funds.		
Deferred outflows - pensions	357,217	
Deferred inflows - pensions	(272,165)	
Net pension liability	<u>(688,736)</u>	(603,684)
 Noncurrent liabilities, are not due and payable in the current period and therefore, are not reported in the funds.		
Compensated absences		<u>(98,310)</u>
 <b>Net position of governmental activities</b>		 <b><u><u>\$ 5,285,882</u></u></b>

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

**TOWN OF LAKE PLACID, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<u>General Fund</u>	<u>Infrastructure Fund</u>	<u>Grant Fund</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>				
Taxes	\$ 1,164,227	\$ 218,746	\$ -	\$ 1,382,973
Licenses and permits	36,332	-	-	36,332
Intergovernmental revenues	347,637	-	389,298	736,935
Fines and forfeitures	12,965	-	-	12,965
Impact fees	-	-	-	-
Investment earnings	4,725	2,655	-	7,380
Miscellaneous revenues	19,211	-	-	19,211
<b>Total revenues</b>	<u>1,585,097</u>	<u>221,401</u>	<u>389,298</u>	<u>2,195,796</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	308,394	-	-	308,394
Public safety	796,827	-	-	796,827
Transportation	364,238	-	-	364,238
Culture and recreation	199,692	-	-	199,692
<b>Capital outlay</b>	37,577	51,247	470,998	559,822
<b>Total expenditures</b>	<u>1,706,728</u>	<u>51,247</u>	<u>470,998</u>	<u>2,228,973</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(121,631)</u>	<u>170,154</u>	<u>(81,700)</u>	<u>(33,177)</u>
<b>Other financing sources (uses)</b>				
Proceeds from the sale of capital assets	600	-	-	600
Transfers in	31,999	-	81,700	113,699
Transfers out	-	(81,700)	-	(81,700)
<b>Total other financing sources (uses)</b>	<u>32,599</u>	<u>(81,700)</u>	<u>81,700</u>	<u>32,599</u>
<b>Change in fund balances</b>	(89,032)	88,454	-	(578)
<b>Fund balances, beginning of year</b>	<u>1,661,143</u>	<u>1,317,244</u>	<u>-</u>	<u>2,978,387</u>
<b>Fund balances, end of year</b>	<u>\$ 1,572,111</u>	<u>\$ 1,405,698</u>	<u>\$ -</u>	<u>\$ 2,977,809</u>

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

**TOWN OF LAKE PLACID, FLORIDA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

**Net Change in Fund Balances – Total Governmental Funds** \$ (578)

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is depreciated over their estimated useful lives.

Capital outlay	\$ 184,423	
Less current year depreciation	<u>(268,398)</u>	(83,975)

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

Pension expense		(208,104)
Change in compensated absences		<u>(38,260)</u>

**Change in net position of governmental activities** \$ (330,917)

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

**TOWN OF LAKE PLACID, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES—BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 1,184,892	\$ 1,167,442	\$ 1,164,227	\$ (3,215)
Licenses and permits	35,778	36,332	36,332	-
Intergovernmental revenues	555,297	957,667	347,637	(610,030)
Fines and forfeitures	9,000	13,070	12,965	(105)
Investment earnings	3,700	4,701	4,725	24
Miscellaneous revenues	13,745	19,117	19,211	94
Total revenues	<u>1,802,412</u>	<u>2,198,329</u>	<u>1,585,097</u>	<u>(613,232)</u>
<b>Expenditures</b>				
Current				
General government	313,040	377,863	308,394	69,469
Public safety	764,287	838,222	796,827	41,395
Transportation	407,856	396,662	364,238	32,424
Culture and recreation	159,456	207,920	199,692	8,228
Capital outlay	390,981	864,071	37,577	826,494
Total expenditures	<u>2,035,620</u>	<u>2,684,738</u>	<u>1,706,728</u>	<u>978,010</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(233,208)</u>	<u>(486,409)</u>	<u>(121,631)</u>	<u>364,778</u>
<b>Other financing sources (uses)</b>				
Proceeds from the sale of capital assets	-	600	600	-
Transfers in	278,773	316,751	31,999	(284,752)
Transfers out	(15,000)	-	-	-
Total other financing sources (uses)	<u>263,773</u>	<u>317,351</u>	<u>32,599</u>	<u>(284,752)</u>
<b>Change in fund balance</b>	30,565	(169,058)	(89,032)	80,026
<b>Fund balance, beginning of year</b>	<u>1,661,143</u>	<u>1,661,143</u>	<u>1,661,143</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 1,691,708</u>	<u>\$ 1,492,085</u>	<u>\$ 1,572,111</u>	<u>\$ 80,026</u>

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

**TOWN OF LAKE PLACID, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES—BUDGET AND ACTUAL**  
**INFRASTRUCTURE FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 203,622	\$ 243,241	\$ 218,746	\$ (24,495)
Investment earnings	2,000	2,655	2,655	-
Total revenues	<u>205,622</u>	<u>245,896</u>	<u>221,401</u>	<u>(24,495)</u>
<b>Expenditures</b>				
Capital outlay	175,000	392,737	51,247	341,490
Total expenditures	<u>175,000</u>	<u>392,737</u>	<u>51,247</u>	<u>341,490</u>
<b>Excess of revenues over expenditures</b>	<u>30,622</u>	<u>(146,841)</u>	<u>170,154</u>	<u>316,995</u>
<b>Other financing sources (uses)</b>				
Transfers in	18,088	349,069	-	(349,069)
Transfers out	(71,770)	(238,404)	(81,700)	156,704
Total other financing sources (uses)	<u>(53,682)</u>	<u>110,665</u>	<u>(81,700)</u>	<u>(192,365)</u>
<b>Change in fund balance</b>	(23,060)	(36,176)	88,454	124,630
<b>Fund balance, beginning of year</b>	<u>1,317,244</u>	<u>1,317,244</u>	<u>1,317,244</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 1,294,184</u>	<u>\$ 1,281,068</u>	<u>\$ 1,405,698</u>	<u>\$ 124,630</u>

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

**TOWN OF LAKE PLACID, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES—BUDGET AND ACTUAL**  
**GRANT FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental revenues	\$ -	\$ -	\$ 389,298	\$ 389,298
Total revenues	<u>-</u>	<u>-</u>	<u>389,298</u>	<u>389,298</u>
<b>Expenditures</b>				
Capital outlay	-	-	470,998	(470,998)
Total expenditures	<u>-</u>	<u>-</u>	<u>470,998</u>	<u>(470,998)</u>
<b>Deficiency of revenues under expenditures</b>	<u>-</u>	<u>-</u>	<u>(81,700)</u>	<u>(81,700)</u>
<b>Other financing sources</b>				
Transfers in	-	-	81,700	81,700
Total other financing sources	<u>-</u>	<u>-</u>	<u>81,700</u>	<u>81,700</u>
<b>Change in fund balance</b>	-	-	-	-
<b>Fund balance (deficit), beginning of year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance (deficit), end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**TOWN OF LAKE PLACID, FLORIDA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2015**

	Enterprise Funds				
	Water	Wastewater	Sanitation	Cemetery (Nonmajor)	
<b>Assets</b>					
Current assets					
Cash and cash equivalents	\$ 2,148,307	\$ 323,450	\$ 170,877	\$ 38,884	\$ 2,681,518
Restricted cash and cash equivalents	229,657	140,826	19,494	314,756	704,733
Accounts receivable, net	154,031	58,101	30,180	-	242,312
Due from other governments	-	-	245	-	245
Due from other funds	19,126	103,710	52,440	265	175,541
Inventory	58,141	8,821	-	95,591	162,553
Total current assets	<u>2,609,262</u>	<u>634,908</u>	<u>273,236</u>	<u>449,496</u>	<u>3,966,902</u>
Noncurrent assets					
Restricted investments	-	-	-	48,843	48,843
Capital assets, non-depreciable	151,113	420,987	-	3,153	575,253
Capital assets, net	6,410,496	4,036,824	218,588	32,269	10,698,177
Total noncurrent assets	<u>6,561,609</u>	<u>4,457,811</u>	<u>218,588</u>	<u>84,265</u>	<u>11,322,273</u>
Total assets	<u>9,170,871</u>	<u>5,092,719</u>	<u>491,824</u>	<u>533,761</u>	<u>15,289,175</u>
<b>Deferred Outflows of Resources</b>					
Deferred outflows - pension	150,040	61,194	51,223	5,385	267,842
Total assets and deferred outflows	<u>\$ 9,320,911</u>	<u>\$ 5,153,913</u>	<u>\$ 543,047</u>	<u>\$ 539,146</u>	<u>\$ 15,557,017</u>
<b>Liabilities</b>					
Current liabilities					
Accounts payable	\$ 23,828	\$ 25,784	\$ 35,787	\$ 3,623	\$ 89,022
Accrued liabilities	16,900	7,788	8,521	795	34,004
Due to other funds	170,795	58,780	-	-	229,575
Compensated absences	8,300	1,200	17,000	-	26,500
Liabilities payable from restricted assets					
Accrued interest	-	4,079	-	-	4,079
Loan payable, current	-	109,121	-	-	109,121
Customer deposits payable	229,657	37,585	19,494	-	286,736
Total current liabilities	<u>449,480</u>	<u>244,337</u>	<u>80,802</u>	<u>4,418</u>	<u>779,037</u>
Noncurrent liabilities					
Compensated absences	5,568	744	11,381	-	17,693
Advances from other funds	-	-	186,560	-	186,560
Net pension liability	289,286	117,986	98,761	10,383	516,416
Loan payable, net of current portion	-	1,028,339	-	-	1,028,339
Total non-current liabilities	<u>294,854</u>	<u>1,147,069</u>	<u>296,702</u>	<u>10,383</u>	<u>1,749,008</u>
Total liabilities	<u>744,334</u>	<u>1,391,406</u>	<u>377,504</u>	<u>14,801</u>	<u>2,528,045</u>
<b>Deferred Inflows of Resources</b>					
Deferred inflows - pension	114,316	46,624	39,027	4,103	204,070
<b>Net position</b>					
Net investment in capital assets	6,561,609	3,320,351	218,588	35,422	10,135,970
Restricted for					
Cemetery long-term care	-	-	-	314,756	314,756
Debt service	-	136,747	-	-	136,747
Unrestricted	1,900,652	258,785	(92,072)	170,064	2,237,429
Total net position	<u>8,462,261</u>	<u>3,715,883</u>	<u>126,516</u>	<u>520,242</u>	<u>12,824,902</u>
Total liabilities, deferred inflows, and net position	<u>\$ 9,320,911</u>	<u>\$ 5,153,913</u>	<u>\$ 543,047</u>	<u>\$ 539,146</u>	<u>\$ 15,557,017</u>

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

**TOWN OF LAKE PLACID, FLORIDA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Enterprise Funds				
	Water	Wastewater	Sanitation	Cemetery (Nonmajor)	Total
<b>Operating revenues</b>					
Charges for services	\$ 1,247,293	\$ 661,731	\$ 432,713	\$ -	\$ 2,341,737
Sale of cemetery plots and mausoleum spaces	-	-	-	22,811	22,811
Miscellaneous	8,932	1,860	-	2,393	13,185
Total operating revenues	<u>1,256,225</u>	<u>663,591</u>	<u>432,713</u>	<u>25,204</u>	<u>2,377,733</u>
<b>Operating expenses</b>					
Personal services	558,898	229,953	231,268	23,568	1,043,687
Administrative	19,784	5,447	769	224	26,224
Utilities	47,192	61,800	1,667	3,050	113,709
Landfill fees	-	-	164,079	-	164,079
Repairs and maintenance	261,043	121,188	52,092	1,109	435,432
Supplies	60,261	21,038	27,429	959	109,687
Depreciation	304,203	215,945	37,265	9,795	567,208
Insurance	46,637	25,237	11,780	3,822	87,476
Professional	24,731	15,718	3,994	1,073	45,516
Miscellaneous	10,521	3,234	3,443	4,223	21,421
Total operating expenses	<u>1,333,270</u>	<u>699,560</u>	<u>533,786</u>	<u>47,823</u>	<u>2,614,439</u>
<b>Operating loss</b>	<u>(77,045)</u>	<u>(35,969)</u>	<u>(101,073)</u>	<u>(22,619)</u>	<u>(236,706)</u>
<b>Nonoperating revenues (expenses)</b>					
System development fees	27,627	-	-	-	27,627
Perpetual care fees	-	-	-	9,600	9,600
Investment earnings (loss)	3,837	695	604	109	5,245
Gain on disposal of capital assets	990	-	-	-	990
Interest expense	-	(20,372)	-	-	(20,372)
Total nonoperating revenues (expenses)	<u>32,454</u>	<u>(19,677)</u>	<u>604</u>	<u>9,709</u>	<u>23,090</u>
Income (loss) before capital contributions and transfers	(44,591)	(55,646)	(100,469)	(12,910)	(213,616)
<b>Capital contributions</b>	641,824	-	-	-	641,824
<b>Transfers in</b>	26,000	-	-	-	26,000
<b>Transfers out</b>	(17,700)	(35,220)	(4,023)	(1,056)	(57,999)
<b>Changes in net position</b>	<u>605,533</u>	<u>(90,866)</u>	<u>(104,492)</u>	<u>(13,966)</u>	<u>396,209</u>
<b>Total net position, beginning of year</b>	7,856,728	3,806,749	231,008	534,208	12,428,693
<b>Total net position, end of year</b>	<u>\$ 8,462,261</u>	<u>\$ 3,715,883</u>	<u>\$ 126,516</u>	<u>\$ 520,242</u>	<u>\$ 12,824,902</u>

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

**TOWN OF LAKE PLACID, FLORIDA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Enterprise Funds				
	Water	Wastewater	Sanitation	Cemetery (Nonmajor)	Total
<b>Cash flows from operating activities</b>					
Cash received from customers	\$ 1,237,207	\$ 664,503	\$ 431,742	\$ 25,204	\$ 2,358,656
Cash paid to suppliers for goods and services	(490,540)	(243,716)	(247,233)	(13,061)	(994,550)
Cash paid to employees for services and benefits	(502,539)	(202,623)	(193,689)	(19,987)	(918,838)
Net cash provided (used) by operating activities	<u>244,128</u>	<u>218,164</u>	<u>(9,180)</u>	<u>(7,844)</u>	<u>445,268</u>
<b>Cash flows from noncapital financing activities</b>					
Transfer to other funds	81,672	-	(21,997)	(1,975)	57,700
Transfer from other funds	-	(115,027)	(51,213)	-	(166,240)
Cash received from perpetual care fees	-	-	-	9,600	9,600
Cash received from system development fees	27,627	-	-	-	27,627
Net cash provided (used) by noncapital financing activities	<u>109,299</u>	<u>(115,027)</u>	<u>(73,210)</u>	<u>7,625</u>	<u>(71,313)</u>
<b>Cash flows from capital and related financing activities</b>					
Acquisition and construction of capital assets	(19,317)	(15,306)	(2,657)	(1,872)	(39,152)
Cash received from sale of capital assets	1,458	-	-	-	1,458
Principal paid on notes payable	-	(107,236)	-	-	(107,236)
Interest paid	-	(20,794)	-	-	(20,794)
Net cash used in capital and related financing activities	<u>(17,859)</u>	<u>(143,336)</u>	<u>(2,657)</u>	<u>(1,872)</u>	<u>(165,724)</u>
<b>Cash flows from investing activities</b>					
Purchase of investments	-	-	-	(122)	(122)
Interest received	3,837	695	604	109	5,245
Net cash provided (used) by investing activities	<u>3,837</u>	<u>695</u>	<u>604</u>	<u>(13)</u>	<u>5,123</u>
<b>Net change in cash and cash equivalents</b>	339,405	(39,504)	(84,443)	(2,104)	213,354
<b>Cash and cash equivalents, beginning of year</b>	<u>2,038,559</u>	<u>503,780</u>	<u>274,814</u>	<u>355,744</u>	<u>3,172,897</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 2,377,964</u>	<u>\$ 464,276</u>	<u>\$ 190,371</u>	<u>\$ 353,640</u>	<u>\$ 3,386,251</u>
<b>Cash and cash equivalents classified as</b>					
Cash and cash equivalents	\$ 2,148,307	\$ 323,450	\$ 170,877	\$ 38,884	\$ 2,681,518
Restricted cash and cash equivalents	229,657	140,826	19,494	314,756	704,733
Total cash and cash equivalents	<u>\$ 2,377,964</u>	<u>\$ 464,276</u>	<u>\$ 190,371</u>	<u>\$ 353,640</u>	<u>\$ 3,386,251</u>

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

**TOWN OF LAKE PLACID, FLORIDA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Enterprise Funds				
	Water	Wastewater	Sanitation	Cemetery (Nonmajor)	Total
<b>Reconciliation of operating loss to net cash provided (used) by operating activities</b>					
Operating loss	\$ (77,045)	\$ (35,969)	\$ (101,073)	\$ (22,619)	\$ (236,706)
Adjustment to reconcile operating loss to net cash provided by operating activities:					
Depreciation	304,203	215,945	37,265	9,795	567,208
Change in operating assets and liabilities:					
(Increase) decrease in assets:					
Accounts receivable	(16,528)	1,262	551	-	(14,715)
Inventory	(9,845)	(1,491)	-	339	(10,997)
Deferred outflows - pension	(139,751)	(56,998)	(47,710)	(5,016)	(249,475)
Increase (decrease) in liabilities:					
Accounts payable	(10,526)	11,437	18,020	1,060	19,991
Accrued liabilities	6,671	4,222	5,031	443	16,367
Compensated absences payable	(37,720)	(12,542)	2,707	-	(47,555)
Customer deposits payable	(2,490)	(350)	(1,522)	-	(4,362)
Deferred inflows - pension	114,316	46,624	39,027	4,103	204,070
Net pension liability	112,843	46,024	38,524	4,051	201,442
Net cash provided (used) by operating activities	<u>\$ 244,128</u>	<u>\$ 218,164</u>	<u>\$ (9,180)</u>	<u>\$ (7,844)</u>	<u>\$ 445,268</u>
<b>Noncash investing, capital, and financing activities:</b>					
Contributed assets from other funds	\$ 487,824	\$ -	\$ -	\$ -	\$ 487,824
Contributed assets from developers	154,000	-	-	-	154,000
Net noncash investing, capital, and financing activities	<u>\$ 641,824</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 641,824</u>

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

**THIS PAGE INTENTIONALLY LEFT BLANK**

**TOWN OF LAKE PLACID, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2015**

---

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**A. Reporting entity**—The Town is a municipality of the State of Florida and is located in Highlands County, Florida. In addition to the public safety, recreation and general government services provided to its approximately 1,800 residents, the Town operates water, wastewater, sanitation, and cemetery enterprises. The Town is governed by an elected mayor and four-member council.

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

The accompanying financial statements present the financial position, results of operations and cash flows of the applicable fund types governed by the Council of the Town (Town Council), the reporting entity of government for which the Town Council is considered to be financially accountable. There are no potential component units or related organizations of the Town that meet the criteria for inclusion in the Town's basic financial statements.

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

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

**TOWN OF LAKE PLACID, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**

---

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

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

Taxes, licenses and permits, intergovernmental revenue, charges for services and investment earnings associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

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

TOWN OF LAKE PLACID, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

---

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Major Governmental Funds**

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

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

The *Grant Fund* is also considered a major fund. It accounts for the grant revenues and expenditures relating to major public works of the Town.

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

**Major Proprietary Funds**

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

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

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

Additionally, the Town reports the following nonmajor fund:

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

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

**TOWN OF LAKE PLACID, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**

---

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

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

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

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

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

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

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

TOWN OF LAKE PLACID, FLORIDA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred, if any, during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized for the year ended September 30, 2015.

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

Assets	Years
Buildings	10 – 40
Improvements	5 – 40
Infrastructure	20 – 40
Equipment	3 – 15

**TOWN OF LAKE PLACID, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**

---

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

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

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

A liability has been recorded at September 30, 2015, for unused vacation and vested sick leave. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

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

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

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

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

**TOWN OF LAKE PLACID, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**

---

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

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

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

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

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

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

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

**TOWN OF LAKE PLACID, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**

---

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**N. Property taxes**—Ad valorem taxes for the current fiscal year (beginning October 1, 2014) are assessed on July 1, 2014, based on property values as of January 1, 2014. The taxes are billed in the month of November 2014 by the Highlands County Tax Collector who remits collected taxes to the Town monthly. Taxes are due November 1, 2014, and become delinquent April 1, 2015. Tax certificates are sold for delinquent taxes by June 1, 2015. Generally, the Town collects substantially all of its current year property taxes during the year in which they are due. No accrual for the property tax levy becoming due in November 2015 is included in the accompanying financial statements since such taxes were levied to finance expenditures of the next fiscal year.

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

**P. Deferred Outflows / Inflows of Resources**—The Town implemented GASB Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*, as of October 1, 2012. These standards establish accounting and financial reporting for deferred outflows/inflows of resources and the concept of net position as the residual of all other elements presented in a statement of net position.

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

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

**TOWN OF LAKE PLACID, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015**

**NOTE 2. DEPOSITS AND INVESTMENTS**

Cash and cash equivalents at September 30, 2015, consist of the following:

	<u>Governmental</u>	<u>Business-type</u>
Unrestricted		
Petty cash and change funds	\$ 50	\$ 200
Demand deposits	2,650,482	2,681,318
Certificates of deposit	61,215	-
Total unrestricted cash	2,711,747	2,681,518
Restricted		
Demand deposits	-	704,733
Certificates of deposit	-	48,843
Total restricted cash	-	753,576
Total cash and cash equivalents	\$ 2,711,747	\$ 3,435,094

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

**Investments**—Florida Statutes authorize the Town to invest in direct obligations of the U.S. Treasury, Florida State Board of Administration (SBA) Local Government Surplus Funds Trust Fund ("Florida PRIME"), savings accounts or certificates of deposit in qualified public depositories, and SEC registered money market funds. As of September 30, 2015, the Town was invested in only certificates of deposit. Of these certificates of deposit, all will mature in 2016.

**NOTE 3. RECEIVABLES**

Receivables at September 30, 2015, consist of the following:

	<u>General Fund</u>	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Sanitation Fund</u>	<u>Total</u>
<b>Receivables</b>					
Accounts	\$ -	\$ 157,278	\$ 58,477	\$ 30,477	\$ 246,232
Franchise fees	17,372	-	-	-	17,372
Taxes	18,766	-	-	-	18,766
Less allowance for uncollectible receivables	-	(3,247)	(376)	(297)	(3,920)
	\$ 36,138	\$ 154,031	\$ 58,101	\$ 30,180	\$ 278,450

**TOWN OF LAKE PLACID, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**

**NOTE 3. RECEIVABLES (Continued)**

The following is a summary of the amounts due from other governments at September 30, 2015, which are considered fully collectible:

	Governmental Activities
State of Florida	\$ 59,430

**NOTE 4. INTERFUND TRANSACTIONS**

At September 30, 2015, the Town had the following due to/from other funds:

	Due From Other Funds	Due to Other Funds
Major governmental funds		
General Fund	\$ 21,942	\$ 28,965
Infrastructure Fund	60,427	-
Grant Fund	630	-
Major enterprise funds		
Water Fund	19,126	170,795
Wastewater Fund	103,710	58,780
Sanitation Fund	52,440	-
Non-major enterprise fund		
Cemetery Fund	265	-
Totals	\$ 258,540	\$ 258,540

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. The balances result from the time lag between the dates that interfund goods or services are provided, transactions are recorded in the accounting system, and the payments between funds are made. Additionally at year end, the Town reports an advance to other funds in the General Fund in the amount of \$186,560 and an advance from other funds in the Sanitation Fund. This balance is anticipated to be repaid over a five year period and is thus recorded by the Town as an advance at year end.

Interfund transfers for the year ended September 30, 2015, were as follows:

	Transfers In	Transfers Out
Major governmental funds		
General Fund	\$ 31,999	\$ -
Infrastructure Fund	-	81,700
Grant Fund	81,700	-
Major enterprise funds		
Water Fund	26,000	17,700
Wastewater Fund	-	35,220
Sanitation Fund	-	4,023
Non-major enterprise fund		
Cemetery Fund	-	1,056
Totals	\$ 139,699	\$ 139,699

**TOWN OF LAKE PLACID, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015**

**NOTE 4. INTERFUND TRANSACTIONS (CONTINUED)**

Transfers between funds are primarily due to the following:

1. Transfers from the Wastewater Fund to the Water Fund represent monthly service fees and funding of capital improvements.
2. Transfers from the Water Fund, Wastewater Fund, Sanitation Fund, and Cemetery Fund to the General Fund represent the amounts budgeted for operations of general government activities.
3. Transfers from the General Fund, Infrastructure Fund, and Sewer Fund to the Grant Fund represent Town matching funds for Grant Fund projects.

**NOTE 5. CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2015, is as follows:

	<u>Balance October 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance September 30</u>
<b>Governmental Activities</b>				
Capital assets, not being depreciated				
Land	\$ 566,050	\$ 51,347	\$ -	\$ 617,397
Construction in progress	392,102	-	-	392,102
Total capital assets, not being depreciated	<u>958,152</u>	<u>51,347</u>	<u>-</u>	<u>1,009,499</u>
Capital assets, being depreciated				
Buildings	540,519	-	(2,950)	537,569
Improvements	2,596,584	44,946	(1,860)	2,639,670
Equipment	1,183,298	88,130	(9,495)	1,261,933
Infrastructure	244,368	-	-	244,368
Total capital assets, being depreciated	<u>4,564,769</u>	<u>133,076</u>	<u>(14,305)</u>	<u>4,683,540</u>
Less accumulated depreciation for				
Buildings	(287,447)	(16,586)	2,950	(301,083)
Improvements	(1,117,218)	(168,970)	1,860	(1,284,328)
Equipment	(837,737)	(77,073)	9,495	(905,315)
Infrastructure	(186,477)	(5,769)	-	(192,246)
Total accumulated depreciation	<u>(2,428,879)</u>	<u>(268,398)</u>	<u>14,305</u>	<u>(2,682,972)</u>
Total capital assets, being depreciated, net	<u>2,135,890</u>	<u>(135,322)</u>	<u>-</u>	<u>2,000,568</u>
Governmental activities capital assets, net	<u>\$ 3,094,042</u>	<u>\$ (83,975)</u>	<u>\$ -</u>	<u>\$ 3,010,067</u>

**TOWN OF LAKE PLACID, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**

**NOTE 5. CAPITAL ASSETS (CONTINUED)**

	<b>Balance October 1</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance September 30</b>
<b>Business-type Activities</b>				
Capital assets, not being depreciated				
Land	\$ 483,498	\$ -	\$ -	\$ 483,498
Construction in progress	115,477	-	(23,722)	91,755
Total capital assets, not being depreciated	598,975	-	(23,722)	575,253
Capital assets, being depreciated				
Buildings	162,199	-	-	162,199
Improvements	11,967,168	576,888	-	12,544,056
Equipment	3,253,439	128,277	(935)	3,380,781
Total capital assets, being depreciated	15,382,806	705,165	(935)	16,087,036
Less accumulated depreciation for				
Buildings	(41,976)	(4,769)	-	(46,745)
Improvements	(3,649,677)	(448,280)	-	(4,097,957)
Equipment	(1,129,998)	(114,159)	-	(1,244,157)
Total accumulated depreciation	(4,821,651)	(567,208)	-	(5,388,859)
Total capital assets, being depreciated, net	10,561,155	137,957	(935)	10,698,177
Business-type activities capital assets, net	<b>\$ 11,160,130</b>	<b>\$ 137,957</b>	<b>\$ (24,657)</b>	<b>\$ 11,273,430</b>

Depreciation expense was charged to functions/programs as follows:

**Governmental Activities**

General government	\$ 37,092
Public safety	39,399
Transportation	42,392
Culture/recreation	149,515
	\$ 268,398
Total depreciation expense, governmental activities	<b>\$ 268,398</b>

**Business-type activities**

Water	\$ 304,203
Wastewater	215,945
Sanitation	37,265
Cemetery	9,795
	\$ 567,208
Total depreciation expense, business-type activities	<b>\$ 567,208</b>

**TOWN OF LAKE PLACID, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015**

**NOTE 6. RESTRICTED ASSETS**

The balances of the restricted cash and cash equivalents at September 30, 2015, are as follows:

<b>Enterprise funds</b>			
<b>Customer deposits</b>			
Water Fund	\$	229,657	
Wastewater Fund		37,585	
Sanitation Fund		19,494	
<b>Wastewater Fund</b>			
Loan debt reserve and debt service accounts			103,241
<b>Cemetery Fund</b>			
Perpetual care fund			314,756
Perpetual care fund - investment			48,843
			753,576
Total enterprise funds restricted assets	\$		753,576

**NOTE 7. LONG TERM LIABILITIES**

**A. Changes in Long-term Obligations** for the year ended September 30, 2015, are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental activities					
Net pension liability	\$ 420,076	\$ 574,721	\$ (306,061)	\$ 688,736	\$ -
Compensated absences	60,050	57,998	(19,738)	98,310	59,000
Total governmental activities	\$ 480,126	\$ 632,719	\$ (325,799)	\$ 787,046	\$ 59,000
Business-type activities					
Loans payable	\$ 1,244,696	\$ -	\$ (107,236)	\$ 1,137,460	\$ 109,121
Net pension liability	314,974	430,927	(229,486)	516,415	-
Compensated absences	91,748	43,313	(90,867)	44,194	26,500
Total business-type activities	\$ 1,651,418	\$ 474,240	\$ (427,589)	\$ 1,698,069	\$ 135,621

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

**TOWN OF LAKE PLACID, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**

**NOTE 7. LONG TERM LIABILITIES (CONTINUED)**

**B. Loan Covenants**

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

- The Town to maintain rates and charges for the services furnished by the water and wastewater system to provide pledged revenue at least equal to 1.15 times the sum of payments due in such fiscal year. During 2015, the Town's coverage ratio was 3.10.
- The Town to maintain a loan debt service account where six monthly deposits are made. The first five monthly deposits are one-sixth of the semi-annual loan payment and the sixth monthly deposit is equal to at least the amount required to make the total on deposit in the account equal to the semiannual loan payment.
- The Town to deposit and maintain in the loan repayment reserve account an amount specified in the loan agreements. This account can only be used by the Town to cure a temporary and unexpected deficiency in any semiannual loan payment.

**C. Loans Payable**

Loans payable at September 30, 2015, were as follows:

**Business-type activities**

Loan payable, \$132,187 at 3.08% and \$934,123 at 1.86%; from the State of Florida, Department of Environmental Protection's State Revolving Loan Program; semi-annual payments of \$33,335 beginning December 15, 2003 through 2023; secured by a pledge of net revenues of the water and wastewater systems. \$ 490,032

Loan payable, \$135,810 at 1.46% and \$890,390 at 1.46%, from the State of Florida, Department of Environmental Protection's State Revolving Loan Program; semi-annual payments of \$30,681 beginning August 15, 2007 through 2027; secured by a pledge of net revenues of the water and wastewater system. 647,428

Total loans payable \$ 1,137,460

**Debt Service Requirements to Maturity**

<u>Fiscal Year Payable</u>	<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 109,121	\$ 18,908	\$ 128,029
2017	111,043	16,988	128,031
2018	113,005	15,028	128,033
2019	114,995	13,036	128,031
2020	117,025	11,006	128,031
2021-2025	481,561	25,254	506,815
2026-2027	90,710	1,328	92,038
	<u>\$ 1,137,460</u>	<u>\$ 101,548</u>	<u>\$ 1,239,008</u>

Total interest expense incurred for business-type activities amounted to \$20,372 for the year ended September 30, 2015.

TOWN OF LAKE PLACID, FLORIDA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

---

**NOTE 8. PENSION PLAN**

**Florida Retirement System (FRS)**

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

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

**Pension Plan**

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

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

**TOWN OF LAKE PLACID, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**

---

**NOTE 8. PENSION PLAN (Continued)**

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

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

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

Contributions – Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2014 through June 30, 2015, and from July 1, 2015 through September 30, 2015, respectively, were as follows: Regular—7.37% and 7.26%; Special Risk Administrative Support—42.07% and 32.95%; Special Risk—19.82% and 22.04%; Senior Management Service—21.14% and 21.43%; Elected Officers'—43.24% and 42.27%; and DROP participants—12.28% and 18.75%. These employer contribution rates include 1.20% and 1.26% HIS Plan subsidy for the periods October 1, 2014 through June 30, 2015 and from July 1, 2015 through September 30, 2015, respectively.

The Town's contributions, including employee contributions, to the Pension Plan totaled \$131,021 for the fiscal year ended September 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2015, the Town reported a liability of \$774,708 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The Town's proportionate share of the net pension liability was based on the Town's 2014-15 fiscal year contributions relative to the 2013-14 fiscal year contributions of all participating members. At June 30, 2015, the Town's proportionate share was 0.005997886 percent, which was an increase of 0.000333 percent from its proportionate share measured as of June 30, 2014.

**TOWN OF LAKE PLACID, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015**

**NOTE 8. PENSION PLAN (Continued)**

For the fiscal year ended September 30, 2015, the Town recognized pension expense of \$82,523. In addition the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 81,786	\$ 18,374
Change of assumptions	51,420	-
Net difference between projected and actual earnings on Pension Plan investments	272,873	457,861
Changes in proportion and differences between Town Pension Plan contributions and proportionate share of contributions	124,939	-
Town Pension Plan contributions subsequent to the measurement date	37,518	-
Total	<u>\$ 568,536</u>	<u>\$ 476,235</u>

The deferred outflows of resources related to the Pension Plan, totaling \$37,518 resulting from Town contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30:	Amount
2016	\$ 10,957
2017	10,957
2018	10,957
2019	10,956
2020	10,956
Thereafter	-

Actuarial Assumptions – The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumption, applied to all period included in the measurement:

Inflation	2.60 %
Salary increases	3.25%, average, including inflation
Investment rate of return	7.65%, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the July 1, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

**TOWN OF LAKE PLACID, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015**

**NOTE 8. PENSION PLAN (Continued)**

The long-term expected rate of return on Pension Plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	3.11%	3.10%	1.65%
Intermediate-Term Bonds	18.00%	4.18%	4.05%	5.15%
High Yield Bonds	3.00%	6.79%	6.25%	10.95%
Broad US Equities	26.50%	8.51%	6.95%	18.90%
Developed Foreign Entities	21.20%	8.66%	6.85%	20.40%
Emerging Market Equities	5.30%	11.58%	7.60%	31.15%
Private Equity	6.00%	11.80%	8.11%	30.00%
Hedge Funds/Absolute Return	7.00%	5.81%	5.35%	10.00%
Real Estate (Property)	12.00%	7.11%	6.35%	13.00%
Total	<u>100.00%</u>			
Assumed Inflation - Mean		2.60%		2.00%

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

**Discount Rate** - The discount rate used to measure the total pension liability was 7.65%. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation the total pension liability is equal to the long-term expected rate of return.

**Sensitivity of the Town's Proportionate Share of the Net Position Liability to Changes in the Discount Rate** - The following represents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.65%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.65%) or one percentage point higher (8.65%) than the current rate:

	1% Decrease (6.65%)	Current Discount Rate (7.65%)	1% Increase (8.65%)
Town's proportionate share of the net pension liability	\$ 2,007,441	\$ 774,708	\$ (251,130)

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

TOWN OF LAKE PLACID, FLORIDA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

---

**NOTE 8. PENSION PLAN (Continued)**

Payables to the Pension Plan - At September 30, 2015, the Town reported a payable in the amount of \$0 for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2015.

**HIS Plan**

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

Benefits Provided – For the fiscal year ended September 30, 2015, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include medicare.

Contributions – The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2015, the HIS contribution for the period October 1, 2014 through June 30, 2015 and from July 1, 2015 through September 30, 2015 was 1.20% and 1.26%, respectively. The Town contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contribution are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The Town's contributions to the HIS Plan totaled \$50,200 for the fiscal year ended September 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2015, the Town reported a liability of \$430,443 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The Town's proportionate share of the net pension liability was based on the Town's 2014-15 fiscal year contributions relative to the 2013-14 fiscal year contributions of all participating members. At June 30, 2015, the Town's proportionate share was 0.004220684 percent, which was an increase of 0.000055844 percent from its proportionate share measured as of June 30, 2014.

For the fiscal year ended September 30, 2015, the Town recognized pension expense of \$35,192. In addition the Town reported deferred outflows of resources and deferred in flows of resources related to pensions from the following sources:

**TOWN OF LAKE PLACID, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015**

**NOTE 8. PENSION PLAN (Continued)**

Description	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Change of assumptions	33,865	-
Net difference between projected and actual earnings on HIS Plan investments	233	-
Changes in proportion and differences between Town HIS Plan contributions and proportionate share of contributions	16,943	-
Town HIS Plan contributions subsequent to the measurement date	5,482	-
Total	<u>\$ 56,523</u>	<u>\$ -</u>

The deferred outflows of resources related to the HIS Plan, totaling \$5,482 resulting from Town contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30:	<u>Amount</u>
2016	\$ 10,209
2017	10,208
2018	10,208
2019	10,208
2020	10,208
Thereafter	-

Actuarial Assumptions – The total pension liability in the July 1, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 %
Salary increases	3.25%, average, including inflation
Municipal bond rate	4.29 %

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

The actuarial assumptions used in the July 1, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

Discount Rate - The discount rate used to measure the total pension liability was 4.29%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

**TOWN OF LAKE PLACID, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**

---

**NOTE 8. PENSION PLAN (Continued)**

Sensitivity of the Town's Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the Town's proportionate share of the net pension liability calculated using the discount rate of 4.29%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (3.29%) or one percentage point higher (5.29%) than the current rate:

	1% Decrease (3.29%)	Current Discount Rate (4.29%)	1% Increase (5.29%)
Town's proportionate share of the net pension liability	\$ 490,470	\$ 430,443	\$ 380,390

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

Payables to the Pension Plan - At September 30, 2015, the Town reported a payable in the amount of \$0 for outstanding contributions to the HIS Plan required for the fiscal year ended September 30, 2015.

**Investment Plan**

The SBA administers the defined contribution plan officially titled the FRS Investment Plan. The investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Town employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected officers, etc.), as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2014-15 fiscal year, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, as follows: Regular class 6.30%, Special Risk Administrative Support class 7.95%, Special Risk class 14.00%, Senior Management Service class 7.67% and Elected Officers class 11.34%.

**TOWN OF LAKE PLACID, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015**

---

**NOTE 8. PENSION PLAN (Continued)**

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2015, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Town.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

**NOTE 9. RISK MANAGEMENT**

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

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

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

**NOTE 10. COMMITMENTS AND CONTINGENCIES**

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

**TOWN OF LAKE PLACID, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**

**NOTE 11. RELATED PARTY TRANSACTIONS**

During the year, the Town used The Hometown Network, Inc, a business owned by a Council Member, to provide internet and computer maintenance. These services for the year amounted to \$204.

**NOTE 12. CHANGE IN ACCOUNTING PRINCIPLE**

The Town has determined that a restatement to the October 1, 2014 beginning net position was required to recognize the change in accounting principle for implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, as of October 1, 2014, through which accounting for pension plans and the related disclosure requirements were modified. This adjustment resulted in a change to the beginning net position of the Town as follows.

Net position, Governmental Activities, previously reported	\$ 6,012,379
Implementation of GASB 68	(395,580)
Beginning net position, Governmental Activities, as restated	<u>\$ 5,616,799</u>
Net position, Business-type Activities, previously reported	\$ 12,725,300
Implementation of GASB 68	(296,607)
Beginning net position, Business-type Activities, as restated	<u>\$ 12,428,693</u>
Net position, Water Fund, previously reported	\$ 8,022,882
Implementation of GASB 68	(166,154)
Beginning net position, Water Fund, as restated	<u>\$ 7,856,728</u>
Net position, Wastewater Fund, previously reported	\$ 3,874,515
Implementation of GASB 68	(67,766)
Beginning net position, Wastewater Fund, as restated	<u>\$ 3,806,749</u>
Net position, Sanitation Fund, previously reported	\$ 287,732
Implementation of GASB 68	(56,724)
Beginning net position, Sanitation Fund, as restated	<u>\$ 231,008</u>
Net position, Cemetery Fund, previously reported	\$ 540,171
Implementation of GASB 68	(5,963)
Beginning net position, Cemetery Fund, as restated	<u>\$ 534,208</u>

**THIS PAGE INTENTIONALLY LEFT BLANK**

**TOWN OF LAKE PLACID, FLORIDA**

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

Reporting Period Ending Measurement Date	9/30/2015 6/30/2015	9/30/2014 6/30/2014
Town's proportion of the FRS net pension liability	0.005997886%	0.005664645%
Town's proportionate share of the FRS net pension liability	\$ 774,708	\$ 345,627
Town's covered employee payroll	\$ 1,203,485	\$ 1,355,238
Town's proportionate share of the FRS net pension liability as a percentage of its covered employee payroll	64.37%	25.50%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	92.00%	96.09%

**Notes to the Schedule:**

The schedule will present 10 years of information once it is accumulated.

**TOWN OF LAKE PLACID, FLORIDA**

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

---

Reporting Period Ending Measurement Date	9/30/2015 6/30/2015	9/30/2014 6/30/2014
Contractually required FRS contribution	\$ 146,234	\$ 124,080
FRS Contributions in relation to the contractually required FRS contribution	146,234	124,080
FRS Contribution deficiency (excess)	\$ -	\$ -
Covered employee payroll	\$ 1,203,485	\$ 1,355,238
FRS Contributions as a percentage of covered employee payroll	12.15%	9.16%

**Notes to the Schedule:**

The schedule will present 10 years of information once it is accumulated.

**TOWN OF LAKE PLACID, FLORIDA**

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

Reporting Period Ending Measurement Date	<u>9/30/2015</u> <u>6/30/2015</u>	<u>9/30/2014</u> <u>6/30/2014</u>
Town's proportion of the HIS net pension liability	0.004220684%	0.004164840%
Town's proportionate share of the HIS net pension liability	\$ 430,443	\$ 389,423
Town's covered employee payroll	\$ 1,203,485	\$ 1,355,238
Town's proportionate share of the HIS net pension liability as a percentage of its covered employee payroll	35.77%	28.73%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	1.22%	1.06%

**Notes to the Schedule:**

The schedule will present 10 years of information once it is accumulated.

**TOWN OF LAKE PLACID, FLORIDA**

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

---

Reporting Period Ending	9/30/2015	9/30/2014
Measurement Date	6/30/2015	6/30/2014
Contractually required HIS contribution	\$ 16,134	\$ 14,267
HIS Contributions in relation to the contractually required HIS contribution	16,134	14,267
HIS Contribution deficiency (excess)	\$ -	\$ -
Covered employee payroll	\$ 1,203,485	\$ 1,355,238
HIS Contributions as a percentage of covered employee payroll	1.34%	1.05%

**Notes to the Schedule:**

The schedule will present 10 years of information once it is accumulated.

**OTHER REPORTS**

**THIS PAGE INTENTIONALLY LEFT BLANK**



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

---

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lake Placid, Florida (the "Town"), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated June 29, 2016. Our report includes a reference to the change in accounting principle resulting from the implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68*.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified a certain deficiency in internal control that we consider to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and responses as item 2015-001 to be a material weakness.

---

### **Compliance and Other Matters**

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

### **Town's Responses to Findings**

The Town's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Town's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **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 Town'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.

*Mauldin & Jenkins, LLC*

Bradenton, Florida  
June 22, 2016

**TOWN OF LAKE PLACID, FLORIDA**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

---

SECTION I  
SUMMARY OF AUDIT RESULTS

**Financial Statements**

Type of auditor's report issued	Unmodified
Internal control over financial reporting: Material weaknesses identified?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no
Significant deficiencies identified not considered to be material weaknesses?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> none reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no

**Federal Awards**

There was not an audit of major federal award programs or state award programs as of September 30, 2015, due to the total amount expended by the Town being less than \$500,000.

SECTION II  
FINANCIAL STATEMENT FINDINGS AND RESPONSES

**2015 - 001. Journal Entries**

**Criteria:** Good sound internal controls require financial statements to be properly prepared, reconciled and reviewed to ensure proper reporting in accordance with generally accepted accounting principles.

**Condition:** The Town did not appropriately address the above criteria as it relates to the reporting of accounts payable, due to / due from other funds, and fund balance items that existed as of September 30, 2015, within the General Fund, Grant Fund, Water Fund, Wastewater Fund, Cemetery Fund, and Sanitation Fund.

**Context:** We addressed this matter with Town officials and they were able to determine the necessary adjustments to correct the accounts noted above as of September 30, 2015.

**Effect:** Audit adjustments were necessary to increase assets by \$106,805, increase liabilities by \$102,629, decrease revenues \$5,481, and decrease expenses by \$9,657 across the funds as of September 30, 2015.

**Recommendation:** We recommend the Town thoroughly review the preparation of the year end trial balance and related entries to ensure that all of these adjustments are properly accounted for in order to facilitate the preparation of GAAP financial statements to satisfy the audit reporting requirements of the Town.

**Views of Responsible Officials and Planned Corrective Action:** We concur with the finding and recommendation. We will continue to improve our end of year reporting process in future years for year end and month end reporting purposes.

**TOWN OF LAKE PLACID, FLORIDA**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

---

**SECTION III**  
**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

Not applicable

**TOWN OF LAKE PLACID, FLORIDA**  
**SCHEDULE OF PRIOR YEAR FINDINGS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

---

None reported

**THIS PAGE INTENTIONALLY LEFT BLANK**



## INDEPENDENT AUDITOR'S MANAGEMENT LETTER

---

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

### **Report on the Financial Statements**

We have audited the financial statements of the Town of Lake Placid, Florida (the "Town"), as of and for the fiscal year ended September 30, 2015, and have issued our report thereon dated June 29, 2016.

### **Auditor's Responsibility**

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

### **Other Reports and Schedule**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 29, 2016, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

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

### **Official Title and Legal Authority**

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Town of Lake Placid, Florida was incorporated in 1927. Additional information on the Town's creation is disclosed within the Town's footnotes. The Town has no component units.

---

**Financial Condition**

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, requires that we report the results of our determination as to whether or not the Town has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Town did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

**Annual Financial Report**

Section 10.554(1)(i)5.b., Rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for the Town for the fiscal year ended September 30, 2015, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2015. In connection with our audit, we determined that these two reports were in agreement.

**Special District Component Units**

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for the Town for the fiscal year ended September 30, 2015, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2015. In connection with our audit, we determined that these two reports were in agreement.

**Other Matters**

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

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

**Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Mayor and Members of the Town Council, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Bradenton, Florida  
June 22, 2016

*Mauldin & Jenkins, LLC*



## INDEPENDENT AUDITOR'S REPORT

---

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

We have examined the Town of Lake Placid, Florida's (the "Town") compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2015. Management is responsible for the Town's compliance with those requirements. Our responsibility is to express an opinion on the Town's compliance based on our examination.

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

In our opinion, the Town complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

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

*Mauldin & Jenkins, LLC*

Bradenton, Florida  
June 22, 2016

