

**CITY OF ARCADIA, FLORIDA**  
**FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY INFORMATION**  
**YEAR ENDED SEPTEMBER 30, 2021**



WEALTH ADVISORY | OUTSOURCING  
AUDIT, TAX, AND CONSULTING

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## INDEPENDENT AUDITORS' REPORT

Honorable Mayor and  
Members of the City Council  
City of Arcadia, 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 City of Arcadia, Florida (City), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

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

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



**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 14, budgetary comparison for the General Fund on page 68, information on pension benefits on pages 70 through 76, and information on other postemployment benefits on page 77 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*


Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Chapter 10.550, *Local Governmental Entity Audits*, Rules of the Auditor General of the State of Florida, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Honorable Mayor and Members of the City Council  
City of Arcadia, Florida

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 2, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Sebring, Florida  
May 2, 2022

**CITY OF ARCADIA, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2021  
(UNAUDITED)**

The City of Arcadia, Florida's (the City) discussion and analysis is designed to: (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

Since Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, it should be read in conjunction with the City's financial statements (beginning on page 15).

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year presentation.

**Financial Highlights**

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at September 30, 2021, by \$37,788,350 (net position).
- As of September 30, 2021, the City's governmental funds reported combined ending fund balances of \$5,632,801, for an increase of \$1,726,580 in comparison with the prior year. Of this amount, \$3,154,460 is available for spending at the City's discretion (unassigned fund balance).
- The City's total net position increased \$2,537,021. Net position for governmental activities increased \$1,473,752, while net position for business-type activities increased \$1,063,269.
- Total debt for the City increased \$3,167,238 during the current fiscal year as a result of new state revolving fund loans incurred in the current year. A portion of state revolving fund loans are expected to be forgiven subsequent to the fiscal year-end as disclosed in Note 13 of the notes to the basic financial statements

**USING THIS ANNUAL REPORT**

The financial statement's focus is on both the City as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year-to-year or government-to-government), and enhance the City's accountability.

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, which are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report contains other supplementary information in addition to the basic financial statements themselves.

**CITY OF ARCADIA, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2021  
(UNAUDITED)**

**Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The focus is on "activities", rather than "fund types."

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes, licenses and permits, and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The Governmental Activities reflect the City's basic service, including police, highways and streets, sanitation, and parks and recreation. Property taxes, sales and use taxes, utility services, and gas taxes finance the majority of these services. The Business-type Activities reflect private sector type operations such as water and sewer services, solid waste operations, and the airport, where the fee for service typically covers all or most of the cost of operation including depreciation.

The government-wide financial statements include only the City (known as the primary government). There are no component units.

The government-wide financial statements can be found on pages 15 and 16 of this report.

**Fund Financial Statements**

A fund is a self-balancing set of accounts that is used to maintain control over the resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be grouped into three (3) categories: (1) governmental funds, (2) proprietary funds, and (3) fiduciary funds. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar.



**CITY OF ARCADIA, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2021  
(UNAUDITED)**

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Because of the different measurement focus (current financial resources versus economic resources) a reconciliation of both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances is provided to facilitate the comparison between governmental funds and governmental activities. The flow of current financial resources reflects debt proceeds and the sale of capital assets as other financing sources, and capital outlays and debt principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligations (debt and others) into the governmental activities column (in the government-wide statements).

The City maintains three (3) individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, Capital Improvement Fund, and Disaster Assistance Fund which are considered to be major funds. There were no nonmajor funds for fiscal year 2020-2021.

For fiscal year 2020-2021, the City adopted annual appropriated budgets for the General Fund. A Budgetary comparison schedule has been provided to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 17 and 19 of this report.

**Proprietary Funds.** The City maintains only one (1) of the two (2) proprietary fund types. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City reports three (3) enterprise funds to account for its water and sewer services, solid waste operations, and the airport. The Water and Sewer Fund, Solid Waste Fund, and Airport Fund are considered to be major funds.

The proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 21 to 24 of this report.

**CITY OF ARCADIA, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2021  
(UNAUDITED)**

**Fiduciary Funds.** Fiduciary funds are used to account for resources that the City holds as a trustee or agent on behalf of an outside party (e.g., pension beneficiaries). The City uses fiduciary funds to account for the two (2) pension trust funds for the Police Officers' and Firefighters' Retirement System and Employees' Retirement Plan. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 25 and 26 of this report.

**Notes to the Basic Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found starting on page 27 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Statement of Net Position**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's assets exceeded liabilities by \$37,788,350 at the close of the most recent fiscal year.

**CITY OF ARCADIA'S NET POSITION**

|                                  | Governmental Activities |               | Business-Type Activities |               | Total         |               |
|----------------------------------|-------------------------|---------------|--------------------------|---------------|---------------|---------------|
|                                  | 2021                    | 2020          | 2021                     | 2020          | 2021          | 2020          |
| Current and Other Assets         | \$ 6,243,063            | \$ 4,330,003  | \$ 4,575,832             | \$ 4,787,588  | \$ 10,818,895 | \$ 9,117,591  |
| Capital Assets                   | 8,605,395               | 9,065,331     | 36,047,890               | 33,451,930    | 44,653,285    | 42,517,261    |
| Total Assets                     | 14,848,458              | 13,395,334    | 40,623,722               | 38,239,518    | 55,472,180    | 51,634,852    |
| Deferred Outflows of Resources   | 790,721                 | 952,935       | 128,748                  | 161,080       | 919,469       | 1,114,015     |
| Long-Term Liabilities            |                         |               |                          |               |               |               |
| Outstanding                      | 2,821,495               | 3,006,092     | 14,360,738               | 11,115,043    | 17,182,233    | 14,121,135    |
| Other Liabilities                | 243,985                 | 294,362       | 737,687                  | 2,774,262     | 981,672       | 3,068,624     |
| Total Liabilities                | 3,065,480               | 3,300,454     | 15,098,425               | 13,889,305    | 18,163,905    | 17,189,759    |
| Deferred Inflows of Resources    | 278,119                 | 225,987       | 161,275                  | 81,792        | 439,394       | 307,779       |
| Net Position:                    |                         |               |                          |               |               |               |
| Net Investment in Capital Assets | 8,393,525               | 8,700,768     | 22,528,999               | 21,356,632    | 30,922,524    | 30,057,400    |
| Restricted                       | 236,310                 | -             | -                        | 989,357       | 236,310       | 989,357       |
| Unrestricted                     | 3,665,745               | 2,121,060     | 2,963,771                | 2,083,512     | 6,629,516     | 4,204,572     |
| Total Net Position               | \$ 12,295,580           | \$ 10,821,828 | \$ 25,492,770            | \$ 24,429,501 | \$ 37,788,350 | \$ 35,251,329 |

**CITY OF ARCADIA, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2021  
(UNAUDITED)**

**Statement of Position (Continued)**

By far, the largest portion of the City's net position (82%) reflects its investment in capital assets (e.g., land, building, infrastructure, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

At the end of the current fiscal year, the City is able to report positive balances in all categories of net position for governmental activities.

For more detailed information see the Statement of Net Position (page 15).

**Normal Impacts**

There are six (6) basic (normal) transactions that will affect the comparability of the Statement of Net Position summary presentation.

**Net Results of Activities** – will impact (increase/decrease) current assets and unrestricted net position.

**Borrowing for Capital** – will increase current assets and long-term debt.

**Spending Borrowed Proceeds on New Capital** – will reduce current assets and increase capital assets. An increase in capital assets and an increase in related net debt will not change the net investment in capital assets.

**Spending of Nonborrowed Current Assets on New Capital** – will reduce current assets and increase capital assets, and reduce unrestricted net position and increase the net investment in capital assets.

**Principal Payment on Debt** – will: (a) reduce current assets and reduce long-term debt, and (b) reduce unrestricted net position and increase the net investment in capital assets.

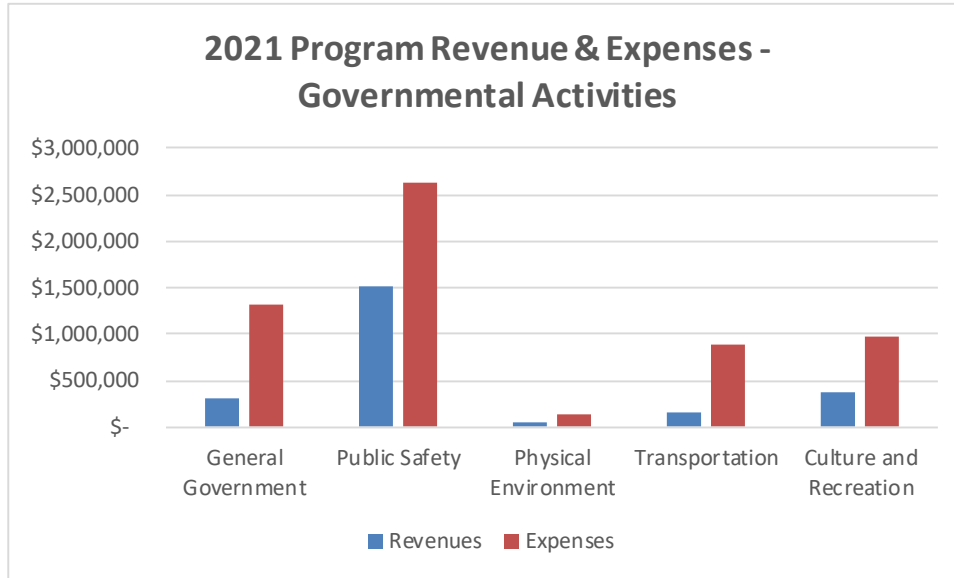
**Reduction of Capital Assets through Depreciation** – will reduce capital assets and the net investment in capital assets.

**CITY OF ARCADIA, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2021  
(UNAUDITED)**

**CITY OF ARCADIA'S CHANGES IN NET POSITION**

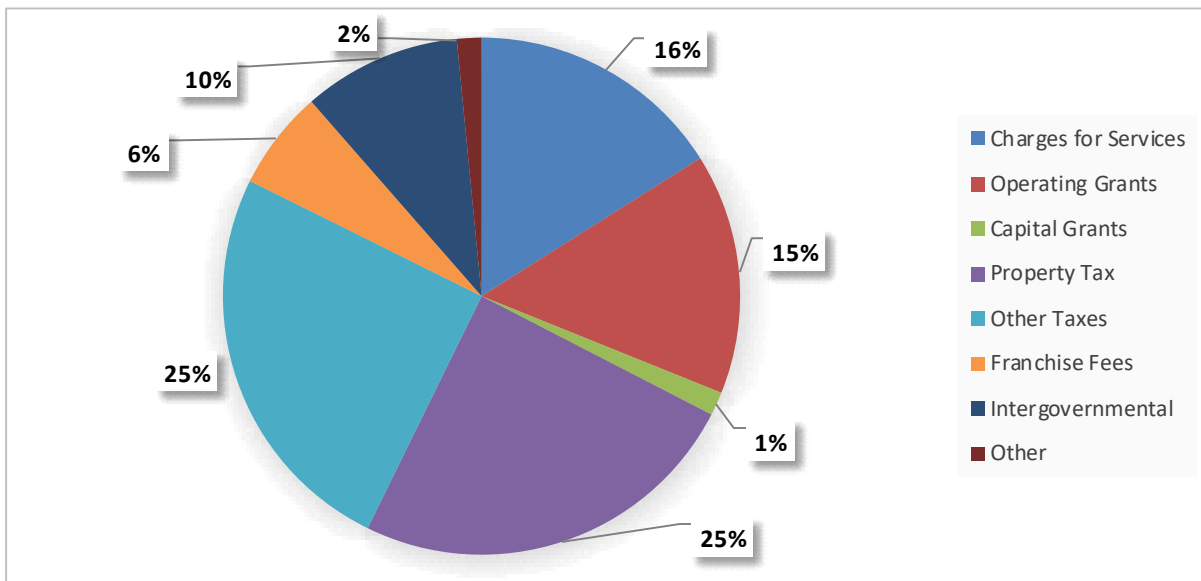
|                                    | Governmental Activities |                      | Business-Type Activities |                      | Total                |                      |
|------------------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
|                                    | 2021                    | 2020                 | 2021                     | 2020                 | 2021                 | 2020                 |
| Program Revenues:                  |                         |                      |                          |                      |                      |                      |
| Charges for Services               | \$ 1,187,877            | \$ 1,174,027         | \$ 6,768,704             | \$ 6,318,921         | \$ 7,956,581         | \$ 7,492,948         |
| Operating Grants and Contributions | 1,114,184               | 265,949              | -                        | -                    | 1,114,184            | 265,949              |
| Capital Grants and Contributions   | 109,205                 | 450,473              | 895,323                  | 1,439,746            | 1,004,528            | 1,890,219            |
| General Revenues:                  |                         |                      |                          |                      |                      |                      |
| Property Taxes                     | 1,826,936               | 1,788,554            | -                        | -                    | 1,826,936            | 1,788,554            |
| Other Taxes                        | 1,857,451               | 1,710,229            | -                        | -                    | 1,857,451            | 1,710,229            |
| Franchise Fees                     | 459,396                 | 432,616              | -                        | -                    | 459,396              | 432,616              |
| Intergovernmental                  | 732,935                 | 636,825              | -                        | -                    | 732,935              | 636,825              |
| Other                              | 113,386                 | 110,913              | 4,051                    | 45,017               | 117,437              | 155,930              |
| Total Revenues                     | <u>7,401,370</u>        | <u>6,569,586</u>     | <u>7,668,078</u>         | <u>7,803,684</u>     | <u>15,069,448</u>    | <u>14,373,270</u>    |
| Expenses:                          |                         |                      |                          |                      |                      |                      |
| General Government                 | 1,316,125               | 1,462,304            | -                        | -                    | 1,316,125            | 1,462,304            |
| Public Safety                      | 2,623,841               | 2,615,553            | -                        | -                    | 2,623,841            | 2,615,553            |
| Physical Environment               | 129,795                 | 113,418              | -                        | -                    | 129,795              | 113,418              |
| Transportation                     | 881,727                 | 824,499              | -                        | -                    | 881,727              | 824,499              |
| Culture and Recreation             | 976,130                 | 1,052,410            | -                        | -                    | 976,130              | 1,052,410            |
| Water and Sewer                    | -                       | -                    | 4,796,270                | 4,639,698            | 4,796,270            | 4,639,698            |
| Solid Waste                        | -                       | -                    | 868,975                  | 768,689              | 868,975              | 768,689              |
| Airport                            | -                       | -                    | 939,564                  | 771,490              | 939,564              | 771,490              |
| Total Expenses                     | <u>5,927,618</u>        | <u>6,068,184</u>     | <u>6,604,809</u>         | <u>6,179,877</u>     | <u>12,532,427</u>    | <u>12,248,061</u>    |
| Change in Net Position             | 1,473,752               | 501,402              | 1,063,269                | 1,623,807            | 2,537,021            | 2,125,209            |
| Net Position - Beginning           | 10,821,828              | 10,320,426           | 24,429,501               | 22,805,694           | 35,251,329           | 33,126,120           |
| Net Position - Ending              | <u>\$ 12,295,580</u>    | <u>\$ 10,821,828</u> | <u>\$ 25,492,770</u>     | <u>\$ 24,429,501</u> | <u>\$ 37,788,350</u> | <u>\$ 35,251,329</u> |

**CITY OF ARCADIA, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2021  
(UNAUDITED)**



**Governmental Activities** – For the current year, the City’s governmental activities had an increase in net position of \$1,473,752, an increase of \$972,350 in comparison with the prior year. This increase is comprised of an increase in revenues of \$831,784 and a decrease in expenses of \$140,566. The following graphic reflects the source of revenues for governmental activities.

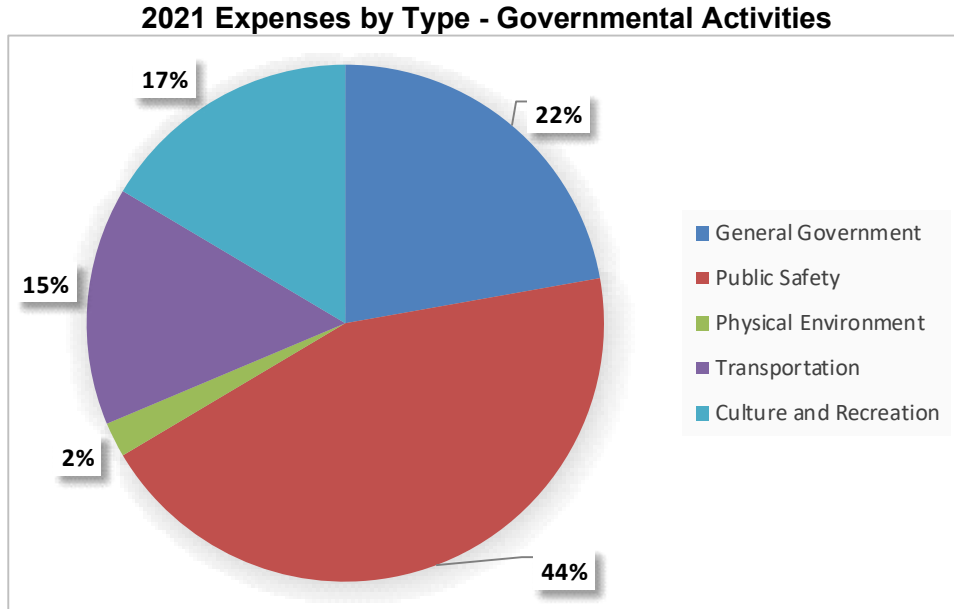
**2021 Revenues by Source – Governmental Activities**



The increase in revenues is primarily due to an increase in operating and capital grants and contributions due to their one-time nature. Operating grants and contributions increased by \$853,954 primarily related to COVID-19 Pandemic funding while capital grants and contributions decreased by \$341,268 related to transportation projects.

**CITY OF ARCADIA, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2021  
(UNAUDITED)**

The following graphic reflects the use of expenses for governmental activities.

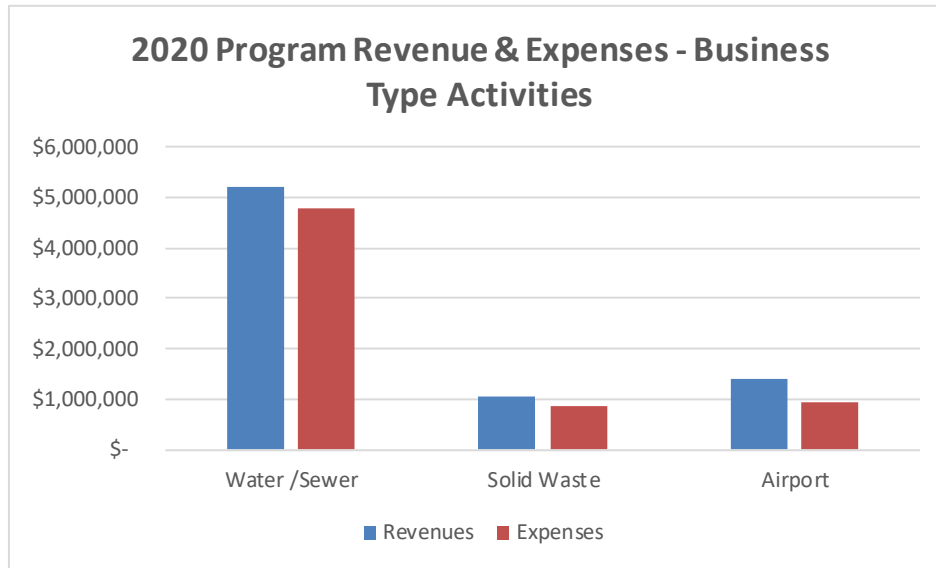


The decrease in expenses is primarily attributable to a decrease in general government of \$146,179 which was due to a decrease in personnel related costs, including pension expense.

**Business Type Activities & Enterprise Funds** – The City’s business type activities provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water and Sewer Fund at the end of the year amounted to \$2,560,206; and the increase in total net position was \$403,596 and primarily due to operating income of \$425,156. Net position increased in the Solid Waste Fund by \$192,865 primarily due to operating income of \$197,264. Lastly, Airport Fund increased by \$466,808 primarily due to capital grants and contributions of \$767,389 offset by an operating loss of \$300,581.

**CITY OF ARCADIA, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2021  
(UNAUDITED)**



**Financial Analysis of the City's Funds** – As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds** – The focus of the City's governmental funds, as noted, is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a City's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$5,632,801, an increase of \$1,726,580 over the prior year. Approximately 56% of this total amount, \$3,154,460 constitutes unassigned fund balance which is available for spending at the City's discretion. During the current fiscal year, the fund balance of the General Fund increased by \$1,376,298.

The General Fund has and fund balance of \$3,384,679 of which \$3,347,743 is unassigned. The Capital Improvement fund has a fund balance of \$2,441,405 of which all assigned for capital projects. The Disaster Assistance Fund has a deficit fund balance of \$193,283 as a result of pending reimbursements through the Disaster Grants – Public Assistance, U.S. Department of Homeland Security, related to Hurricane Irma.

**General Fund Budgetary Highlights** – The City did amend the 2020-2021 budget during the year, increasing original appropriations by \$96,491. Overall, General Fund expenditures were less than budgeted appropriations by \$782,601. Revenues exceeded budget by \$161,806. More detailed information can be found in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual on page 68.

**Capital Assets and Debt Administration**

**Capital Assets** – The City's capital assets for its governmental and business-type activities as of September 30, 2021, amount to \$44,653,285 (net of accumulated depreciation). This investment in capital assets includes land, buildings, and improvements other than buildings, equipment, infrastructure, and construction in progress.

**CITY OF ARCADIA, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2021  
(UNAUDITED)**

**City of Arcadia's Capital Assets  
(Net of Depreciation)**

|                                   | Governmental Activities |                     | Business-Type Activities |                      | Total                |                      |
|-----------------------------------|-------------------------|---------------------|--------------------------|----------------------|----------------------|----------------------|
|                                   | 2021                    | 2020                | 2021                     | 2020                 | 2021                 | 2020                 |
| Land                              | \$ 1,334,812            | \$ 1,334,812        | \$ 395,431               | \$ 380,778           | \$ 1,730,243         | \$ 1,715,590         |
| Construction in Progress          | 68,010                  | -                   | 1,150,417                | 8,697,202            | 1,218,427            | 8,697,202            |
| Buildings                         | 1,860,773               | 1,811,273           | 19,007,969               | 19,007,969           | 20,868,742           | 20,819,242           |
| Improvements Other than Buildings | 4,939,811               | 4,939,811           | -                        | -                    | 39,762,963           | 4,939,811            |
| Infrastructure                    | 6,023,768               | 5,894,751           | 34,823,152               | 23,218,840           | 6,023,768            | 29,113,591           |
| Machinery and Equipment           | 2,734,897               | 2,713,789           | 8,622,168                | 8,593,095            | 11,357,065           | 11,306,884           |
| Total Capital Assets              | 16,962,071              | 16,694,436          | 63,999,137               | 59,897,884           | 80,961,208           | 76,592,320           |
| Less: Accumulated Depreciation    | (8,356,676)             | (7,629,105)         | (27,951,247)             | (26,445,954)         | (36,307,923)         | (34,075,059)         |
|                                   | <u>\$ 8,605,395</u>     | <u>\$ 9,065,331</u> | <u>\$ 36,047,890</u>     | <u>\$ 33,451,930</u> | <u>\$ 44,653,285</u> | <u>\$ 42,517,261</u> |

Current significant capital projects in process and/or completed during the fiscal year include those for sanitary sewer and water infrastructure renewal and rehabilitation and the airport taxiway. Additional information on the City's capital assets can be found in Note 5 of the notes to the basic financial statements.

**Long-Term Debt** – At the end of the 2021 fiscal year, the City had debt outstanding of \$13,885,065.

**City of Arcadia's Outstanding Debt**

|                                    | Governmental Activities |                   | Business-Type Activities |                      | Total                |                      |
|------------------------------------|-------------------------|-------------------|--------------------------|----------------------|----------------------|----------------------|
|                                    | 2021                    | 2020              | 2021                     | 2020                 | 2021                 | 2020                 |
| Bonds Payable                      | \$ -                    | \$ -              | \$ -                     | \$ 420,000           | \$ -                 | \$ 420,000           |
| State Revolving Fund Loans Payable | -                       | -                 | 12,271,651               | 8,223,746            | 12,271,651           | 8,223,746            |
| Note Payable                       | -                       | -                 | 1,255,036                | 1,462,461            | 1,255,036            | 1,462,461            |
| Capital Leases Payable             | 211,870                 | 344,956           | 146,508                  | 266,664              | 358,378              | 611,620              |
| Total                              | <u>\$ 211,870</u>       | <u>\$ 344,956</u> | <u>\$ 13,673,195</u>     | <u>\$ 10,372,871</u> | <u>\$ 13,885,065</u> | <u>\$ 10,717,827</u> |

Debt balances increased for the additional draws on state revolving fund loans. Bonds payable, notes payable, and capital leases payable decreased due to regularly scheduled principal payments.

Additional information on the City's long-term debt can be found in Note 6 of the notes to the basic financial statements.



**CITY OF ARCADIA, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2021  
(UNAUDITED)**

**Economic Factors and Next Year's Budget**

For fiscal year 2021, the City adopted the rolled back rate of 8.6176. The City's property tax values increased again slightly. DeSoto County and Arcadia as a whole has been experiencing a positive growth pattern. There is new construction throughout the County and Arcadia is a part of that growth.

For the 2022 budget year, City Council adopted the rolled back rate of 8.3231.

**Requests for Information**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's financial condition and to demonstrate the City's accountability. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Arcadia, Finance Director, and P.O. Box 1000, Arcadia, Florida 34265.

**CITY OF ARCADIA, FLORIDA  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2021**

|   | Primary Government         |                             |                      |
|---|----------------------------|-----------------------------|----------------------|
|   | Governmental<br>Activities | Business-Type<br>Activities | Total                |
| <b>ASSETS</b>                                       |                            |                             |                      |
| Cash and Cash Equivalents                           | \$ 4,961,954               | \$ 3,508,562                | \$ 8,470,516         |
| Accounts Receivable, Net of Allowances              | 337,001                    | 788,502                     | 1,125,503            |
| Due from Other Governments                          | 295,457                    | 36,575                      | 332,032              |
| Internal Balances                                   | 375,405                    | (375,405)                   | -                    |
| Prepaid Items                                       | 36,936                     | -                           | 36,936               |
| Restricted Assets:                                  |                            |                             |                      |
| Cash and Cash Equivalents                           | -                          | 471,837                     | 471,837              |
| Net Pension Asset                                   | 236,310                    | 145,761                     | 382,071              |
| Capital Assets:                                     |                            |                             |                      |
| Nondepreciable                                      | 1,402,822                  | 1,545,848                   | 2,948,670            |
| Depreciable, Net                                    | 7,202,573                  | 34,502,042                  | 41,704,615           |
| Total Assets  | <u>14,848,458</u>          | <u>40,623,722</u>           | <u>55,472,180</u>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>               |                            |                             |                      |
| Deferred Outflows - Pensions                        | 682,496                    | 80,862                      | 763,358              |
| Deferred Outflows - OPEB                            | 108,225                    | 47,886                      | 156,111              |
| Total Deferred Outflows of Resources                | <u>790,721</u>             | <u>128,748</u>              | <u>919,469</u>       |
| <b>LIABILITIES</b>                                  |                            |                             |                      |
| Accounts Payable and Retainage Payable              | 80,845                     | 206,775                     | 287,620              |
| Accrued Liabilities                                 | 160,275                    | 59,075                      | 219,350              |
| Current Liabilities Payable from Restricted Assets: |                            |                             |                      |
| Customer Deposits Payable                           | -                          | 471,837                     | 471,837              |
| Unearned Revenue                                    | 2,865                      | -                           | 2,865                |
| Noncurrent Liabilities:                             |                            |                             |                      |
| Due Within One Year                                 |                            |                             |                      |
| Compensated Absences                                | 25,885                     | 8,379                       | 34,264               |
| Bonds, Notes and Leases Payable                     | 138,578                    | 676,864                     | 815,442              |
| Total OPEB Liability                                | 108,225                    | 47,878                      | 156,103              |
| Due in More than One Year                           |                            |                             |                      |
| Compensated Absences                                | 232,966                    | 75,411                      | 308,377              |
| Bonds, Notes and Leases Payable                     | 73,292                     | 12,996,331                  | 13,069,623           |
| Net Pension Liability                               | 986,028                    | -                           | 986,028              |
| Total OPEB Liability                                | 1,256,521                  | 555,875                     | 1,812,396            |
| Total Liabilities                                   | <u>3,065,480</u>           | <u>15,098,425</u>           | <u>18,163,905</u>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                |                            |                             |                      |
| Deferred Inflows - Pensions                         | <u>278,119</u>             | <u>161,275</u>              | <u>439,394</u>       |
| <b>NET POSITION</b>                                 |                            |                             |                      |
| Net Investment in Capital Assets                    | 8,393,525                  | 22,528,999                  | 30,922,524           |
| Restricted for:                                     |                            |                             |                      |
| Pension Benefits                                    | 236,310                    | -                           | 236,310              |
| Unrestricted  | 3,665,745                  | 2,963,771                   | 6,629,516            |
| Total Net Position                                  | <u>\$ 12,295,580</u>       | <u>\$ 25,492,770</u>        | <u>\$ 37,788,350</u> |

See accompanying Notes to Basic Financial Statements.

**CITY OF ARCADIA, FLORIDA  
STATEMENT OF ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2021**

| Functions/Programs                | Expenses      | Program Revenues        |  |  | Net (Expense) Revenue and<br>Changes in Net Position |                             |                |
|-----------------------------------|---------------|-------------------------|--|--|--|-----------------------------|----------------|
|                                   |               | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Primary Government                                   |                             |                |
|                                   |               |                         |  |  | Governmental<br>Activities                           | Business-Type<br>Activities | Total          |
| <b>GOVERNMENTAL ACTIVITIES</b>    |               |                         |  |  |  |                             |                |
| General Government                | \$ 1,316,125  | \$ 302,840              | \$ -                                     | \$ -                                   | \$ (1,013,285)                                       | \$ -                        | \$ (1,013,285) |
| Public Safety                     | 2,623,841     | 391,439                 | 1,106,918                                | 13,943                                 | (1,111,541)  | -                           | (1,111,541)    |
| Physical Environment              | 129,795       | 54,336                  | -  | -                                      | (75,459)   | -                           | (75,459)       |
| Transportation                    | 881,727       | 122,018                 | -  | 45,762                                 | (713,947)  | -                           | (713,947)      |
| Culture and Recreation            | 976,130       | 317,244                 | 7,266                                    | 49,500                                 | (602,120)  | -                           | (602,120)      |
| Total Governmental Activities     | 5,927,618     | 1,187,877               | 1,114,184                                | 109,205                                | (3,516,352)  | -                           | (3,516,352)    |
| <b>BUSINESS-TYPE ACTIVITIES</b>   |               |                         |  |  |  |                             |                |
| Water and Sewer                   | 4,796,270     | 5,068,467               | -  | 127,934                                | -  | 400,131                     | 400,131        |
| Solid Waste                       | 868,975       | 1,061,254               | -  | -                                      | -  | 192,279                     | 192,279        |
| Airport                           | 939,564       | 638,983                 | -  | 767,389                                | -  | 466,808                     | 466,808        |
| Total Business-Type Activities    | 6,604,809     | 6,768,704               | -  | 895,323                                | -  | 1,059,218                   | 1,059,218      |
| Total Primary Government          | \$ 12,532,427 | \$ 7,956,581            | \$ 1,114,184                             | \$ 1,004,528                           | (3,516,352)  | 1,059,218                   | (2,457,134)    |
| <b>GENERAL REVENUES</b>           |               |                         |  |  |  |                             |                |
| Property Taxes                    |               |                         |  |  | 1,826,936  | -                           | 1,826,936      |
| Local Option Gas Tax              |               |                         |  |  | 276,262  | -                           | 276,262        |
| Discretionary Sales Surtax        |               |                         |  |  | 723,166  | -                           | 723,166        |
| Public Service Taxes              |               |                         |  |  | 626,681  | -                           | 626,681        |
| Communications Services Taxes     |               |                         |  |  | 182,791  | -                           | 182,791        |
| Business License Taxes            |               |                         |  |  | 48,551   | -                           | 48,551         |
| Franchise Fees                    |               |                         |  |  | 459,396  | -                           | 459,396        |
| Intergovernmental, Unrestricted   |               |                         |  |  | 732,935  | -                           | 732,935        |
| Unrestricted Investment Earnings  |               |                         |  |  | 4,415  | 4,051                       | 8,466          |
| Miscellaneous                     |               |                         |  |  | 108,971  | -                           | 108,971        |
| Total General Revenues            |               |                         |  |  | 4,990,104  | 4,051                       | 4,994,155      |
| <b>CHANGE IN NET POSITION</b>     |               |                         |  |  |  |                             |                |
|                                   |               |                         |  |  | 1,473,752  | 1,063,269                   | 2,537,021      |
| Net Position - Beginning of Year  |               |                         |  |  | 10,821,828   | 24,429,501                  | 35,251,329     |
| <b>NET POSITION - END OF YEAR</b> |               |                         |  |  |  |                             |                |
|                                   |               |                         |  |  | \$ 12,295,580  | \$ 25,492,770               | \$ 37,788,350  |

See accompanying Notes to Basic Financial Statements.

**CITY OF ARCADIA, FLORIDA  
BALANCE SHEET — GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2021**

|  | General                 | Capital<br>Improvement  | Disaster<br>Assistance | Total<br>Governmental<br>Funds |
|--|-------------------------|-------------------------|------------------------|--------------------------------|
| <b>ASSETS</b>  |                         |                         |                        |                                |
| Cash and Cash Equivalents  | \$ 2,647,801            | \$ 2,314,153            | \$ -                   | \$ 4,961,954                   |
| Prepaid Items  | 36,936                  | -                       | -                      | 36,936                         |
| Accounts Receivable  | 337,001                 | -                       | -                      | 337,001                        |
| Due from Other Governments   | 157,625                 | 137,832                 | -                      | 295,457                        |
| Due from Other Funds   | 568,688                 | -                       | -                      | 568,688                        |
|  | <u>568,688</u>          | <u>-</u>                | <u>-</u>               | <u>568,688</u>                 |
| <br>Total Assets   | <br><u>\$ 3,748,051</u> | <br><u>\$ 2,451,985</u> | <br><u>\$ -</u>        | <br><u>\$ 6,200,036</u>        |
| <br><b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES,<br/>AND FUND BALANCES (DEFICIT)</b> |                         |                         |                        |                                |
| <b>LIABILITIES</b>   |                         |                         |                        |                                |
| Accounts Payable   | \$ 70,265               | \$ 10,580               | \$ -                   | \$ 80,845                      |
| Accrued Liabilities  | 154,965                 | -                       | -                      | 154,965                        |
| Due to Other Funds   | -                       | -                       | 193,283                | 193,283                        |
| Unearned Revenue   | 2,865                   | -                       | -                      | 2,865                          |
| Total Liabilities  | <u>228,095</u>          | <u>10,580</u>           | <u>193,283</u>         | <u>431,958</u>                 |
| <br><b>DEFERRED INFLOWS OF RESOURCES</b>   |                         |                         |                        |                                |
| Unavailable Revenue:   |                         |                         |                        |                                |
| Restitution  | 135,277                 | -                       | -                      | 135,277                        |
| Total Deferred Inflows of Resources  | <u>135,277</u>          | <u>-</u>                | <u>-</u>               | <u>135,277</u>                 |
| <br><b>FUND BALANCES (DEFICIT)</b>   |                         |                         |                        |                                |
| Nonspendable   | 36,936                  | -                       | -                      | 36,936                         |
| Assigned for:  |                         |                         |                        |                                |
| Capital Projects   | -                       | 2,441,405               | -                      | 2,441,405                      |
| Unassigned (Deficit)   | 3,347,743               | -                       | (193,283)              | 3,154,460                      |
| Total Fund Balances (Deficit)  | <u>3,384,679</u>        | <u>2,441,405</u>        | <u>(193,283)</u>       | <u>5,632,801</u>               |
| <br>Total Liabilities, Deferred Inflows of<br>Resources and Fund Balances (Deficit)    | <br><u>\$ 3,748,051</u> | <br><u>\$ 2,451,985</u> | <br><u>\$ -</u>        | <br><u>\$ 6,200,036</u>        |

See accompanying Notes to Basic Financial Statements.

**CITY OF ARCADIA, FLORIDA  
RECONCILIATION OF THE BALANCE SHEET — GOVERNMENTAL  
FUNDS TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2021**

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

|   |                             |
|---|-----------------------------|
| <b>Fund Balances - Total Governmental Funds</b>   | \$ 5,632,801                |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.   |                             |
| Capital Assets  | 16,962,071                  |
| Less: Accumulated Depreciation  | <u>(8,356,676)</u>          |
| Total   | 8,605,395                   |
| Certain receivables are not available to pay current period expenditures and, therefore, are reported as deferred inflows of resources in the funds.  |                             |
|   | 135,277                     |
| Net pension asset/liability is not due and payable in the current period and, therefore, the assets/liabilities and the related deferred outflows and inflows of resources are not reported in the funds.   |                             |
| Net Pension Asset   | 236,310                     |
| Net Pension Liability   | (986,028)                   |
| Deferred Outflows of Resources - Pension Related  | 682,496                     |
| Deferred Inflows of Resources - Pension Related   | <u>(278,119)</u>            |
| Total   | (345,341)                   |
| Total other postemployment benefits (OPEB) liability is not due and payable in the current period and, therefore, the liabilities and related deferred outflows of resources are not reported in the funds. |                             |
| Total OPEB Liability  | (1,364,746)                 |
| Deferred Outflows - OPEB  | <u>108,225</u>              |
| Total   | (1,256,521)                 |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.  |                             |
| Capital Leases  | (211,870)                   |
| Compensated Absences  | <u>(258,851)</u>            |
| Total   | (470,721)                   |
| Accrued general long-term debt interest expense is not due and payable in the current period and therefore, is not reported in the funds.   |                             |
|   | <u>(5,310)</u>              |
| Net Position of Governmental Activities   | <u><u>\$ 12,295,580</u></u> |

See accompanying Notes to Basic Financial Statements.

**CITY OF ARCADIA, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES — GOVERNMENTAL FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2021**

|   | General             | Capital<br>Improvement | Disaster<br>Assistance | Total<br>Governmental<br>Funds |
|---|---------------------|------------------------|------------------------|--------------------------------|
| <b>REVENUES</b>                               |                     |                        |                        |                                |
| Taxes   | \$ 2,961,221        | \$ 723,166             | \$ -                   | \$ 3,684,387                   |
| Charges for Services                          | 453,820             | -                      | -                      | 453,820                        |
| Permits, Fees, and Assessments                | 764,484             | -                      | -                      | 764,484                        |
| Intergovernmental                             | 1,938,543           | -                      | -                      | 1,938,543                      |
| Fines and Forfeitures                         | 80,903              | -                      | -                      | 80,903                         |
| Interest Income                               | 2,652               | 1,763                  | -                      | 4,415                          |
| Other Revenues                                | 477,367             | -                      | -                      | 477,367                        |
| Total Revenues                                | <u>6,678,990</u>    | <u>724,929</u>         | <u>-</u>               | <u>7,403,919</u>               |
| <b>EXPENDITURES</b>                           |                     |                        |                        |                                |
| Current:                                      |                     |                        |                        |                                |
| General Government                            | 1,244,838           | 17,760                 | -                      | 1,262,598                      |
| Public Safety                                 | 2,233,060           | -                      | -                      | 2,233,060                      |
| Physical Environment                          | 133,996             | -                      | -                      | 133,996                        |
| Transportation                                | 547,971             | -                      | -                      | 547,971                        |
| Culture and Recreation                        | 1,028,140           | -                      | -                      | 1,028,140                      |
| Capital Outlay                                | 114,687             | 209,119                | -                      | 323,806                        |
| Debt Service:                                 |                     |                        |                        |                                |
| Principal Retirement                          | -                   | 133,086                | -                      | 133,086                        |
| Interest                                      | -                   | 14,682                 | -                      | 14,682                         |
| Total Expenditures                            | <u>5,302,692</u>    | <u>374,647</u>         | <u>-</u>               | <u>5,677,339</u>               |
| <b>NET CHANGE IN FUND BALANCES</b>            | 1,376,298           | 350,282                | -                      | 1,726,580                      |
| Fund Balances (Deficits) - Beginning of Year  | <u>2,008,381</u>    | <u>2,091,123</u>       | <u>(193,283)</u>       | <u>3,906,221</u>               |
| <b>FUND BALANCES (DEFICITS) - END OF YEAR</b> | <u>\$ 3,384,679</u> | <u>\$ 2,441,405</u>    | <u>\$ (193,283)</u>    | <u>\$ 5,632,801</u>            |

See accompanying Notes to Basic Financial Statements.

**CITY OF ARCADIA, FLORIDA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED SEPTEMBER 30, 2021**

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

|   |              |
|---|--------------|
| Net Change in Fund Balances - Total Governmental Funds  | \$ 1,726,580 |
| <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p> |              |
| Capital Outlay  | 324,739      |
| Less: Current Year Depreciation   | (784,675)    |
| Total   | (459,936)    |
| <p>Long-Term liabilities are reported in the statement of net position but not in the governmental funds because they are not due and payable in the current period. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>                                 |              |
| Principal Repayments - Capital Lease  | 133,086      |
| <p>Some revenues reported in the statement of activities will not be collected for several months after the fiscal year and, therefore, are not reported as revenue in the governmental funds.</p>  |              |
| Change in Unavailable Revenue - Restitution   | (2,549)      |
| <p>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.</p>  |              |
| Change in Net Pension Liability/Asset and Related Pension Amounts   | 12,091       |
| Change in Total OPEB Liability and Related OPEB Amounts   | 56,262       |
| Change in Accrued Interest  | 3,096        |
| Change in Compensated Absences  | 5,122        |
| Total   | 76,571       |
| Change in Net Position of Governmental Activities   | \$ 1,473,752 |

See accompanying Notes to Basic Financial Statements.

**CITY OF ARCADIA, FLORIDA**  
**STATEMENT OF NET POSITION — PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2021**

|  | Water and<br>Sewer Fund | Solid<br>Waste Fund | Airport Fund        | Total                |
|--|-------------------------|---------------------|---------------------|----------------------|
| <b>ASSETS</b>                                  |                         |                     |                     |                      |
| Current Assets:                                |                         |                     |                     |                      |
| Cash and Cash Equivalents                      | \$ 2,739,666            | \$ 768,896          | \$ -                | \$ 3,508,562         |
| Restricted Cash and Cash Equivalents:          |                         |                     |                     |                      |
| Customer Deposits                              | 465,837                 | -                   | 6,000               | 471,837              |
| Accounts Receivable, Net of Allowances         | 665,968                 | 119,578             | 2,956               | 788,502              |
| Due from Other Governments                     | 3,775                   | -                   | 32,800              | 36,575               |
| Due from Other Funds                           | 1,593                   | -                   | -                   | 1,593                |
| Total Current Assets                           | <u>3,876,839</u>        | <u>888,474</u>      | <u>41,756</u>       | <u>4,807,069</u>     |
| Noncurrent Assets:                             |                         |                     |                     |                      |
| Net Pension Asset                              | 113,475                 | 32,286              | -                   | 145,761              |
| Capital Assets:                                |                         |                     |                     |                      |
| Nondepreciable                                 | 1,312,193               | -                   | 233,655             | 1,545,848            |
| Depreciable, Net of Accumulated Depreciation   | <u>30,726,568</u>       | <u>306,634</u>      | <u>3,468,840</u>    | <u>34,502,042</u>    |
| Total Noncurrent Assets                        | <u>32,152,236</u>       | <u>338,920</u>      | <u>3,702,495</u>    | <u>36,193,651</u>    |
| Total Assets                                   | 36,029,075              | 1,227,394           | 3,744,251           | 41,000,720           |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>          |                         |                     |                     |                      |
| Deferred Outflows - Pensions                   | 62,951                  | 17,911              | -                   | 80,862               |
| Deferred Outflows - OPEB                       | <u>34,379</u>           | <u>12,237</u>       | <u>1,270</u>        | <u>47,886</u>        |
| Total Deferred Outflows of Resources           | 97,330                  | 30,148              | 1,270               | 128,748              |
| <b>LIABILITIES</b>                             |                         |                     |                     |                      |
| Current Liabilities:                           |                         |                     |                     |                      |
| Accounts Payable                               | 142,653                 | 38,984              | 25,138              | 206,775              |
| Accrued Liabilities                            | 24,131                  | 7,491               | 1,338               | 32,960               |
| Accrued Interest                               | -                       | 1,012               | -                   | 1,012                |
| Current Portion - Compensated Absences         | 5,531                   | 2,848               | -                   | 8,379                |
| Current Portion - Capital Leases Payable       | 33,776                  | 77,127              | -                   | 110,903              |
| Current Portion - Notes Payable                | 565,961                 | -                   | -                   | 565,961              |
| Current Portion - Total OPEB Liability         | 34,385                  | 12,239              | 1,254               | 47,878               |
| Due to Other Funds                             | 100,946                 | 88,129              | 187,923             | 376,998              |
| Payable from Restricted Assets:                |                         |                     |                     |                      |
| Customer Deposits                              | 465,837                 | -                   | 6,000               | 471,837              |
| Accrued Interest                               | <u>25,103</u>           | <u>-</u>            | <u>-</u>            | <u>25,103</u>        |
| Total Current Liabilities                      | <u>1,398,323</u>        | <u>227,830</u>      | <u>221,653</u>      | <u>1,847,806</u>     |
| Noncurrent Liabilities:                        |                         |                     |                     |                      |
| Compensated Absences, Net of Current Portion   | 49,783                  | 25,628              | -                   | 75,411               |
| Capital Leases Payable, Net of Current Portion | 35,605                  | -                   | -                   | 35,605               |
| Notes Payable, Net of Current Portion          | 12,960,726              | -                   | -                   | 12,960,726           |
| Total OPEB Liability - Net of Current Portion  | <u>399,212</u>          | <u>142,099</u>      | <u>14,564</u>       | <u>555,875</u>       |
| Total Noncurrent Liabilities                   | <u>13,445,326</u>       | <u>167,727</u>      | <u>14,564</u>       | <u>13,627,617</u>    |
| Total Liabilities                              | 14,843,649              | 395,557             | 236,217             | 15,475,423           |
| <b>DEFERRED INFLOWS OF RESOURCES</b>           |                         |                     |                     |                      |
| Deferred Inflows - Pensions                    | <u>125,553</u>          | <u>35,722</u>       | <u>-</u>            | <u>161,275</u>       |
| <b>NET POSITION</b>                            |                         |                     |                     |                      |
| Net Investment in Capital Assets               | 18,596,997              | 229,507             | 3,702,495           | 22,528,999           |
| Unrestricted (Deficit)                         | <u>2,560,206</u>        | <u>596,756</u>      | <u>(193,191)</u>    | <u>2,963,771</u>     |
| Total Net Position                             | <u>\$ 21,157,203</u>    | <u>\$ 826,263</u>   | <u>\$ 3,509,304</u> | <u>\$ 25,492,770</u> |

See accompanying Notes to Basic Financial Statements.



**CITY OF ARCADIA, FLORIDA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN**  
**NET POSITION — PROPRIETARY FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2021**

|   | Water and<br>Sewer Fund | Solid<br>Waste Fund | Airport Fund        | Total                |
|---|-------------------------|---------------------|---------------------|----------------------|
| <b>OPERATING REVENUES</b>                         |                         |                     |                     |                      |
| Charges for Services                              | \$ 5,045,465            | \$ 1,058,239        | \$ 625,173          | \$ 6,728,877         |
| Other Revenues                                    | 23,002                  | 3,015               | 13,810              | 39,827               |
| Total Operating Revenues                          | <u>5,068,467</u>        | <u>1,061,254</u>    | <u>638,983</u>      | <u>6,768,704</u>     |
| <b>OPERATING EXPENSES</b>                         |                         |                     |                     |                      |
| Personal Services                                 | 1,245,718               | 377,167             | 106,619             | 1,729,504            |
| Operating Expenses                                | 2,174,745               | 468,485             | 568,838             | 3,212,068            |
| Depreciation                                      | 1,222,848               | 18,338              | 264,107             | 1,505,293            |
| Total Operating Expenses                          | <u>4,643,311</u>        | <u>863,990</u>      | <u>939,564</u>      | <u>6,446,865</u>     |
| <b>OPERATING INCOME (LOSS)</b>                    | 425,156                 | 197,264             | (300,581)           | 321,839              |
| <b>NONOPERATING INCOME (EXPENSES)</b>             |                         |                     |                     |                      |
| Interest Income                                   | 3,465                   | 586                 | -                   | 4,051                |
| Interest Expense                                  | (152,959)               | (4,985)             | -                   | (157,944)            |
| Total Nonoperating Income (Expenses)              | <u>(149,494)</u>        | <u>(4,399)</u>      | <u>-</u>            | <u>(153,893)</u>     |
| <b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS</b> | 275,662                 | 192,865             | (300,581)           | 167,946              |
| <b>CAPITAL GRANTS AND CONTRIBUTIONS</b>           | <u>127,934</u>          | <u>-</u>            | <u>767,389</u>      | <u>895,323</u>       |
| <b>CHANGE IN NET POSITION</b>                     | 403,596                 | 192,865             | 466,808             | 1,063,269            |
| Net Position - Beginning of Year                  | <u>20,753,607</u>       | <u>633,398</u>      | <u>3,042,496</u>    | <u>24,429,501</u>    |
| <b>NET POSITION - END OF YEAR</b>                 | <u>\$ 21,157,203</u>    | <u>\$ 826,263</u>   | <u>\$ 3,509,304</u> | <u>\$ 25,492,770</u> |

See accompanying Notes to Basic Financial Statements.

**CITY OF ARCADIA, FLORIDA**  
**STATEMENT OF CASH FLOWS — PROPRIETARY FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2021**

|   | Water and<br>Sewer Fund | Solid<br>Waste Fund | Airport Fund    | Total               |
|---|-------------------------|---------------------|-----------------|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                     |                         |                     |                 |                     |
| Receipts from Customers and Users                               | \$ 5,203,308            | \$ 1,088,451        | \$ 638,960      | \$ 6,930,719        |
| Payments to Suppliers   | (2,352,621)             | (459,623)           | (561,705)       | (3,373,949)         |
| Payments to Employees   | (1,318,176)             | (389,337)           | (107,876)       | (1,815,389)         |
| Net Cash Provided (Used) by Operating Activities                | 1,532,511               | 239,491             | (30,621)        | 1,741,381           |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>          |                         |                     |                 |                     |
| Due to other funds  | -                       | -                   | 59,968          | 59,968              |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b> |                         |                     |                 |                     |
| Acquisition and Construction of Capital Assets                  | (5,210,163)             | -                   | (776,715)       | (5,986,878)         |
| Proceeds from Capital Grants                                    | 1,002,434               | -                   | 748,868         | 1,751,302           |
| Proceeds from Notes Payable and Capital Leases                  | 4,211,038               | -                   | -               | 4,211,038           |
| Principal Paid on Bonds   | (420,000)               | -                   | -               | (420,000)           |
| Principal Paid on Notes Payable and Capital Leases              | (416,508)               | (74,206)            | -               | (490,714)           |
| Interest Paid   | (161,649)               | (5,959)             | -               | (167,608)           |
| Net Cash Used by Capital and Related Financing Activities       | (994,848)               | (80,165)            | (27,847)        | (1,102,860)         |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                     |                         |                     |                 |                     |
| Interest and Dividends Received                                 | 3,465                   | 586                 | -               | 4,051               |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>                | 541,128                 | 159,912             | 1,500           | 702,540             |
| Cash and Cash Equivalents - Beginning of Year                   | 2,664,375               | 608,984             | 4,500           | 3,277,859           |
| <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>                  | <u>\$ 3,205,503</u>     | <u>\$ 768,896</u>   | <u>\$ 6,000</u> | <u>\$ 3,980,399</u> |
| <b>CLASSIFIED AS:</b>   |                         |                     |                 |                     |
| Cash and Cash Equivalents                                       | \$ 2,739,666            | \$ 768,896          | \$ -            | \$ 3,508,562        |
| Restricted Cash and Cash Equivalents:                           |                         |                     |                 |                     |
| Customer Deposits   | 465,837                 | -                   | 6,000           | 471,837             |
| Total   | <u>\$ 3,205,503</u>     | <u>\$ 768,896</u>   | <u>\$ 6,000</u> | <u>\$ 3,980,399</u> |

See accompanying Notes to Basic Financial Statements.

**CITY OF ARCADIA, FLORIDA**  
**STATEMENT OF CASH FLOWS — PROPRIETARY FUNDS (CONTINUED)**  
**YEAR ENDED SEPTEMBER 30, 2021**

|  | Water and<br>Sewer Fund | Solid<br>Waste Fund | Airport Fund       | Total               |
|--|-------------------------|---------------------|--------------------|---------------------|
| <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO<br/>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b> |                         |                     |                    |                     |
| Operating Income (Loss)  | \$ 425,156              | \$ 197,264          | \$ (300,581)       | \$ 321,839          |
| Adjustments to Reconcile Operating Income (Loss) to<br>Net Cash Provided (Used) by Operating Activities: |                         |                     |                    |                     |
| Depreciation and Amortization  | 1,222,848               | 18,338              | 264,107            | 1,505,293           |
| Changes in Assets and Liabilities:   |                         |                     |                    |                     |
| (Increase) Decrease in Accounts Receivable   | 118,436                 | 27,197              | (1,523)            | 144,110             |
| (Increase) Decrease in Net Pension Asset   | (113,475)               | (32,286)            | -                  | (145,761)           |
| (Increase) Decrease In Deferred Outflows - Pensions  | 23,281                  | 20,515              | -                  | 43,796              |
| (Increase) Decrease In Deferred Outflows - OPEB  | (7,671)                 | (3,669)             | (124)              | (11,464)            |
| Increase (Decrease) in Accounts Payable  | (177,876)               | 8,861               | 7,133              | (161,882)           |
| Increase (Decrease) in Accrued Liabilities   | 1,428                   | 455                 | 808                | 2,691               |
| Increase (Decrease) in Unearned Revenue  | (1,417)                 | -                   | -                  | (1,417)             |
| Increase (Decrease) in Compensated Absences  | 1,343                   | 192                 | -                  | 1,535               |
| Increase (Decrease) in Customer Deposits   | 17,822                  | -                   | 1,500              | 19,322              |
| Increase (Decrease) in Net Pension Liability   | (66,000)                | (29,409)            | -                  | (95,409)            |
| Increase (Decrease) in Total OPEB Liability  | 19,662                  | 21,524              | (1,941)            | 39,245              |
| Increase (Decrease) In Deferred Inflows - Pensions   | 68,974                  | 10,509              | -                  | 79,483              |
| Net Cash Provided (Used) by Operating Activities   | <u>\$ 1,532,511</u>     | <u>\$ 239,491</u>   | <u>\$ (30,621)</u> | <u>\$ 1,741,381</u> |

See accompanying Notes to Basic Financial Statements.

**CITY OF ARCADIA, FLORIDA**  
**STATEMENT OF FIDUCIARY NET POSITION — FIDUCIARY FUNDS**  
**SEPTEMBER 30, 2021**

|  | Pension<br>Trust Funds |
|--|------------------------|
| <b>ASSETS</b>                              |                        |
| Cash                                       | \$ 22,753              |
| Contributions Receivable                   | 28,096                 |
| Interest and Dividends Receivable          | 13,435                 |
| Investments:                               |                        |
| Short-Term Investments                     | 236,657                |
| Common Stock                               | 3,826,375              |
| Foreign Stock                              | 164,475                |
| U.S. Government Obligations                | 1,407,916              |
| Mortgage/Asset-Backed Securities           | 525,527                |
| Corporate Bonds                            | 920,755                |
| Foreign Bonds                              | 42,446                 |
| Mutual Funds - Equity                      | 5,809,046              |
| Mutual Funds - Fixed Income                | 348,767                |
| Nonparticipating Interest-Earning Contract | 2,313,319              |
| Real Estate Fund                           | 1,191,986              |
| Total Investments                          | 16,787,269             |
| Total Assets                               | 16,851,553             |
| <b>LIABILITIES</b>                         |                        |
| Accounts Payable                           | 10,674                 |
| <b>NET POSITION</b>                        |                        |
| Net Position Restricted for:               |                        |
| Pension Benefits                           | \$ 16,840,879          |

See accompanying Notes to Basic Financial Statements.

**CITY OF ARCADIA, FLORIDA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION — FIDUCIARY FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2021**

|                                   | Pension<br>Trust Funds |
|-----------------------------------|------------------------|
| <b>ADDITIONS</b>                  |                        |
| Contributions:                    |                        |
| Employer                          | \$ 616,368             |
| State of Florida                  | 93,209                 |
| Plan Members                      | 156,141                |
| Total Contributions               | 865,718                |
| Investment Income:                |                        |
| Investment Earnings               | 2,771,100              |
| Less: Investment Expenses         | (92,454)               |
| Net Investment Income             | 2,678,646              |
| Total Additions                   | 3,544,364              |
| <b>DEDUCTIONS</b>                 |                        |
| Benefits                          | 890,552                |
| Administrative Expenses           | 88,389                 |
| Total Deductions                  | 978,941                |
| <b>CHANGE IN NET POSITION</b>     | 2,565,423              |
| Net Position - Beginning of Year  | 14,275,456             |
| <b>NET POSITION - END OF YEAR</b> | \$ 16,840,879          |

See accompanying Notes to Basic Financial Statements.

**CITY OF ARCADIA, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

The financial statements of the City of Arcadia, Florida (City) have been prepared in conformity with accounting principles generally accepted (GAAP) in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

**The Financial Reporting Entity**

The City began as a small ranching and farming settlement on the bluff overlooking the Peace River in 1883. The City was first chartered in 1886 and became the County Seat of DeSoto County in 1888. It was granted its present Charter in 1901, established under the 1901 Laws of Florida, Chapter 5080. It is located in Central Florida near the intersection of U.S. Highway 17 and State Road 70, and is comprised of approximately 4.1 square miles with a population of approximately 7,500. The City operates under an elected Council (five members rotate as Mayor), administrative/legislative form of government and provides the following services as authorized by its charter: police, waste collection, parks and recreation, certain social services, and general administration. In addition, the City owns and operates a water system, sewer system, and airport.

As required by the GASB, the accompanying financial statements include all funds for which the City is financially accountable. The City has also considered all other potential organizations for which the nature and significance of their relationships with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The GASB has set forth criteria to be considered in determining financial accountability. A primary government is considered financially accountable if it appoints a voting majority of an organization's governing body and is able to impose its will on that organization. The primary government may also be financially accountable if an organization is fiscally dependent on the primary government and a financial benefit or burden relationship exists, regardless of the authority of the organization's governing board. Based on these criteria, there are no other organizations or agencies which should be included in these basic financial statements.

The Arcadia Housing Authority (AHA) was created by Chapter 421 of the Florida Statutes, 1941, as amended by Chapter 21697 and 21699, Laws of 1943, and approved May 11, 1943. The City and the AHA entered into a cooperative agreement on March 19, 1962. The City Council has the responsibility of ratifying the appointment of AHA Board members. The City's accountability for this organization does not extend beyond this role.

**Basis of Presentation**

**Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the City. *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.

**CITY OF ARCADIA, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

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

**Basis of Presentation (Continued)**

**Government-Wide and Fund Financial Statements (Continued)**

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

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

**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 and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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 City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, with the exception of grant revenues, which are considered available when eligible expenditures have been incurred even though they may be collected beyond 60 days. Property taxes, gas taxes, utility taxes, franchise fees, intergovernmental revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual.

Permits and assessments, fines and forfeitures, charges for services (other than utility), and miscellaneous revenues are generally recorded as revenue when received in cash, because they are generally not measurable until actually received.

Property taxes are recognized as revenue at the time an enforceable legal claim is established. This is determined to occur November 1 of each year. The assessment roll is validated July 1, and the millage resolution is approved by September 30. The City's property taxes become a lien on October 1, and the tax is levied by DeSoto County each November 1, for real and personal property located in the City. Property taxes are due before April 1, with the maximum discount available if payment is made on or before November 30. If payments remain delinquent, a tax certificate for the full amount of any unpaid taxes is sold no later than June 1. Under this arrangement, there are no property tax receivables at the end of the fiscal year on September 30.

CITY OF ARCADIA, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

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

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

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.

The government reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Capital Improvement Fund* is a capital projects fund used to account for the receipt, custody, and expenditure of funds designated for capital improvements.

The *Disaster Assistance Fund* is a special revenue fund used to account for the receipt and expenditure of grant funds restricted for disaster recovery.

The government reports the following major proprietary funds:

The *Water and Sewer Fund* accounts for the activities associated with providing water and sewer services to residents of the City. The City operates a sewage treatment plant, sewage pumping stations and collection systems, and a water treatment and distribution system.

The *Solid Waste Fund* accounts for the activities associated with providing solid waste services to residents of the City.

The *Airport Fund* accounts for operations and facilities at the City owned airport. This fund includes rental properties and fuel service.

Additionally, the government reports the following fiduciary fund type:

The *pension trust funds* account for the activities of the City's retirement plans which accumulate resources for pension benefit payments made to qualified pension employees.

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



CITY OF ARCADIA, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

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

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

Amounts reported as *program revenues* include: (1) charges to customers or applicants for goods, services or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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 City's enterprise funds are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Assets, Liabilities, and Net Position or Fund Balance**

**Deposits and Investments**

The City maintains a pooled cash account that is available for use by all funds, except the pension trust funds. Each fund's portion of this pool is presented as "cash and cash equivalents" in the financial statements. Interest income earned as a result of pooling is distributed monthly to the appropriate funds based on average daily balances.

In addition, nonpooled cash and cash equivalents are separately held by several of the City's funds. The government's nonpooled cash and cash equivalents are considered to be cash on hand; demand deposits; interest-bearing time deposits; and deposits in the Local Government Surplus Trust Fund Investment Pool administered by the Florida State Board of Administration and the Florida SAFE Investment Pool administered by PMA Financial Network, both of which are valued at amortized cost, which approximates fair value. Investments are held only in the pension trust funds and consist of debt and equity securities, immediate participation guarantee contracts (IPG), and short-term investments. Securities traded on a national or international exchange are valued at the last reported sales quote at current exchange rates. Investments that do not have an established market are reported at estimated fair value based on market indicators regarded as measures of equity or fixed income performance results. The estimated fair value of IPG investments are based on valuations provided by external investment managers. Management believes the carrying amount of these financial instruments is a reasonable estimate of fair value. Because the IPG investments are not readily marketable, their estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for such investments existed.

Florida Statutes require state and local governmental units to deposit monies with financial institutions classified as "Qualified Public Depositories," a multiple financial institution pool whereby groups of securities pledged by the various financial institutions provide common collateral for their deposits of public funds.

**CITY OF ARCADIA, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

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

**Assets, Liabilities, and Net Position or Fund Balance (Continued)**

Deposits and Investments (Continued)

This pool is provided as additional insurance to the Federal depository insurance and allows for additional assessments against the member institutions providing full insurance for public deposits. The City had deposits only with qualifying institutions as of September 30, 2021.

Receivables and Payables

Outstanding balances between funds are reported as “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Unbilled service receivables represent the estimated amount of accounts receivable for services that have not yet been billed. The amount represents a timing difference between the end of the financial statement cycle (month-end) and the billing cycle (varying dates each billing period). All receivables are shown net of an allowance for doubtful accounts. The accounts receivable in excess of 90 days for water, sewer, garbage, and utility tax revenues comprises the allowance for doubtful accounts. The allowance for doubtful accounts as of September 30, 2021 was \$1,035,933 in the Water and Sewer Fund and \$124,704 in the Solid Waste Fund.

Restricted Assets

Restricted assets include customer deposits being held for water and sewer utility accounts where the balance is maintained in a separate bank account.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset life are not capitalized. Donated capital assets are recorded at estimated acquisition value at the date of donation.

**CITY OF ARCADIA, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

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

**Assets, Liabilities, and Net Position or Fund Balance (Continued)**

Capital Assets (Continued)

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

|                              |                |
|------------------------------|----------------|
| Buildings                    | 15 to 40 Years |
| Water and Sewer Systems      | 15 to 40 Years |
| Public Domain Infrastructure | 15 to 40 Years |
| Improvements                 | 10 to 15 Years |
| Equipment                    | 5 to 10 Years  |

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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

The City has deferred inflows and deferred outflows related to the recording of changes in its net pension liability/asset. Certain changes in the net pension liability/asset 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 City's actuary, which adjust the net pension liability/asset 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/asset 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.

Additionally, any contributions made by the City to the pension plan before year-end but subsequent to the measurement date of the City's net pension liability/asset are reported as deferred outflows of resources.

Likewise, any contributions made by the City to the OPEB plan before year-end but subsequent to the measurement date of the City's total OPEB liability are reported as deferred outflows of resources.

**CITY OF ARCADIA, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

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

**Assets, Liabilities, and Net Position or Fund Balance (Continued)**

Deferred Outflows/Inflows of Resources (Continued)

In addition to the above pension and OPEB related deferred inflows, the City also has one other type of deferred inflows of resources, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item *unavailable revenue* is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from certain charges for services and fines and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

Compensated Absences

Accumulated unpaid vacation time and sick time amounts, including the related direct and incremental salary related payments, are accrued in the enterprise fund, and appear as increases in salary expenses. In governmental funds, these costs are recognized when payments are made to employees or when the costs mature as a result of employee resignation or retirement. All vacation and sick pay is accrued when earned in the government-wide financial statements.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and business-type activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

Fund Equity

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.”

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 City 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: (a) not in spendable form (i.e., items that are not expected to be converted to cash such as prepaid items and advances to other funds), or (b) legally or contractually required to be maintained intact.

**CITY OF ARCADIA, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

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

**Assets, Liabilities, and Net Position or Fund Balance (Continued)**

Fund Equity (Continued)

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

*Committed* – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution or ordinance. Only the City 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 they are to be used for specific purposes as established by City Management, that are neither considered restricted or committed.

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

Net Position – Net position represents the difference between assets and liabilities. The net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. The net investment in capital assets excludes unspent debt proceeds. Net position is reported as restricted when there are limitations imposed on use either through enabling legislation or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. All net position not reported as net investment in capital assets or restricted net position, is reported as unrestricted net position.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance/net position are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

**CITY OF ARCADIA, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

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

**Accounting Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America as applied to governmental units requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the estimates.

**Impact of Recently Issued Accounting Principles**

The GASB issued Statement No. 84, Fiduciary Activities, effective for September 30, 2021 year-end. The objective is to improve guidance regarding the identification for the fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The City has implemented this Statement for fiscal year 2021.

**NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Budgetary Information**

Annual budgets are adopted for the General Fund, other major governmental funds, and enterprise funds on the modified accrual basis. All budgets presented are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP), except that capital outlays, rather than depreciation expense, and the reduction of principal related to debt are treated as an expense in the year budgeted for the enterprise funds. Budgets are not prepared for the Disaster Assistance Fund or the pension trust funds.

No later than two months prior to the end of the fiscal year, the City Administrator submits to the City Council a proposed operating budget for the fiscal year commencing October 1. The operating budget includes proposed expenditures and the means of financing them by fund. The Council holds public hearings to obtain taxpayer comments and a final budget must be prepared and adopted by October 1, through the passage of a resolution.

The appropriated budget is prepared by fund, function, and department. The Finance Director or City Administrator has the authority to approve interdepartmental transfers up to \$15,000. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level for the General Fund, and the fund level for all other funds. The City Council retains the right to amend the budget as necessary throughout the course of the year.

Budget amounts in the accompanying financial statements are as originally adopted, or as amended by the appropriate authority.

**CITY OF ARCADIA, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 3 DEPOSITS AND INVESTMENTS**

At September 30, 2021, the bank balances of the City’s deposits totaled \$6,395,925.

The following is a reconciliation of deposits and investments to amounts shown on the statement of net position and statement of fiduciary net position as of September 30, 2021:

|                                      |               |
|--------------------------------------|---------------|
| Deposits                             | \$ 6,375,992  |
| Cash on Hand                         | 700           |
| Investments                          | 19,375,683    |
| Total                                | \$ 25,752,375 |
|                                      |               |
| Statement of Net Position:           |               |
| Cash and Cash Equivalents            | \$ 8,470,516  |
| Restricted Cash and Cash Equivalents | 471,837       |
| Statement of Fiduciary Net Position: |               |
| Cash                                 | 22,753        |
| Investments                          | 16,787,269    |
| Total                                | \$ 25,752,375 |

**Custodial Credit Risk**

For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

All deposit accounts of the City are placed in banks that qualify as a public depository, as required by law (Florida Security for Public Deposits Act, Chapter 280, Florida Statutes). Chapter 280 of the Florida Statutes provides that qualified public depositories must maintain eligible collateral having a market value equal to 25% of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held by the depository during the 12 months immediately preceding the date of any computation of the balance. As such, the depository is not required to hold collateral in the City’s name, nor specify which collateral is held for the City’s benefit.

The Public Deposit Security Trust Fund, as created under the laws of the State of Florida, would be required to pay the City for any deposits not covered by depository insurance or collateral pledged by the depository as previously described. Florida Statutes and the City’s investment policy authorize the City to use interest bearing time deposit, savings accounts, and money market accounts in qualified public depositories. All deposits are entirely insured.

**Investments in Local Government Investment Pools**

The City invests funds throughout the year with Florida PRIME, an investment pool administered by the State Board of Administration (SBA), under the regulatory oversight of the State of Florida. Investments in Florida PRIME are made pursuant to Chapter 125.31, Florida Statutes. The investments are not categorized because they are not evidenced by securities that exist in physical or book entry form. Throughout the year and as of September 30, 2021, Florida PRIME contained certain floating and adjustable rate securities which were indexed based on the prime rate and/or one and three month LIBOR rates. These investments represented 4.4% of the Florida PRIME’s portfolio at September 30, 2021.

**CITY OF ARCADIA, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

**Investments in Local Government Investment Pools (Continued)**

Florida PRIME meets all of the necessary criteria to elect to measure all of the investments in Florida PRIME at amortized cost, which approximates fair value.

The weighted average days to maturity (WAM) of Florida PRIME as of September 30, 2021 was 49 days. Next interest rate reset dates for floating securities are used in the calculation of the WAM. The weighted average life (WAL) of the Florida PRIME at September 30, 2021 was 64 days. Investments in Florida PRIME must carry an “AAAm” rating from Standard and Poor’s. On September 30, 2021, Standard and Poor’s Ratings Services assigned the Florida PRIME an “AAAm” principal stability funding rating.

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

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

As of September 30, 2021, there were no redemption fees, maximum transaction amounts, or any other requirements that serve to limit a participant’s daily access to 100% of their account value.

The City’s investment pool also includes the Florida Surplus Asset Fund Trust (Florida SAFE Investment Pool) is a common law trust organized in 2007 under the laws of the State of Florida. The trust is administered by Prudent Man Advisors, Inc. and an elected five member Board of Trustees that oversees all actions and decides on general policies. The trust includes a liquid money market-like investment called the “FL SAFE Fund” and one or more Term Series portfolios that have a fixed duration. Participants in the trust may invest in the Fund and any Term Series portfolios and in a value-added program called the “Fixed Income Investment Program,” through which the participants may purchase investments for their own portfolio. The Fund is accounted as a Stable Net Position Value investment pool.



**CITY OF ARCADIA, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

**Investments in Local Government Investment Pools (Continued)**

As of September 30, 2021, FL SAFE investment pool weighted average maturity in days was 76 days. Florida SAFE meets all of the necessary criteria to elect to measure all of the investments in Florida SAFE at amortized cost, which approximates fair value.

As of September 30, 2021, there were no redemption fees, maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100% of their account value.

**Fair Value**

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Debt and equity securities classified as Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Securities classified as Level 2 of the fair value hierarchy are valued using quoted prices for similar assets in active markets.

The City had the following fair value measurements as of September 30, 2021:

|   | <u>Total</u>         | <u>Quoted<br/>Prices in<br/>Active Markets<br/>for Identical<br/>Assets<br/>(Level 1)</u> | <u>Significant<br/>Other<br/>Observable<br/>Inputs<br/>(Level 2)</u> | <u>Significant<br/>Unobservable<br/>Inputs<br/>(Level 3)</u> |
|---|----------------------|---|--|--|
| <b>Investments by Fair Value Level:</b>               |                      |   |  |  |
| Common Stock  | \$ 3,826,375         | \$ 3,826,375  | \$ -   | \$ -   |
| Foreign Stock   | 164,475              | 164,475   | -  | -  |
| U.S. Government Obligations                           | 1,407,916            | 325,330   | 1,082,586  | -  |
| Mortgage/Asset-Backed Securities                      | 525,527              | -   | 525,527  | -  |
| Corporate Bonds                                       | 920,755              | -   | 920,755  | -  |
| Foreign Bonds   | 42,446               | -   | 42,446   | -  |
| Mutual Funds - Equity                                 | 5,809,046            | 5,809,046   | -  | -  |
| Mutual Funds - Fixed Income                           | 348,767              | 348,767   | -  | -  |
| Total Investments Measured at Fair Value              | <u>13,045,307</u>    | <u>\$ 10,473,993</u>  | <u>\$ 2,571,314</u>  | <u>\$ -</u>  |
| <b>Investments Measured at Net Asset Value (NAV):</b> |                      |   |  |  |
| Real Estate Fund                                      | <u>1,191,986</u>     |   |  |  |
| Total Investments Measured at NAV                     | 1,191,986            |   |  |  |
| <b>Investments Measured at Amortized Cost:</b>        |                      |   |  |  |
| Florida PRIME   | 461,420              |   |  |  |
| Florida SAFE  | 2,126,994            |   |  |  |
| Short-Term Investments                                | 236,657              |   |  |  |
| Nonparticipating Interest-Earning Contract            | <u>2,313,319</u>     |   |  |  |
| Total Investments Measured at Amortized Cost          | <u>5,138,390</u>     |   |  |  |
| Total Investments                                     | <u>\$ 19,375,683</u> |   |  |  |

**CITY OF ARCADIA, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

**Fair Value (Continued)**

Other information for investments measured at the NAV or its equivalent is as follows:

|                  | <u>Fair Value</u> | <u>Unfunded Commitments</u> | <u>Redemption Frequency</u> | <u>Redemption Notice Period</u> |
|------------------|-------------------|-----------------------------|-----------------------------|---------------------------------|
| Real Estate Fund | \$ 1,191,986      | \$ 1,555                    | Quarterly                   | Daily                           |

*Real Estate Fund* – The American Core Realty Fund is an open-end diversified core real estate commingled fund whose primary objective is to provide returns that are attractive relative to other asset classes with stable income and the potential for market appreciation. The American Core Realty Fund invests primarily in core institutional quality office, retail, industrial, and multi-family properties that are substantially leased and have minimal deferred maintenance or functional obsolescence.

**Interest Rate Risk**

As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits investments of current operating funds to have maturities of no longer than 24 months. Investments of the City's fiduciary funds (pension plans) shall have a term appropriate to the need to fund future retiree benefits and in accordance with each plan's governing board's investment policy. As of September 30, 2021, the City had the following investments in debt securities and related maturities:

| <u>Investment Type</u>           | <u>Fair Value</u>   | <u>Investment Maturities (in Years)</u> |                     |                   |                           |
|----------------------------------|---------------------|---|---------------------|-------------------|---------------------------|
|                                  |                     | <u>Less than 1 Year</u>                 | <u>1-5 Years</u>    | <u>6-10 Years</u> | <u>More than 10 Years</u> |
| Fiduciary:                       |                     |   |                     |                   |                           |
| U.S. Government Obligations      | \$ 1,407,916        | \$ -                                    | \$ 1,311,150        | \$ 96,766         | \$ -                      |
| Mortgage/Asset-Backed Securities | 525,527             | -                                       | -                   | 15,162            | 510,365                   |
| Corporate Bonds                  | 920,755             | 231,161                                 | 567,063             | 122,531           | -                         |
| Foreign Bonds                    | 42,446              | -                                       | 42,446              | -                 | -                         |
| Mutual Funds - Fixed Income      | 348,767             | 348,767                                 | -                   | -                 | -                         |
| Total                            | <u>\$ 3,245,411</u> | <u>\$ 579,928</u>                       | <u>\$ 1,920,659</u> | <u>\$ 234,459</u> | <u>\$ 510,365</u>         |

**Credit Risk**

Credit risk is the risk that an insurer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City's investment policy minimizes credit risk by limiting the maximum percentage that may be invested in any one entity or instrument at any one time.

**CITY OF ARCADIA, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

**Credit Risk (Continued)**

Presented below is the actual rating as of September 30, 2021 for each type of investment in debt securities.

| <u>Investment Type</u>                     | <u>S&amp;P/Moody's Rating</u> | <u>Fair Value</u>    |
|--|-------------------------------|----------------------|
| SBA Florida PRIME                          | AAAm                          | \$ 461,420           |
| PMA Florida SAFE                           | AAAm                          | 2,126,994            |
| Short-Term Investments                     | NR                            | 236,657              |
| U.S. Government Obligations                | Aaa                           | 1,407,916            |
| Mortgage/Asset-Backed Securities           | NR                            | 525,527              |
| Corporate Bonds                            | Aaa-Baa3                      | 920,755              |
| Foreign Bonds                              | Baa3                          | 42,446               |
| Mutual Funds - Equity                      | NR                            | 5,809,046            |
| Mutual Funds - Fixed Income                | NR                            | 348,767              |
| Nonparticipating Interest-Earning Contract | NR                            | 2,313,319            |
| Real Estate Fund                           | NR                            | 1,191,986            |
| Total                                      |                               | <u>\$ 15,384,833</u> |

NR = Not Rated

The City follows the guidelines of Florida Statute 218.415, which allows certain types of investments. The City's investment policy allows investment in government-sponsored agencies such as investment pools, tax-exempt municipal bonds, direct obligations, and bonds guaranteed by the U.S. government, with a minimum AA rating by Standard and Poor's.

**Concentration of Credit Risk**

Assets are to be diversified to control the risk of loss resulting from concentration of assets in a specific maturity, issue, instruments, deals, or bank through which the investments are bought and sold.

No investments in any one issuer exceeds 5% of the total investments.

**Foreign Currency Risk**

The City is not exposed to any foreign currency risk.

**CITY OF ARCADIA, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE 4 RECEIVABLES**

Receivables as of September 30, 2021, for the City's individual major funds, including the applicable allowances for uncollectible accounts, are as follows:

|                                 | Governmental      | Business-Type Activities |                   |                 | Total               |
|---------------------------------|-------------------|--------------------------|-------------------|-----------------|---------------------|
|                                 | Activities        | Water and                | Solid             | Airport         |                     |
|                                 | General           | Sewer                    | Waste             |                 |                     |
| Utility and Franchise Taxes     | \$ 134,367        | \$ -                     | \$ -              | \$ -            | \$ 134,367          |
| Restitution                     | 135,277           | -                        | -                 | -               | 135,277             |
| Customer Charges                | -                 | 1,701,656                | 216,774           | 2,956           | 1,921,386           |
| Miscellaneous                   | 67,357            | 245                      | 27,508            | -               | 95,110              |
| Gross Receivables               | 337,001           | 1,701,901                | 244,282           | 2,956           | 2,286,140           |
| Allowance for Doubtful Accounts | -                 | (1,035,933)              | (124,704)         | -               | (1,160,637)         |
| Total                           | <u>\$ 337,001</u> | <u>\$ 665,968</u>        | <u>\$ 119,578</u> | <u>\$ 2,956</u> | <u>\$ 1,125,503</u> |

**NOTE 5 CAPITAL ASSETS**

The following is a summary of changes in capital assets for the governmental activities for the year ended September 30, 2021:

|  | Beginning           |                     |             |             | Ending              |
|--|---------------------|---------------------|-------------|-------------|---------------------|
|  | Balance             | Increases           | Decreases   | Transfers   | Balance             |
| <b>Governmental Activities:</b>              |                     |                     |             |             |                     |
| Capital Assets, Not Being Depreciated:       |                     |                     |             |             |                     |
| Land   | \$ 1,334,812        | \$ -                | \$ -        | \$ -        | \$ 1,334,812        |
| Construction In Progress                     | -                   | 246,527             | -           | (178,517)   | 68,010              |
| Total Capital Assets, Not Being Depreciated  | 1,334,812           | 246,527             | -           | (178,517)   | 1,402,822           |
| Capital Assets, Being Depreciated:           |                     |                     |             |             |                     |
| Buildings                                    | 1,811,273           | -                   | -           | 49,500      | 1,860,773           |
| Improvements Other than Buildings            | 4,939,811           | -                   | -           | -           | 4,939,811           |
| Infrastructure                               | 5,894,751           | -                   | -           | 129,017     | 6,023,768           |
| Furniture, Fixtures, and Equipment           | 2,713,789           | 78,212              | (57,104)    | -           | 2,734,897           |
| Total Capital Assets, Being Depreciated      | 15,359,624          | 78,212              | (57,104)    | 178,517     | 15,559,249          |
| Less: Accumulated Depreciation for:          |                     |                     |             |             |                     |
| Buildings                                    | (1,123,744)         | (33,627)            | -           | -           | (1,157,371)         |
| Improvements Other than Buildings            | (2,569,175)         | (299,663)           | -           | -           | (2,868,838)         |
| Infrastructure                               | (2,581,438)         | (185,182)           | -           | -           | (2,766,620)         |
| Furniture, Fixtures, and Equipment           | (1,354,748)         | (266,203)           | 57,104      | -           | (1,563,847)         |
| Total Accumulated Depreciation               | (7,629,105)         | (784,675)           | 57,104      | -           | (8,356,676)         |
| Total Capital Assets, Being Depreciated, Net | 7,730,519           | (706,463)           | -           | 178,517     | 7,202,573           |
| Governmental Activities Capital Assets, Net  | <u>\$ 9,065,331</u> | <u>\$ (459,936)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 8,605,395</u> |

**CITY OF ARCADIA, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE 5 CAPITAL ASSETS (CONTINUED)**

Depreciation expense was charged to the various functions of governmental activities as follows:

|   |                   |
|---|-------------------|
| Governmental Activities:                                |                   |
| General Government                                      | \$ 136,169        |
| Public Safety   | 225,111           |
| Physical Environment                                    | 3,586             |
| Transportation  | 356,336           |
| Culture and Recreation                                  | <u>63,473</u>     |
| Total Depreciation Expense -<br>Governmental Activities | <u>\$ 784,675</u> |

The following is a summary of changes in capital assets for the business-type activities for the year ended September 30, 2021:

|   | Beginning<br>Balance | Increases           | Decreases   | Transfers    | Ending<br>Balance    |
|---|----------------------|---------------------|-------------|--------------|----------------------|
| <b>Business-Type Activities:</b>                        |                      |                     |             |              |                      |
| Capital Assets, Not Being Depreciated:                  |                      |                     |             |              |                      |
| Land  | \$ 380,778           | \$ -                | \$ -        | \$ 14,653    | \$ 395,431           |
| Construction In Progress                                | 8,697,202            | 4,072,180           | -           | (11,618,965) | 1,150,417            |
| Total Capital Assets, Not<br>Being Depreciated          | 9,077,980            | 4,072,180           | -           | (11,604,312) | 1,545,848            |
| Capital Assets, Being Depreciated:                      |                      |                     |             |              |                      |
| Buildings   | 19,007,969           | -                   | -           | -            | 19,007,969           |
| Infrastructure and Improvements<br>Other than Buildings | 23,218,840           | -                   | -           | 11,604,312   | 34,823,152           |
| Furniture, Fixtures, and Equipment                      | 8,593,095            | 29,073              | -           | -            | 8,622,168            |
| Total Capital Assets,<br>Being Depreciated              | 50,819,904           | 29,073              | -           | 11,604,312   | 62,453,289           |
| Less: Accumulated Depreciation for:                     |                      |                     |             |              |                      |
| Buildings   | (9,244,254)          | (311,342)           | -           | -            | (9,555,596)          |
| Infrastructure and Improvements<br>Other than Buildings | (12,151,195)         | (927,512)           | -           | -            | (13,078,707)         |
| Furniture, Fixtures, and Equipment                      | (5,050,505)          | (266,439)           | -           | -            | (5,316,944)          |
| Total Accumulated Depreciation                          | (26,445,954)         | (1,505,293)         | -           | -            | (27,951,247)         |
| Total Capital Assets, Being<br>Depreciated, Net         | 24,373,950           | (1,476,220)         | -           | 11,604,312   | 34,502,042           |
| Business-Type Activities<br>Capital Assets, Net         | <u>\$ 33,451,930</u> | <u>\$ 2,595,960</u> | <u>\$ -</u> | <u>\$ -</u>  | <u>\$ 36,047,890</u> |

Depreciation expense was charged to the various functions of business-type activities as follows:

|  |                     |
|--|---------------------|
| Business-Type Activities:                                |                     |
| Water and Sewer  | \$ 1,222,848        |
| Solid Waste  | 18,338              |
| Airport  | <u>264,107</u>      |
| Total Depreciation Expense - Business-Type<br>Activities | <u>\$ 1,505,293</u> |

**CITY OF ARCADIA, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE 6 LONG-TERM LIABILITIES**

Long-term liability activity for the governmental activities for the year ended September 30, 2021 consisted of the following:

|                               | Beginning<br>Balance | Additions         | Reductions          | Ending<br>Balance | Due Within<br>One Year |
|-------------------------------|----------------------|-------------------|---------------------|-------------------|------------------------|
| Governmental Activities:      |                      |                   |                     |                   |                        |
| Capital Lease Payable         | \$ 344,956           | \$ -              | \$ (133,086)        | \$ 211,870        | \$ 138,578             |
| Compensated Absences          | 263,973              | 135,082           | (140,204)           | 258,851           | 25,885                 |
| Total Governmental Activities |                      |                   |                     |                   |                        |
| Long-Term Liabilities         | <u>\$ 608,929</u>    | <u>\$ 135,082</u> | <u>\$ (273,290)</u> | <u>\$ 470,721</u> | <u>\$ 164,463</u>      |

Long-term liabilities of the governmental activities, which include compensated absences, are generally liquidated by the General Fund.

Long-term liability activity for the business-type activities for the year ended September 30, 2021 consisted of the following:

|                                | Beginning<br>Balance | Additions           | Reductions          | Ending<br>Balance    | Due Within<br>One Year |
|--------------------------------|----------------------|---------------------|---------------------|----------------------|------------------------|
| Business-Type Activities:      |                      |                     |                     |                      |                        |
| Bonds Payable:                 |                      |                     |                     |                      |                        |
| 2003 Refunding Bonds           | \$ 420,000           | \$ -                | \$ (420,000)        | \$ -                 | \$ -                   |
| Direct Borrowings:             |                      |                     |                     |                      |                        |
| State Revolving Fund Loan:     |                      |                     |                     |                      |                        |
| DW140110                       | 3,795,585            | -                   | (154,239)           | 3,641,346            | 106,900                |
| WW140110                       | 163,198              | -                   | (8,894)             | 154,304              | 8,945                  |
| WW140111                       | 3,817,121            | 3,756,455           | -                   | 7,573,576            | 198,752                |
| WW140113                       | 447,842              | 337,155             | -                   | 784,997              | 38,860                 |
| DW140130                       | -                    | 117,428             | -                   | 117,428              | -                      |
| Note Payable                   | 1,462,461            | -                   | (207,425)           | 1,255,036            | 212,504                |
| Total Direct Borrowings        | 9,686,207            | 4,211,038           | (370,558)           | 13,526,687           | 565,961                |
| Capital Lease Payable          | 266,664              | -                   | (120,156)           | 146,508              | 110,903                |
| Compensated Absences           | 82,255               | 61,337              | (59,802)            | 83,790               | 8,379                  |
| Total Business-Type Activities |                      |                     |                     |                      |                        |
| Long-Term Liabilities          | <u>\$ 10,455,126</u> | <u>\$ 4,272,375</u> | <u>\$ (970,516)</u> | <u>\$ 13,756,985</u> | <u>\$ 685,243</u>      |

**CITY OF ARCADIA, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 6 LONG-TERM LIABILITIES (CONTINUED)**

The City's long-term liabilities for governmental activities and business-type activities at September 30, 2021 consisted of the following:

| <u>Description</u>   | <u>Amount</u> |
|--|---------------|
| <b>Governmental Activities</b>   |               |
| <u>Capital Lease Payable</u>   |               |
| Capital leases payable for a front end loader, street sweeper, claw truck, and radio equipment. Principal and interest is payable in annual installments of \$25,884 beginning in January 2018 at 3.19% through January 2022 for the front end loader. Principal and interest is payable in annual installments of \$45,195 beginning in May 2018 at 3.92% through May 2022 for the street sweeper. Principal and interest is payable in annual installments of \$38,308 beginning in November 2018 at 4.85% through November 2022 for the radio equipment. Principal and interest is payable in annual installments of \$38,380 beginning in July 2019 at 4.42% through July 2023 for the claw truck. | \$ 211,870    |
| <b>Business-Type Activities</b>  |               |
| <u>Direct Borrowings</u>   |               |
| State Revolving Fund (SRF) loan issued in the amount of \$4,638,238. Principal and interest is payable semiannually on June 1 and December 1 in the amount of \$156,910 until all amounts due have been fully paid. Interest rates range from 2.5% to 3.06%. The principal and interest is secured by net revenues of the water and sewer system. There are no specific default provisions of this loan.   | \$ 3,641,346  |
| State Revolving Fund (SRF) loan issued in the amount of \$180,888. Principal and interest is payable semiannually on March 15 and September 15 in the amount of \$4,884 until all amounts due have been fully paid. Interest rate is 0.57%. The principal and interest is secured by net revenues of the water and sewer system. In the event of default, the repayment schedules may be accelerated or the financing rate may be increased on the unpaid principal to as much as 1.667 times the financing rate.  | 154,304       |
| State Revolving Fund (SRF) loan issued in the amount of \$8,231,677, of which \$7,573,576 has been drawn down as of September 30, 2021. The estimated amount of principal forgiveness is \$3,750,000. Principal and interest will be payable in equal semi-annual installments of \$116,157 until all amounts due have been fully paid with first repayment starting February 15, 2022, and an interest rate of 0.00%. The principal and interest is secured by net revenues of the water and sewer system. In the event of default, the repayment schedules may be accelerated or the financing rate may be increased on the unpaid principal to as much as 1.667 times the financing rate.           | 7,573,576     |

**CITY OF ARCADIA, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 6 LONG-TERM LIABILITIES (CONTINUED)**

| <u>Description (Continued)</u>  | <u>Amount</u> |
|---|---------------|
| <u>Direct Borrowings (Continued)</u>  |               |
| <p>State Revolving Fund (SRF) loan issued in the amount of \$800,000, of which \$784,997 has been drawn down as of September 30, 2021. The estimated amount of principal forgiveness is \$640,000. Principal and interest will be payable in equal semi-annual installments of \$4,531 until all amounts due have been fully paid with first repayment starting December 15, 2021, and an interest rate of 0.11%. The principal and interest is secured by net revenues of the water and sewer system. In the event of default, the repayment schedules may be accelerated or the financing rate may be increased on the unpaid principal to as much as 1.667 times the financing rate.</p> | \$ 784,997    |
| <p>State Revolving Fund (SRF) loan issued in the amount of \$244,750, of which \$117,428 has been drawn as of September 30, 2021. Principal and interest will be payable in equal semi-annual installments of \$13,059 until all amounts due have been fully repaid with the first repayment starting February 15, 2022, and an interest rate is 0.87%. The principal and interest is secured by net revenues of the water and sewer system. In the event of default, the repayment schedules may be accelerated or the financing rate may be increased on the unpaid principal to as much as 1.667 times the financing rate.</p>   | 117,428       |
| <p>Purchase agreement note issued in the amount of \$2,134,470, bearing interest at 2.42%. Principal and interest is payable monthly in the amount of \$20,046 until all amounts due have been fully paid. This note was issued to finance the cost of new water meters. In the event of default, all payments may become due and payable.</p>  | 1,255,036     |
| <u>Capital Leases Payable</u>   |               |
| <p>Capital leases payable for two garbage trucks, base loader, and track loader. Principal and interest is payable in annual installments of \$52,176 and \$27,988 beginning in June 2018 at 3.92% and 3.98% respectively, through June 2022 for two garbage trucks. Principal and interest is payable in annual installments of \$21,598 beginning in December 2018 at 4.95% interest through December 2021 for the base loader. Principal and interest is payable in annual installments of \$15,937 beginning in February 2019 at 5.75% interest through February 2023 for the track loader.</p>   | 146,508       |
| <p>Total Business-Type Activities</p>   | \$ 13,673,195 |



**CITY OF ARCADIA, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 6 LONG-TERM LIABILITIES (CONTINUED)**

Annual debt service requirements for the business-type activities (excluding capital leases) as of September 30, 2021 are as follows:

| <u>Year Ending September 30,</u> | <u>Direct Borrowings</u> |                   |
|----------------------------------|--------------------------|-------------------|
|                                  | <u>Principal</u>         | <u>Interest</u>   |
| 2022                             | \$ 565,961               | \$ 132,232        |
| 2023                             | 599,504                  | 121,759           |
| 2024                             | 608,351                  | 109,776           |
| 2025                             | 617,424                  | 97,474            |
| 2026                             | 626,732                  | 84,842            |
| 2027-2031                        | 2,044,765                | 282,331           |
| 2032-2036                        | 1,993,487                | 80,898            |
| 2037-2041                        | 2,078,111                | 660               |
| 2042-2046                        | 1,787,586                | -                 |
| 2047-2051                        | 993,762                  | -                 |
| 2052-2056                        | 993,762                  | -                 |
| 2057-2061                        | 617,242                  | -                 |
| Total                            | <u>\$ 13,526,687</u>     | <u>\$ 909,972</u> |

For the current year, pledged net revenues related to the 2003 Refunding Bonds, which were paid off during the fiscal year ended September 30, 2021, and SRF loans were \$1,149,485. The total principal and interest paid for the current year were \$583,133 and \$105,170, respectively. Total principal and interest remaining to be paid is \$13,093,606.

**Capital Leases**

The City entered into various municipal lease/purchase agreements as lessee for financing the acquisition of equipment. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date. As of September 30, 2021, the assets acquired through capital leases are as follows:

|                                | <u>Governmental<br/>Activities</u> | <u>Business-Type<br/>Activities</u> |
|--------------------------------|------------------------------------|-------------------------------------|
| Assets:                        |                                    |                                     |
| Equipment                      | \$ 685,406                         | \$ 536,020                          |
| Less: Accumulated Depreciation | (207,599)                          | (90,934)                            |
| Total                          | <u>\$ 477,808</u>                  | <u>\$ 445,086</u>                   |

**CITY OF ARCADIA, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 6 LONG-TERM LIABILITIES (CONTINUED)**

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2021 were as follows:

| <u>Year Ending September 30,</u>        | <u>Governmental<br/>Activities</u> | <u>Business-Type<br/>Activities</u> |
|---|------------------------------------|-------------------------------------|
| 2022                                    | \$ 147,767                         | 117,699                             |
| 2023                                    | 76,687                             | 37,535                              |
| Total Minimum Lease Payments            | 224,454                            | 155,234                             |
| Less: Amount Representing Interest      | (12,584)                           | (8,726)                             |
| Present Value of Minimum Lease Payments | <u>\$ 211,870</u>                  | <u>\$ 146,508</u>                   |

**NOTE 7 INSURANCE COVERAGE**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The City is a member of Preferred Governmental Insurance Trust (PGIT), a governmental insurance carrier. PGIT administers insurance activities related to property, general liability, public official's, employment practices, and workers' compensation. PGIT meets the GASB Statement No. 10 guidelines for governmental entity pools and provides audited financial statements annually. There were no significant changes in coverage retention or limits during the fiscal year. The General Fund handles property claims for the City and absorbs the loss for any amount below the deductible amounts.

The City has not had any significant reduction in insurance coverage and the amounts of insurance settlements have not exceeded insurance coverage for any of the last three years.

**NOTE 8 INTERFUND RECEIVABLES AND PAYABLES, AND TRANSFERS**

The composition of interfund balances at September 30, 2021 is as follows:

| <u>Receivable Funds</u> | <u>Payable Funds</u>           |                            |                        |                   | <u>Total</u>      |
|-------------------------|--------------------------------|----------------------------|------------------------|-------------------|-------------------|
|                         | <u>Disaster<br/>Assistance</u> | <u>Water and<br/>Sewer</u> | <u>Solid<br/>Waste</u> | <u>Airport</u>    |                   |
| General Fund            | \$ 193,283                     | \$ 100,946                 | \$ 88,129              | \$ 186,330        | \$ 568,688        |
| Water and Sewer         | -                              | -                          | -                      | 1,593             | 1,593             |
| Total                   | <u>\$ 193,283</u>              | <u>\$ 100,946</u>          | <u>\$ 88,129</u>       | <u>\$ 187,923</u> | <u>\$ 570,281</u> |

The outstanding balances between funds result mainly from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur; transactions are recorded in the accounting system, and payments between funds are made.

**CITY OF ARCADIA, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 9 COMMITMENTS AND CONTINGENCIES**

**Grants**

Amounts received or receivable for grants are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

**Lawsuits**

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the government's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the government. During the year ended September 30, 2014, the City was awarded restitution in the amount of \$145,000 related to the theft of City funds. The amount receivable as of September 30, 2021 was \$135,277. The City is confident that these funds will be recovered and has recorded a receivable for the full amount owed.

**Commitment**

At September 30, 2021, the City had the following commitments:

|   | Contract<br>Amount | Completed<br>to Date | Balance    |
|---|--------------------|----------------------|------------|
| Hazen & Sawyer, P.C.:                                   |                    |                      |            |
| Municipal Airport Water Main Project - SA#34            | \$ 84,000          | \$ 34,587            | \$ 49,413  |
| Water System Improvements & Design Phase 1 -SA#39       | 487,500            | 310,959              | 176,541    |
| George F. Young:  |                    |                      |            |
| Design Services for 12th Avenue - Utility - SA#1        | 53,111             | 39,460               | 13,651     |
| Design Services for 12th Avenue - Paving - SA#1A        | 83,336             | 68,010               | 15,326     |
| Airport Stormwater Pollution Prevention Plan - SA#2     | 25,995             | 21,846               | 4,149      |
| Design and Permits for Water Main N Monroe - SA#3       | 9,270              | 6,623                | 2,647      |
| Design and Permits for Water Main N Hillsborough - SA#4 | 15,835             | 15,185               | 650        |
| Ongoing Utility Department Professional Services - SA#9 | 40,000             | 9,930                | 30,070     |
| Diagnosis of Unionized Ammonia Levels - SA#13           | 74,260             | 7,350                | 66,910     |
| Total   | \$ 873,307         | \$ 513,950           | \$ 359,357 |

**CITY OF ARCADIA, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS**

The City maintains two single-employer defined benefit public employee retirement systems. One is for police officers and former firefighters, and one is for all other employees of the City. Assets are held separately and may be used only for the payment of benefits to the members of the respective plans.

The Employees' Retirement Plan and Police Officers' and Firefighters' Retirement System financial statements are reported as pension trust funds in the fiduciary fund financial statements. These statements are prepared using the accrual basis of accounting. Employer contributions are recognized as revenues when due and when the employer has made a formal commitment to provide the contributions. State contributions for the Police Officers' and Firefighters' Retirement System are recognized in the period payment is made from the state. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

|   | <u>Police<br/>Officers' and<br/>Firefighters'<br/>Retirement<br/>System</u> | <u>Employees'<br/>Retirement<br/>System</u> | <u>Total</u>         |
|---|---|---|----------------------|
| <b>ASSETS</b>                                   |   |   |                      |
| Cash  | \$ -  | \$ 22,753                                   | \$ 22,753            |
| Contributions Receivable                        | 9,522   | 18,574                                      | 28,096               |
| Interest and Dividends Receivable               | 13,435  | -   | 13,435               |
| Investments                                     | <u>12,062,699</u>   | <u>4,724,570</u>                            | <u>16,787,269</u>    |
| Total Assets                                    | 12,085,656  | 4,765,897                                   | 16,851,553           |
| <b>LIABILITIES</b>                              |   |   |                      |
| Accounts Payable                                | <u>10,674</u>   | <u>-</u>                                    | <u>10,674</u>        |
| <b>NET POSITION</b>                             |   |   |                      |
| Net Position Restricted for<br>Pension Benefits | <u>\$ 12,074,982</u>  | <u>\$ 4,765,897</u>                         | <u>\$ 16,840,879</u> |

**CITY OF ARCADIA, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

|                                   | Police<br>Officers' and<br>Firefighters'<br>Retirement<br>System | Employees'<br>Retirement<br>System | Total                       |
|-----------------------------------|--|------------------------------------|-----------------------------|
|                                   | <u>                    </u>                                      | <u>                    </u>        | <u>                    </u> |
| <b>ADDITIONS</b>                  |  |                                    |                             |
| Contributions:                    |  |                                    |                             |
| Employer                          | \$ 188,921   | \$ 427,447                         | \$ 616,368                  |
| State of Florida                  | 93,209   | -                                  | 93,209                      |
| Plan Members                      | 80,406   | 75,735                             | 156,141                     |
| Total Contributions               | <u>362,536</u>   | <u>503,182</u>                     | <u>865,718</u>              |
| Investment Income:                |  |                                    |                             |
| Investment Earnings               | 2,090,490  | 680,610                            | 2,771,100                   |
| Less: Investment Expenses         | (79,629)   | (12,825)                           | (92,454)                    |
| Net Investment Income             | <u>2,010,861</u>   | <u>667,785</u>                     | <u>2,678,646</u>            |
| Total Additions                   | 2,373,397  | 1,170,967                          | 3,544,364                   |
| <b>DEDUCTIONS</b>                 |  |                                    |                             |
| Benefits                          | 660,629  | 229,923                            | 890,552                     |
| Administrative Expenses           | 42,349   | 46,040                             | 88,389                      |
| Total Deductions                  | <u>702,978</u>   | <u>275,963</u>                     | <u>978,941</u>              |
| <b>CHANGE IN NET POSITION</b>     | 1,670,419  | 895,004                            | 2,565,423                   |
| Net Position - Beginning of Year  | <u>10,404,563</u>  | <u>3,870,893</u>                   | <u>14,275,456</u>           |
| <b>NET POSITION - END OF YEAR</b> | <u>\$ 12,074,982</u>   | <u>\$ 4,765,897</u>                | <u>\$ 16,840,879</u>        |

**Employees' Retirement Plan**

Plan Description

The Employees' Retirement Plan for the City of Arcadia (the Plan) is a single-employer contributory defined benefit plan administered by the City covering all municipal employees except for police officers and firefighters. The Plan does not issue a stand-alone financial report, but is included in the pension trust funds of the City's financial statements.

All employees of the City are eligible to participate in the Plan subject to the following requirements:

- Agrees in writing to make member contributions;
- Employed by the City on a full-time basis and is not a police officer or firefighter;
- Completed 60 days of continuous service;
- Attained age 19;
- First day of the month (1/1 prior to 9/20/2011) coinciding with or next following the date the requirements are met.

**CITY OF ARCADIA, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

**Employees' Retirement Plan (Continued)**

Plan Description (Continued)

As of the actuarial valuation date of January 1, 2021, membership consisted of:

|  |                  |
|--|------------------|
| Inactive Plan Members or Beneficiaries Currently |                  |
| Receiving Benefits                               | 23               |
| Inactive Plan Members Entitled to But Not Yet    |                  |
| Receiving Benefits                               | 13               |
| Active Plan Members                              | <u>38</u>        |
| Total  | <u><u>74</u></u> |

The vesting schedule for General Employees (effective as of September 20, 2011) is as follows:

| <u>Years of Service</u> | <u>Vesting %</u> |
|-------------------------|------------------|
| Less than 2             | 0%               |
| 2                       | 20               |
| 3                       | 40               |
| 4                       | 60               |
| 5                       | 80               |
| 6 or More               | 100              |

Prior to September 20, 2011:

| <u>Years of Service</u> | <u>Vesting %</u> |
|-------------------------|------------------|
| Less than 5             | 0%               |
| 5                       | 50               |
| 6                       | 60               |
| 7                       | 70               |
| 8                       | 80               |
| 9                       | 90               |
| 10                      | 100              |

Benefits at retirement are summarized as follows:

| <u>Retirement</u>  | <u>Benefit</u>   |
|--|--|
| Normal (Age 65)  | 2.0% of average monthly compensation times credited  |
| Early (not more than 10 Years Prior to Normal Retirement Date) | Annuity equals the accrued benefit based on service to early retirement date, reduced by early retirement factors. |

Since the Plan is in the form of a life annuity, there is no post retirement cost of living increases. In addition, the Plan provides a pre-retirement death benefit for those who attain 50 years of age and 15 years of service. These benefit provisions and all other requirements are established by and may be amended by state statute and city ordinances.

**CITY OF ARCADIA, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

**Employees' Retirement Plan (Continued)**

Funding Policy

City employees are required to contribute 5% of their basic earnings excluding bonuses, overtime, and commissions. By City resolution the City is required to contribute actuarially determined amounts which, together with member contributions, are sufficient to fund the System.

Net Pension Liability/Asset of the City

The measurement date for the City's net pension liability/asset is September 30, 2021. The total pension liability used to calculate the net pension liability/asset was determined as of that date. The components of the net pension liability/asset of the City at September 30, 2021 were as follows:

|                                      |                     |
|--------------------------------------|---------------------|
| Total Pension Liability              | \$ 4,383,826        |
| Plan Fiduciary Net Position          | (4,765,897)         |
| City's Net Pension Liability (Asset) | <u>\$ (382,071)</u> |

Changes in net pension liability/asset were as follows:

|  | Increase (Decrease)        |                                |                                  |
|--|----------------------------|--------------------------------|----------------------------------|
|  | Total Pension<br>Liability | Plan Fiduciary<br>Net Position | Net Pension<br>Liability (Asset) |
| Balance - September 30, 2020                                     | \$ 4,128,201               | \$ 3,870,893                   | \$ 257,308                       |
| Changes for the Year:  |                            |                                |                                  |
| Service Cost   | 169,654                    | -                              | 169,654                          |
| Interest   | 251,074                    | -                              | 251,074                          |
| Difference Between Expected and<br>Actual Experience             | 64,820                     | -                              | 64,820                           |
| Contributions - Employer   | -                          | 427,447                        | (427,447)                        |
| Contributions - Employee   | -                          | 75,735                         | (75,735)                         |
| Net Investment Income  | -                          | 667,785                        | (667,785)                        |
| Benefit Payments, Including Refunds<br>of Employee Contributions | (229,923)                  | (229,923)                      | -                                |
| Administrative Expenses  | -                          | (46,040)                       | 46,040                           |
| Net Changes  | <u>255,625</u>             | <u>895,004</u>                 | <u>(639,379)</u>                 |
| Balance - September 30, 2021                                     | <u>\$ 4,383,826</u>        | <u>\$ 4,765,897</u>            | <u>\$ (382,071)</u>              |

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability 108.72%

**CITY OF ARCADIA, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

**Employees' Retirement Plan (Continued)**

Net Pension Liability/Asset of the City (Continued)

For the year ended September 30, 2021, the City recognized pension expense of \$114,451 for the plan. At September 30, 2021, the City reported deferred outflows of resources and deferred inflows related to its pension plan from the following sources:

|   | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|---|--------------------------------------|-------------------------------------|
| Differences Between Expected and Actual Experience          | \$ 90,637                            | \$ 106,150                          |
| Changes of Assumptions                                      | 121,320                              | 64,199                              |
| Differences Between Expected and Actual Investment Earnings | -                                    | 252,386                             |
| Total   | \$ 211,957                           | \$ 422,735                          |

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

| Year Ending September 30, | Amount       |
|---------------------------|--------------|
| 2022                      | \$ (25,305)  |
| 2023                      | (53,561)     |
| 2024                      | (69,374)     |
| 2025                      | (73,963)     |
| 2026                      | 10,679       |
| Thereafter                | 746          |
| Total                     | \$ (210,778) |

The required schedule of changes in the City's net pension liability/asset and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of plan assets are increasing or decreasing over time relative to the total pension liability.

*Actuarial assumptions.* The total pension liability was determined by an actuarial valuation as of January 1, 2021, with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2021, using the following actuarial assumptions applied to all periods included in the measurement:

|                           |        |
|---------------------------|--------|
| Inflation                 | 2.23 % |
| Salary Increases          | 4.50   |
| Investment Rate of Return | 6.00   |



**CITY OF ARCADIA, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

**Employees' Retirement Plan (Continued)**

Net Pension Liability/Asset of the City (Continued)

The long-term expected rate of return on pension plan investments was determined using a modified building block method because being able to identify historical return premiums of asset classes in the context of varying market environments provides a reasonable basis to estimate the performance of asset classes going forward. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2021 are summarized in the following table:

| <u>Asset Class</u>                            | <u>Target<br/>Allocation</u> | <u>Long-Term<br/>Expected Real<br/>Rate of Return</u> |
|---|------------------------------|---|
| U.S. Equity - Large Cap                       | 20.00 %                      | 5.59 %  |
| U.S. Equity - Small/Mid Cap                   | 15.00                        | 6.62  |
| Non-U.S. Equity - Developed                   | 15.00                        | 6.41  |
| U.S. Corporate Bonds - Intermediate           | 10.00                        | 1.12  |
| U.S. Treasuries (Aetna Guaranteed Inv. Acct.) | 40.00                        | (0.32)  |
| Total   | <u>100.00 %</u>              |   |

For the year ended September 30, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 17.14%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for changing amount actually invested.

Discount Rate: The discount rate used to measure the total pension liability for the Employees' Retirement Plan was 6.00%, which was no change from the discount rate used for the prior measurement.

The projection of cash flows used to determine the discount rate assumes that City contributions will be made according to their established funding policy to contribute the actuarially determined contribution. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the net pension liability/asset to changes in the discount rate.* The following presents the net pension liabilities of the City, calculated using the discount rates noted above, as well as what the City's net pension liabilities would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

**CITY OF ARCADIA, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

**Employees' Retirement Plan (Continued)**

Net Pension Liability/Asset of the City (Continued)

|                                      | 1% Decrease<br>5.00% | Current<br>Discount Rate<br>6.00% | 1% Increase<br>7.00% |
|--------------------------------------|----------------------|-----------------------------------|----------------------|
| City's Net Pension Liability (Asset) | \$ 518,580           | \$ (382,071)                      | \$ (510,927)         |

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future.

Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2021, and the current sharing pattern of costs between employer and employee.

Actuarial methods and assumptions used in the January 1, 2021 actuarial valuation report are as follows:

|                          |  |
|--------------------------|--|
| Actuarial Valuation Date | January 1, 2021  |
| Actuarial Cost Method    | Entry Age Normal   |
| Amortization Method      | Level Percentage of Pay, Closed  |
| Retirement Age           | Normal Retirement Age, Age 65  |
| Mortality                | PubG-2010(B) Generational Table, Amounts Weighted, with projections by scale MP-2018 |

**Police Officers' and Firefighters' Retirement System Plan**

Plan Description

The Police Officers' and Firefighters' Retirement System of the City of Arcadia (the Plan) is a single-employer contributory defined benefit plan administered by the City covering all police officers and former firefighters of the City. The System does not issue a stand-alone financial report, but is included in the pension trust funds of the City's financial statements.

All full-time police officers and former paid firefighters are eligible to participate in the Plan. Effective June 1, 2006, the City and County consolidated fire suppression and emergency services, which resulted in the County maintaining these operations. All City firefighters became employees of the County, and were given the option to remain in the City's pension plan or be refunded their employee contributions. Several firefighters opted out of the Plan at that time. As of September 30, 2015, there were no remaining former paid firefighters contributing to the Plan.

**CITY OF ARCADIA, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

**Police Officers' and Firefighters' Retirement System Plan (Continued)**

Plan Description (Continued)

At September 30, 2021, membership consisted of:

|  |    |
|--|----|
| Inactive Plan Members or Beneficiaries Currently |    |
| Receiving Benefits                               | 26 |
| Inactive Plan Members Entitled to But Not Yet    |    |
| Receiving Benefits                               | 5  |
| Active Plan Members                              | 16 |
| Total  | 47 |

Benefits

These benefit provisions are established by state statute and City ordinances. The State of Florida, Division of Retirement reviews and accepts or rejects the actuarial valuation reports.

Retirement:

Normal (age 55 or 20 years of credited service) — 3.65% of average final compensation times the number of years of credited service;

Early (age 45 and 6 years of credited service) — Accrued benefits, reduced 3% per year for each year prior to age 55.

Disability:

Service incurred covered from date of employment — Benefit accrued to date of disability but not less than 42% of average final compensation, payable for life (with 120 payments guaranteed) or until recovery (as determined by the board);

Nonservice incurred with ten years of credited service — Benefit accrued to date of disability but not less than 42% of average final compensation, payable for life (with 120 payments guaranteed) or until recovery (as determined by the board).

Death:

Not Vested - Refund of members' contributions;

Vested - Accrued benefit paid to beneficiary for ten (10) years;

Post-retirement - According to option selected, if any.

**CITY OF ARCADIA, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

**Police Officers' and Firefighters' Retirement System Plan (Continued)**

Benefits (Continued)

Deferred Retirement Option Plan (DROP):

Any member who is eligible for normal retirement under the Plan may elect to defer receipt of such service retirement pension by participating in the DROP, while continuing their employment with the City for a period not to exceed 60 months. The amount of the benefit under the DROP is the same as the participant would have received under the Plan had he or she terminated his or her employment and elected to receive monthly benefit payments. Under the DROP, amounts representing the participant's monthly benefits are maintained within the Plan, earning a 6.5% annual rate of return or actual net rate of return earned by the Plan at the member's election. Amounts in the DROP are then made available to the participant (various payment options are available) at the end of the DROP period. The DROP balance as September 30, 2021 is \$1,053,520.

Funding Policy

The Plan's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The Plan requires each participant to contribute 7.6% of earnings.

Additional funding is provided by the State of Florida on behalf of the City via a 1.85% tax on fire insurance premiums (firefighters), and a .85% tax on casualty insurance premiums (police officers). Any remaining amount necessary for payment of normal cost and amortization of accrued past service liability over a 30-year period is paid by the City. The required City and State contributions to the Plan for the year ended September 30, 2021 was 44.56% of payroll. Contribution requirements for the Plan are established and may be amended by state law and city ordinance. The on-behalf contributions provided by the State of Florida for fiscal year ended September 30, 2021 were \$93,209.

If an employee separates service from the City before achieving six years of credited service, the employee will receive 100% of their contributions. After achieving six years of service, an employee accrues benefits to be payable at member's election, on his otherwise early or normal retirement date, or may receive a refund of member contributions if requested.

Net Pension Liability of the City

The measurement date for the City's net pension liability is September 30, 2020. The total pension liability used to calculate the net pension liability was determined as of that date. The components of the net pension liability of the City at the measurement date were as follows:

**CITY OF ARCADIA, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

**Police Officers' and Firefighters' Retirement System Plan (Continued)**

Net Pension Liability of the City (Continued)

|                              |                          |
|------------------------------|--------------------------|
| Total Pension Liability      | \$ 11,390,591            |
| Plan Fiduciary Net Position  | <u>(10,404,563)</u>      |
| City's Net Pension Liability | <u><u>\$ 986,028</u></u> |

Changes in net pension liability were as follows:

|  | Increase (Decrease)         |                                |                          |
|--|-----------------------------|--------------------------------|--------------------------|
|  | Total Pension<br>Liability  | Plan Fiduciary<br>Net Position | Net Pension<br>Liability |
| Balance - September 30, 2019                                     | \$ 10,576,494               | \$ 9,744,555                   | \$ 831,939               |
| Changes for the Year:  |                             |                                |                          |
| Service Cost   | 184,309                     | -                              | 184,309                  |
| Interest   | 784,690                     | -                              | 784,690                  |
| Change in Benefit Terms  | -                           | -                              | -                        |
| Changes in Experience  | (8,334)                     | -                              | (8,334)                  |
| Changes of Assumptions   | 449,973                     | -                              | 449,973                  |
| Contributions - Employer   | -                           | 299,665                        | (299,665)                |
| Contributions - State  | -                           | 96,761                         | (96,761)                 |
| Contributions - Employee   | -                           | 73,354                         | (73,354)                 |
| Net Investment Income  | -                           | 839,814                        | (839,814)                |
| Benefit Payments, Including Refunds<br>of Employee Contributions | (596,541)                   | (596,670)                      | 129                      |
| Administrative Expenses  | -                           | (52,916)                       | 52,916                   |
| Net Changes  | <u>814,097</u>              | <u>660,008</u>                 | <u>154,089</u>           |
| Balance - September 30, 2020                                     | <u><u>\$ 11,390,591</u></u> | <u><u>\$ 10,404,563</u></u>    | <u><u>\$ 986,028</u></u> |

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability 91.34%

For the year ended September 30, 2021, the City recognized pension expense of (\$183,014) for the plan. At September 30, 2021, the City reported deferred outflows of resources and deferred inflows related to its pension plan from the following sources:

|   | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|---|--------------------------------------|-------------------------------------|
| Differences Between Expected and<br>Actual Experience                 | \$ -                                 | \$ 16,659                           |
| Changes of Assumptions  | 257,810                              | -                                   |
| Differences Between Expected and Actual<br>Investment Earnings        | 111,454                              | -                                   |
| City Pension Plan Contributions<br>Subsequent to the Measurement Date | 182,137                              | -                                   |
| Total   | <u><u>\$ 551,401</u></u>             | <u><u>\$ 16,659</u></u>             |

**CITY OF ARCADIA, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

**Police Officers' and Firefighters' Retirement System Plan (Continued)**

Net Pension Liability of the City (Continued)

The deferred outflows of resources related to the Pension Plan, totaling \$182,137 resulting from City contributions to the plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to the Plan will be recognized in pension expense as follows:

| <u>Year Ending September 30,</u> | <u>Amount</u>     |
|----------------------------------|-------------------|
| 2022                             | 241,987           |
| 2023                             | 76,950            |
| 2024                             | 56,854            |
| 2025                             | (23,186)          |
| Total                            | <u>\$ 352,605</u> |

The required schedule of changes in the City's net pension liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

*Actuarial assumptions.* The total pension liability was determined by an actuarial valuation as of October 1, 2019, with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2020, using the following actuarial assumptions applied to all periods included in the measurement:

|                           |            |
|---------------------------|------------|
| Inflation                 | 2.50 %     |
| Salary Increases          | 4.50-20.00 |
| Investment Rate of Return | 6.75       |

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2020 are summarized in the following table:

| <u>Asset Class</u>   | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|----------------------|--------------------------|---|
| Domestic Equity      | 45.00 %                  | 7.50 %  |
| International Equity | 15.00                    | 8.50  |
| Fixed Income (Core)  | 30.00                    | 2.50  |
| Real Estate          | 10.00                    | 4.50  |
| Total                | <u>100.00%</u>           |   |

**CITY OF ARCADIA, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

**Police Officers' and Firefighters' Retirement System Plan (Continued)**

Net Pension Liability of the City (Continued)

For the year ended September 30, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 19.67%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for changing amount actually invested.

Discount Rate: The discount rate used to measure the total pension liability for the Plan was 6.75%, which was a decrease of 0.75% from the 7.50% rate used for the prior measurement.

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

*Sensitivity of the net pension liability to changes in the discount rate.* The following presents the net pension liabilities of the City, calculated using the discount rates noted above, as well as what the City's net pension liabilities would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

|  | 1% Decrease<br>5.75% | Current<br>Discount Rate<br>6.75% | 1% Increase<br>7.75% |
|--|----------------------|-----------------------------------|----------------------|
| City's Net Pension Liability as of the<br>Measurement Date | <u>\$ 2,199,346</u>  | <u>\$ 986,028</u>                 | <u>\$ (14,711)</u>   |

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2020 and the current sharing pattern of costs between employer and employee.

**CITY OF ARCADIA, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

**Police Officers' and Firefighters' Retirement System Plan (Continued)**

Net Pension Liability of the City on the Plan's Fiscal Year-End

The components of the net pension liability of the City as it pertains to the Plan at September 30, 2021 were as follows:

|   |                   |
|---|-------------------|
| Total Pension Liability   | \$ 12,286,572     |
| Plan Fiduciary Net Position   | (12,074,980)      |
| City's Net Pension Liability  | <u>\$ 211,592</u> |
| Plan Fiduciary Net Position as a Percentage of<br>Total Pension Liability | 98.28%            |

The required schedule of changes in the net pension liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

*Actuarial assumptions.* The total pension liability was determined by an actuarial valuation as of October 1, 2020, with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2021, using the following actuarial assumptions applied to all periods included in the measurement:

|                           |               |
|---------------------------|---------------|
| Inflation                 | 2.50 %        |
| Salary Increases          | Service Based |
| Investment Rate of Return | 6.50          |

Mortality rates were based on the PubS.H-2010 (Below Median) for Employees, set forward one year.

The actuarial assumptions used in the October 1, 2020 valuation were based on the results of an actuarial experience study used to review the other significant assumptions; the study was dated July 15, 2020.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2021 are summarized in the following table:



**CITY OF ARCADIA, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

**Police Officers' and Firefighters' Retirement System Plan (Continued)**

Net Pension Liability of the City on the Plan's Fiscal Year-End (Continued)

| Asset Class          | Target<br>Allocation | Long-Term<br>Expected Rate<br>Rate of Return |
|----------------------|----------------------|--|
| Domestic Equity      | 45.00 %              | 7.50 %                                       |
| International Equity | 15.00                | 8.50   |
| Domestic Bonds       | 30.00                | 2.50   |
| Real Estate          | 10.00                | 4.50   |
| Total                | <u>100.00%</u>       |  |

Discount Rate: The discount rate used to measure the total pension liability for the Plan was 6.50%. The discount rate was lowered from 6.75% to 6.50%.

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

*Sensitivity of the net pension liability to changes in the discount rate.* The following presents the net pension liabilities of the City, calculated using the discount rates noted above, as well as what the City's net pension liabilities would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

|  | 1% Decrease<br>5.50% | Current<br>Discount Rate<br>6.50% | 1% Increase<br>7.50% |
|--|----------------------|-----------------------------------|----------------------|
| City's Net Pension Liability on the Plan's Fiscal Year-End | <u>\$ 1,576,130</u>  | <u>\$ 211,592</u>                 | <u>\$ (891,423)</u>  |

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2021 and the current sharing pattern of costs between employer and employee.

**CITY OF ARCADIA, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

**Summary**

The aggregate amount of net pension liability/asset, deferred outflows of resources, deferred inflows of resources, and pension expense for the City's defined benefit pension plans are summarized below. These liabilities are typically liquidated by the individual activity in which the employee's costs are associated.

| Description  | Police<br>Officers' and<br>Firefighters'<br>Retirement<br>System | Employees'<br>Retirement<br>System | Total      |
|--|--|------------------------------------|------------|
| Net Pension Asset                                  | \$ -   | \$ 382,071                         | \$ 382,071 |
| Net Pension Liability                              | 986,028  | -                                  | 986,028    |
| Deferred Outflows of Resources Related to Pensions | 551,401  | 211,957                            | 763,358    |
| Deferred Inflows of Resources Related to Pensions  | 16,659   | 422,735                            | 439,394    |
| Pension Expense                                    | (183,014)  | 114,451                            | (68,563)   |

**NOTE 11 OTHER POSTEMPLOYMENT BENEFITS**

**Plan Description**

The City is obligated to make available to qualified retired employees the option to maintain coverage with the group health, life, and dental insurance plans. The City of Arcadia Plan (the Plan) is a single-employer defined benefit OPEB plan. The Plan is currently being funded on a pay as you go basis. No trust fund has been established for the Plan, and there are no assets accumulated in trust for payment of benefits. The Plan does not issue a publicly available report.

**Benefits Provided**

The City provides health insurance benefits and health stipends (if applicable) to its eligible retired employees through a single-employer plan administered by the City. Eligible former employees who retire from the City and eligible dependents may continue to participate in the City's fully-insured benefit plan for medical and prescription drug coverage. If hired prior to September 12, 2006, the City pays 95% of the cost on behalf of the retiree only. If hired on or after September 12, 2006, the retiree is required to pay 100% of the premium cost. Upon obtaining eligibility for Medicare, the City will discontinue the premium subsidy, and retirees will have to discontinue the coverage under the City Plan. Retired employees hired prior to September 12, 2006 are eligible to receive a lifetime stipend of \$225 per month upon attaining eligibility for Medicare. No form of direct subsidy will be provided to employee hired on or after September 12, 2006.

**CITY OF ARCADIA, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Employees Covered by Benefit Terms**

At September 30, 2021, the following employees were covered by the benefit terms:

|                            |            |
|----------------------------|------------|
| Retirees and Beneficiaries | 20         |
| Active Plan Members        | 81         |
| Total                      | <u>101</u> |

**Total OPEB Liability**

The City's Total OPEB liability was determined by an actuarial valuation as of September 30, 2019, using the alternative measurement method, rolled forward to the measurement date of September 30, 2020, with results applicable to the fiscal year ended September 30, 2021. There were less than 100 employees being provided OPEB benefits as of the beginning of the measurement date. The following table shows the City's total OPEB liability for the year ended September 30, 2021.

|                               |                         |
|-------------------------------|-------------------------|
|                               | Total OPEB<br>Liability |
| Balances - October 1, 2019    | <u>\$ 1,967,833</u>     |
| Changes for the Year:         |                         |
| Service Cost                  | 25,334                  |
| Interest                      | 53,066                  |
| Changes in Assumptions        | 49,230                  |
| Benefit Payments              | <u>(126,964)</u>        |
| Net Changes                   | 666                     |
| Balances - September 30, 2020 | <u>\$ 1,968,499</u>     |

**Discount Rate Sensitivity**

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

| Description             | 1 % Decrease in<br>Discount Rate | Discount Rate | 1% Increase in<br>Discount Rate |
|-------------------------|----------------------------------|---------------|---------------------------------|
| OPEB Plan Discount Rate | 1.75 %                           | 2.75 %        | 3.75 %                          |
| Total OPEB Liability    | \$ 2,115,297                     | \$ 1,968,499  | \$ 1,826,303                    |

**CITY OF ARCADIA, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Healthcare Trend Rate Sensitivity**

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

| Description                    | 1% Decrease in<br>Healthcare Cost<br>Trend Rate | Healthcare Cost<br>Trend Rate | 1% Increase in<br>Healthcare Cost<br>Trend Rate |
|--------------------------------|---|-------------------------------|---|
| OPEB Plan Healthcare Cost Rate | 5.25 %  | 6.25 %                        | 7.25 %  |
| Total OPEB Liability           | \$ 1,888,231                                    | \$ 1,968,499                  | \$ 2,059,015                                    |

**Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended September 30, 2021, the City recognized an OPEB expense of \$127,630. At September 30, 2021, the City reported deferred outflows of resources related to OPEB totaling \$156,111 from employer contributions subsequent to the measurement date. This deferred outflow of resources will be recognized as a reduction of the net OPEB liability in the year ended September 30, 2022.

**Actuarial Assumptions**

The total OPEB liability in the September 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

|                                |  |
|--------------------------------|--|
| Inflation                      | 2.25%  |
| Salary Increases               | 5.0%   |
| Healthcare Cost<br>Trend Rates | 6.50% for fiscal year beginning 2020, 6.25% for fiscal<br>year beginning 2021 and then gradually decreasing to<br>an ultimate trend rate of 4.00%. |

The actuarial cost method used was the Entry Age Normal method.

Mortality rates were based on the RP-2000 Generational Combined Healthy Participant mortality tables, projected from the year 2000 using Projection Scale AA.

The discount rate used to measure the total OPEB liability was 2.41%, based on yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA or higher (or equivalent quality on another rating scale).

Since the most recent GASB 75 valuation, the following change has been made:

- The discount rate was changed from 2.75% as of the previous measurement date to 2.41% as of September 30, 2020.

**CITY OF ARCADIA, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE 12 DEFICITS**

The Disaster Assistance Fund has a fund balance deficit of \$193,283. This deficit is due amounts spent in anticipation of FEMA grant related to hurricane Irma.

**NOTE 13 SUBSEQUENT EVENTS**

Subsequent to year-end, the City approved Amendment 4 to the Florida Department of Environmental Protection (DEP) State Revolving Fund Loan Agreement WW140111 which revised the total loan award to \$7,573,576, finalizes the grant amount of \$3,750,000, and adds service fee charges of \$151,472, resulting in a reduction of total loan amount to \$3,975,048.

Subsequent to year-end, the City approved Amendment 1 to the Florida Department of Environmental Protection (DEP) State Revolving Fund Loan Agreement WW140113 which finalizes the grant amount of \$640,000, and adds service fee charges of \$16,000, resulting in a reduction of total loan amount to \$177,246.

Subsequent to year-end, the City approved Amendments 1 and 2 to the Florida DEP State Revolving Fund Loan Agreement DW140130. Amendment 1 deferred the first payment date to August 15, 2022 and the completion date to February 15, 2022. Amendment 2 further deferred the first payment date to February 15, 2023 and the completion date August 15, 2022.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF ARCADIA, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE — GENERAL FUND**  
**YEAR ENDED SEPTEMBER 30, 2021**

|                                   | Budgeted Amounts    |                     | Actual              | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|-----------------------------------|---------------------|---------------------|---------------------|---|
|                                   | Original            | Final               |                     |   |
| <b>REVENUES</b>                   |                     |                     |                     |   |
| Taxes                             | \$ 2,866,269        | \$ 2,933,216        | \$ 2,961,221        | \$ 28,005   |
| Charges for Services              | 631,796             | 453,683             | 453,820             | 137   |
| Permits, Fees, and Assessments    | 747,500             | 765,445             | 764,484             | (961)   |
| Intergovernmental                 | 964,245             | 1,879,231           | 1,938,543           | 59,312  |
| Fines and Forfeitures             | 75,500              | 79,902              | 80,903              | 1,001   |
| Interest Revenue                  | 25,000              | 1,818               | 2,652               | 834   |
| Other Revenues                    | 371,126             | 403,889             | 477,367             | 73,478  |
| Total Revenues                    | <u>5,681,436</u>    | <u>6,517,184</u>    | <u>6,678,990</u>    | <u>161,806</u>  |
| <b>EXPENDITURES</b>               |                     |                     |                     |   |
| General Government:               |                     |                     |                     |   |
| Legislative                       | 59,805              | 59,805              | 53,923              | 5,882   |
| Executive                         | 391,631             | 391,631             | 348,097             | 43,534  |
| Financial and Administrative      | 211,094             | 211,094             | 182,574             | 28,520  |
| Way Building                      | 46,757              | 46,757              | 35,147              | 11,610  |
| Legal                             | 70,141              | 70,141              | 18,157              | 51,984  |
| Comprehensive Planning            | 78,069              | 78,069              | 53,074              | 24,995  |
| Code Enforcement                  | 177,803             | 177,803             | 152,220             | 25,583  |
| Other Governmental Services       | 447,040             | 447,040             | 401,646             | 45,394  |
| Total General Government          | <u>1,482,340</u>    | <u>1,482,340</u>    | <u>1,244,838</u>    | <u>237,502</u>  |
| Public Safety:                    |                     |                     |                     |   |
| Law Enforcement                   | 1,936,659           | 2,016,854           | 1,878,403           | 138,451   |
| Fire Control                      | 312,891             | 376,587             | 336,561             | 40,026  |
| School Crossing Guard             | 21,957              | 21,957              | 18,096              | 3,861   |
| Total Public Safety               | <u>2,271,507</u>    | <u>2,415,398</u>    | <u>2,233,060</u>    | <u>182,338</u>  |
| Physical Environment:             |                     |                     |                     |   |
| Cemetery                          | 115,266             | 115,266             | 92,397              | 22,869  |
| Stormwater                        | 26,000              | 51,000              | 41,599              | 9,401   |
| Total Physical Environment        | <u>141,266</u>      | <u>166,266</u>      | <u>133,996</u>      | <u>32,270</u>   |
| Transportation:                   |                     |                     |                     |   |
| Garage                            | 72,125              | 72,125              | 55,463              | 16,662  |
| Roads and Streets                 | 577,194             | 497,194             | 346,962             | 150,232   |
| Traffic Control                   | 174,470             | 174,470             | 145,546             | 28,924  |
| Total Transportation              | <u>823,789</u>      | <u>743,789</u>      | <u>547,971</u>      | <u>195,818</u>  |
| Culture and Recreation:           |                     |                     |                     |   |
| Golf Course                       | 664,844             | 674,844             | 655,974             | 18,870  |
| Parks                             | 336,702             | 336,702             | 239,536             | 97,166  |
| Mobile Home Park                  | 163,614             | 161,214             | 132,630             | 28,584  |
| Total Culture and Recreation      | <u>1,165,160</u>    | <u>1,172,760</u>    | <u>1,028,140</u>    | <u>144,620</u>  |
| Capital Outlay                    | 104,740             | 104,740             | 114,687             | (9,947)   |
| Total Expenditures                | <u>5,988,802</u>    | <u>6,085,293</u>    | <u>5,302,692</u>    | <u>782,601</u>  |
| <b>NET CHANGE IN FUND BALANCE</b> | (307,366)           | 431,891             | 1,376,298           | 944,407   |
| Fund Balance - Beginning of Year  | <u>2,008,381</u>    | <u>2,008,381</u>    | <u>2,008,381</u>    | <u>-</u>  |
| <b>FUND BALANCE - END OF YEAR</b> | <u>\$ 1,701,015</u> | <u>\$ 2,440,272</u> | <u>\$ 3,384,679</u> | <u>\$ 944,407</u>                                       |

See accompanying Note to Required Supplementary Information.

**CITY OF ARCADIA, FLORIDA  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE — GENERAL FUND (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2021**

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**

The budget was prepared on the modified accrual basis of accounting. Expenditures were controlled at the department level. All annual appropriations lapse at year-end.



**CITY OF ARCADIA, FLORIDA  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS —  
EMPLOYEES' RETIREMENT PLAN  
LAST EIGHT FISCAL YEARS**

|  | 2021                | 2020                | 2019                | 2018                | 2017                | 2016                | 2015                | 2014                |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>TOTAL PENSION LIABILITY</b>   |                     |                     |                     |                     |                     |                     |                     |                     |
| Service Cost   | \$ 169,654          | \$ 151,054          | \$ 121,843          | \$ 113,910          | \$ 108,246          | \$ 52,713           | \$ 49,670           | \$ 68,971           |
| Interest on Total Pension Liability  | 251,074             | 243,451             | 248,638             | 234,495             | 219,943             | 205,389             | 195,956             | 202,194             |
| Differences Between Expected and Actual Experience                         | 64,820              | 33,267              | (200,365)           | 48,135              | 76,991              | (18,274)            | 66,851              | (193,138)           |
| Changes of Assumptions   | -                   | (101,851)           | 229,002             | -                   | -                   | 111,019             | -                   | -                   |
| Benefit Payments, Including Refunds of Employee                            |                     |                     |                     |                     |                     |                     |                     |                     |
| Contributions  | (229,923)           | (205,373)           | (186,699)           | (187,080)           | (186,860)           | (178,227)           | (162,803)           | (146,834)           |
| Net Change in Total Pension Liability                                      | 255,625             | 120,548             | 212,419             | 209,460             | 218,320             | 172,620             | 149,674             | (68,807)            |
| Total Pension Liability - Beginning of Year                                | 4,128,201           | 4,007,653           | 3,795,234           | 3,585,774           | 3,367,454           | 3,194,834           | 3,045,160           | 3,113,967           |
| Total Pension Liability - End of Year                                      | <u>\$ 4,383,826</u> | <u>\$ 4,128,201</u> | <u>\$ 4,007,653</u> | <u>\$ 3,795,234</u> | <u>\$ 3,585,774</u> | <u>\$ 3,367,454</u> | <u>\$ 3,194,834</u> | <u>\$ 3,045,160</u> |
| <b>PLAN FIDUCIARY NET POSITION</b>   |                     |                     |                     |                     |                     |                     |                     |                     |
| Contributions - Employer   | \$ 427,447          | \$ 394,153          | \$ 350,254          | \$ 336,153          | \$ 267,632          | \$ 226,870          | \$ 198,247          | \$ 143,577          |
| Contributions - Employee   | 75,735              | 61,881              | 65,972              | 53,575              | 49,297              | 50,387              | 46,964              | 30,416              |
| Net Investment Income  | 667,785             | 379,703             | 264,029             | 60,618              | 143,978             | 154,439             | (64,042)            | 99,110              |
| Benefit Payments, Including Refunds of Member                              |                     |                     |                     |                     |                     |                     |                     |                     |
| Contributions  | (229,923)           | (205,373)           | (186,699)           | (187,080)           | (186,860)           | (178,227)           | (162,803)           | (146,834)           |
| Administrative Expenses  | (46,040)            | (54,420)            | (57,207)            | (54,848)            | (66,045)            | (55,661)            | (2,648)             | (2,735)             |
| Net Change in Plan Fiduciary Net Position                                  | 895,004             | 575,944             | 436,349             | 208,418             | 208,002             | 197,808             | 15,718              | 123,534             |
| Plan Fiduciary Net Position - Beginning of Year                            | 3,870,893           | 3,294,949           | 2,858,600           | 2,650,182           | 2,442,180           | 2,244,372           | 2,228,654           | 2,105,120           |
| Plan Fiduciary Net Position - End of Year                                  | <u>\$ 4,765,897</u> | <u>\$ 3,870,893</u> | <u>\$ 3,294,949</u> | <u>\$ 2,858,600</u> | <u>\$ 2,650,182</u> | <u>\$ 2,442,180</u> | <u>\$ 2,244,372</u> | <u>\$ 2,228,654</u> |
| City's Net Pension Liability (Asset)                                       | <u>\$ (382,071)</u> | <u>\$ 257,308</u>   | <u>\$ 712,704</u>   | <u>\$ 936,634</u>   | <u>\$ 935,592</u>   | <u>\$ 925,274</u>   | <u>\$ 950,462</u>   | <u>\$ 816,506</u>   |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 108.72%             | 93.77%              | 82.22%              | 75.32%              | 73.91%              | 72.52%              | 70.25%              | 73.19%              |
| Covered Payroll  | \$ 1,339,172        | \$ 1,268,533        | \$ 1,108,011        | \$ 1,066,573        | \$ 944,307          | \$ 952,475          | \$ 640,695          | \$ 594,195          |
| City's Net Pension Liability (Asset) as a Percentage of Covered Payroll    | (28.53%)            | 20.28%              | 64.32%              | 87.82%              | 99.08%              | 97.14%              | 148.35%             | 137.41%             |

Note: Additional years will be included as the years become available.

**CITY OF ARCADIA, FLORIDA  
SCHEDULE OF CONTRIBUTIONS —  
EMPLOYEES' RETIREMENT PLAN  
LAST EIGHT FISCAL YEARS**

|  | 2021                | 2020                | 2019               | 2018               | 2017          | 2016        | 2015               | 2014            |
|--|---------------------|---------------------|--------------------|--------------------|---------------|-------------|--------------------|-----------------|
| Actuarially Determined Contribution                                  | \$ 255,325          | \$ 288,892          | \$ 304,500         | \$ 278,415         | \$ 267,630    | \$ 226,870  | \$ 158,901         | \$ 151,965      |
| Contributions in Relation to the Actuarially Determined Contribution | 427,447             | 394,153             | 323,679            | 336,153            | 267,632       | 226,870     | 198,247            | 143,577         |
| Contribution Deficiency (Excess)                                     | <u>\$ (172,122)</u> | <u>\$ (105,261)</u> | <u>\$ (19,179)</u> | <u>\$ (57,738)</u> | <u>\$ (2)</u> | <u>\$ -</u> | <u>\$ (39,346)</u> | <u>\$ 8,388</u> |
| Covered Payroll  | \$ 1,339,172        | \$ 1,268,533        | \$ 1,108,011       | \$ 1,066,573       | \$ 944,307    | \$ 952,475  | \$ 640,695         | \$ 594,195      |
| Contributions as a Percentage of Covered Payroll                     | 31.92%              | 31.07%              | 29.21%             | 31.52%             | 28.34%        | 23.82%      | 30.94%             | 24.16%          |

**NOTES:**

Valuation Date January 1, 2021

Actuarially determined contribution is calculated on a plan year (calendar year) basis. The numbers displayed represent a blend of the actuarially determined contributions for the current and prior plan years. The blend is 75% of the current plan year (nine months) and 25% of the prior plan year (three months).

Methods and assumptions used to determine contribution rates:

|                                |  |
|--------------------------------|--|
| Actuarial Cost Method:         | Entry Age Normal   |
| Amortization Method:           | Level Percentage of Payroll, Closed  |
| Remaining Amortization Period: | 0 years  |
| Asset Valuation Method:        | Book Value   |
| Salary Increases:              | 4.50%  |
| Investment Rate of Return:     | 6.00%  |
| Retirement Age:                | Normal Retirement Age, Age 65  |
| Inflation:                     | 2.% per Year   |
| Mortality:                     | PubG-2010(B) Generational Table, Amounts Weighted, with projections by scale MP-2018 |

Additional years will be included as the years become available.

**CITY OF ARCADIA, FLORIDA  
 SCHEDULE OF PENSION INVESTMENT RETURNS —  
 EMPLOYEES' RETIREMENT PLAN  
 LAST EIGHT FISCAL YEARS**

|   | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Annual Money-Weighted Rate of Return,<br>Net of Investment Expenses | 17.1%       | 4.60%       | 3.91%       | 4.24%       | 6.13%       | 5.16%       | (0.29%)     | 4.87%       |

Additional years will be included as the years become available.

**CITY OF ARCADIA, FLORIDA**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS —**  
**POLICE OFFICERS' AND FIREFIGHTERS' RETIREMENT SYSTEM**  
**LAST NINE FISCAL YEARS**

| Plan Reporting Period Ended  | 9/30/2021            | 9/30/2020            | 9/30/2019            | 9/30/2018            | 9/30/2017            | 9/30/2016            | 9/30/2015            | 9/30/2014           | 9/30/2013           |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|---------------------|---------------------|
| Employer Measurement Date  | 9/30/2022            | 9/30/2021            | 9/30/2020            | 9/30/2019            | 9/30/2018            | 9/30/2017            | 9/30/2016            | 9/30/2015           | 9/30/2014           |
| <b>TOTAL PENSION LIABILITY</b>   |                      |                      |                      |                      |                      |                      |                      |                     |                     |
| Service Cost   | \$ 157,572           | \$ 184,309           | \$ 164,914           | \$ 144,270           | \$ 118,714           | \$ 124,084           | \$ 117,101           | \$ 119,940          | \$ 111,056          |
| Interest on Total Pension Liability  | 757,584              | 784,690              | 804,169              | 831,024              | 816,370              | 805,108              | 768,557              | 741,182             | 717,978             |
| Changes in Benefit Terms   | (653)                | -                    | -                    | -                    | -                    | -                    | -                    | -                   | -                   |
| Differences Between Expected and Actual Experience                         | 329,230              | (8,334)              | (37,475)             | (186,644)            | (239,400)            | (367,052)            | 132,719              | -                   | -                   |
| Changes of Assumptions   | 300,321              | 449,973              | 98,469               | 96,277               | 99,936               | 242,339              | 93,816               | -                   | -                   |
| Benefit Payments, Including Refunds of Employee Contributions              | (648,073)            | (596,541)            | (1,739,690)          | (494,135)            | (495,752)            | (552,372)            | (517,422)            | (514,785)           | (580,930)           |
| Net Change in Total Pension Liability                                      | 895,981              | 814,097              | (709,613)            | 390,792              | 299,868              | 252,107              | 594,771              | 346,337             | 248,104             |
| Total Pension Liability - Beginning of Year                                | 11,390,591           | 10,576,494           | 11,286,107           | 10,895,315           | 10,595,447           | 10,343,340           | 9,748,569            | 9,402,232           | 9,154,128           |
| Total Pension Liability - End of Year                                      | <u>\$ 12,286,572</u> | <u>\$ 11,390,591</u> | <u>\$ 10,576,494</u> | <u>\$ 11,286,107</u> | <u>\$ 10,895,315</u> | <u>\$ 10,595,447</u> | <u>\$ 10,343,340</u> | <u>\$ 9,748,569</u> | <u>\$ 9,402,232</u> |
| <b>PLAN FIDUCIARY NET POSITION</b>   |                      |                      |                      |                      |                      |                      |                      |                     |                     |
| Contributions - Employer   | \$ 188,921           | \$ 299,665           | \$ 327,876           | \$ 303,985           | \$ 235,123           | \$ 309,290           | \$ 238,735           | \$ 381,020          | \$ 247,435          |
| Contributions - State  | 93,209               | 96,761               | 93,626               | 94,361               | 90,534               | 95,602               | 202,172              | -                   | 109,590             |
| Contributions - Employee   | 80,406               | 73,354               | 79,206               | 73,666               | 62,742               | 55,177               | 52,059               | 48,565              | 56,484              |
| Net Investment Income  | 2,010,859            | 839,814              | 361,856              | 671,819              | 1,089,931            | 552,032              | (23,626)             | 555,671             | 888,134             |
| Benefit Payments, Including Refunds of Member Contributions                | (660,629)            | (596,670)            | (1,740,077)          | (493,748)            | (497,056)            | (552,372)            | (517,422)            | (514,820)           | (580,930)           |
| Administrative Expenses  | (42,349)             | (52,916)             | (44,961)             | (47,591)             | (38,325)             | (35,465)             | (40,910)             | (32,798)            | (30,115)            |
| Net Change in Plan Fiduciary Net Position                                  | 1,670,417            | 660,008              | (922,474)            | 602,492              | 942,949              | 424,264              | (88,992)             | 437,638             | 690,598             |
| Plan Fiduciary Net Position - Beginning of Year                            | 10,404,563           | 9,744,555            | 10,667,029           | 10,064,537           | 9,121,588            | 8,697,324            | 8,786,316            | 8,348,678           | 7,658,080           |
| Plan Fiduciary Net Position - End of Year                                  | <u>\$ 12,074,980</u> | <u>\$ 10,404,563</u> | <u>\$ 9,744,555</u>  | <u>\$ 10,667,029</u> | <u>\$ 10,064,537</u> | <u>\$ 9,121,588</u>  | <u>\$ 8,697,324</u>  | <u>\$ 8,786,316</u> | <u>\$ 8,348,678</u> |
| City's Net Pension Liability   | <u>\$ 211,592</u>    | <u>\$ 986,028</u>    | <u>\$ 831,939</u>    | <u>\$ 619,078</u>    | <u>\$ 830,778</u>    | <u>\$ 1,473,859</u>  | <u>\$ 1,646,016</u>  | <u>\$ 962,253</u>   | <u>\$ 1,053,554</u> |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 98.28%               | 91.34%               | 92.13%               | 94.51%               | 92.37%               | 86.09%               | 84.09%               | 90.13%              | 88.79%              |
| Covered Payroll  | \$ 778,501           | \$ 793,311           | \$ 825,064           | \$ 752,655           | \$ 653,565           | \$ 574,759           | \$ 748,459           | \$ 505,532          | \$ 588,375          |
| City's Net Pension Liability as a Percentage of Covered Payroll            | 27.18%               | 124.29%              | 100.83%              | 82.25%               | 127.11%              | 256.43%              | 219.92%              | 190.34%             | 179.06%             |

Note: Additional years will be included as the years become available.

**CITY OF ARCADIA, FLORIDA  
SCHEDULE OF CONTRIBUTIONS —  
POLICE OFFICERS' AND FIREFIGHTERS' RETIREMENT SYSTEM  
LAST NINE FISCAL YEARS**

| Reporting Period Ending                             | 9/30/2021  | 9/30/2020   | 9/30/2019  | 9/30/2018  | 9/30/2017  | 9/30/2016  | 9/30/2015  | 9/30/2014  | 9/30/2013  |
|---|------------|-------------|------------|------------|------------|------------|------------|------------|------------|
| Actuarially Determined Contribution                 | \$ 272,164 | \$ 351,516  | \$ 421,608 | \$ 450,615 | \$ 371,814 | \$ 403,079 | \$ 344,295 | \$ 381,020 | \$ 357,026 |
| Contributions in Relation to the                    |            |             |            |            |            |            |            |            |            |
| Actuarially Determined Contribution                 | 282,130    | 396,426     | 421,608    | 398,346    | 325,658    | 404,892    | 344,295    | 381,020    | 357,026    |
| Contribution Deficiency (Excess)                    | \$ (9,966) | \$ (44,910) | \$ -       | \$ 52,269  | \$ 46,156  | \$ (1,813) | \$ -       | \$ -       | \$ -       |
| Covered Payroll                                     | \$ 778,501 | \$ 793,311  | \$ 825,064 | \$ 752,655 | \$ 653,565 | \$ 574,759 | \$ 748,459 | \$ 505,532 | \$ 588,375 |
| Contributions as a Percentage<br>of Covered Payroll | 36.24%     | 49.97%      | 51.10%     | 52.93%     | 49.83%     | 70.45%     | 46.00%     | 75.37%     | 60.68%     |

**NOTES:**

Valuation Date October 1, 2019

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Funding Method: Entry Age Normal Actuarial Cost Method

Amortization Method: New UAAL amortization bases are established according to the following amortization periods:

Experience: 10 Years

Assumption/Method Changes: 20 Years

Benefit Changes: 30 years.

Remaining Amortization Period: 30 Years

Asset Valuation Method: The actuarial value of assets is brought forward using the historical four-year geometric average of market value return (net-of-fees). Over time, this may result in an insignificant bias that is above or below the market value of assets.

Inflation: 2.5% per Year

Salary Increases:

| Years of Service | Increase in Compensation |
|------------------|--------------------------|
| 0-1              | 20.00 %                  |
| 2-4              | 5.00                     |
| 5+               | 4.50                     |

Interest Rate: 6.50% per Year, Compounded Annually, Net of Investment-Related Expenses

Payroll Growth: None

**CITY OF ARCADIA, FLORIDA  
SCHEDULE OF CONTRIBUTIONS —  
POLICE OFFICERS' AND FIREFIGHTERS' RETIREMENT SYSTEM (CONTINUED)  
LAST NINE FISCAL YEARS**

Retirement Age:

| Number of Years after First<br>Eligibility for Normal | Probability of<br>Retirement |
|---|------------------------------|
| 0   | 50 %                         |
| 1   | 50                           |
| 2   | 100                          |

Early Retirement: Members are not assumed to retire early.

Additional years will be included as the years become available.

**Notes to Schedule**

*Changes of benefit terms:*

For measurement date 09/30/2021, each member of the system shall be required to make regular contributions to the fund in the amount of 7.6% of his salary. Previously 9.6% contributions were required.

*Changes of assumptions:*

For measurement date 09/30/2021, the investment return assumption was lowered from 6.75% to 6.50% per year compounded annually, net of investment related expenses.

For measurement date 09/30/2020, as mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in the July 1, 2019 actuarial valuation for special risk lives, with appropriate risk and collar adjustments made based on plan demographics.

Additionally, the following assumption changes were made as a result of the experience study dated July 15, 2020:

- The investment return assumption was lowered to 6.75%.
- The salary increase assumption was changed to 20.00% for those with less than two years of service, 5.00% for those with 2-4 years of service, and 4.50% for those with five or more years of service.
- The normal retirement rate assumption was changed to 100% upon attaining age 55, 33% each year upon attaining 20 years of service, and 100% upon attaining 23 years of service. In addition, the early retirement rate assumption was removed.
- The termination rate assumption was changed to 20% for those with less than six years of service and 10% for those with six or more years of service.

For measurement date 09/30/2019, amounts reported as changes of assumptions resulted from lowering the investment rate of return from 7.60% to 7.50%.

For measurement date 9/30/2018, amounts reported as changes of assumptions resulted from lowering the investment rate of return from 7.70% to 7.60%.

For measurement date 9/30/2017, as required by Chapter 2015-157, Laws of Florida, the assumed rates of mortality have been changed from those in the July 1, 2015 FRS valuation report to those used in the July 1, 2016 FRS valuation report. Additionally, the investment rate of return was lowered from 7.80% to 7.70%.

**CITY OF ARCADIA, FLORIDA  
 SCHEDULE OF PENSION INVESTMENT RETURNS —  
 POLICE OFFICERS' AND FIREFIGHTERS' RETIREMENT SYSTEM  
 LAST NINE FISCAL YEARS**

| Reporting Period Ending  | <u>9/30/2021</u> | <u>9/30/2020</u> | <u>9/30/2019</u> | <u>9/30/2018</u> | <u>9/30/2017</u> | <u>9/30/2016</u> | <u>9/30/2015</u> | <u>9/30/2014</u> | <u>9/30/2013</u> |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Annual Money-Weighted<br>Rate of Return, Net of<br>Investment Expenses | 19.67%           | 8.73%            | 3.49%            | 6.77%            | 11.99%           | 6.56%            | (0.37%)          | 6.80%            | 11.69%           |

Note: Additional years will be included as the years become available.

**CITY OF ARCADIA, FLORIDA  
SCHEDULE OF CHANGES IN THE CITY'S  
TOTAL OPEB LIABILITY AND RELATED RATIOS  
LAST FOUR FISCAL YEARS**

| Employer Measurement Date  | <u>2020</u>         | <u>2018</u>         | <u>2018</u>         | <u>2017</u>         |
|--|---------------------|---------------------|---------------------|---------------------|
| Total OPEB Liability   |                     |                     |                     |                     |
| Service Cost   | \$ 25,334           | \$ 31,896           | \$ 33,378           | \$ 35,669           |
| Interest   | 53,066              | 66,444              | 65,089              | 62,011              |
| Changes of Benefit Terms   | -                   | -                   | -                   | -                   |
| Difference Between Expected and Actual Experience                    | -                   | 209,558             | -                   | -                   |
| Changes of Assumptions   | 49,230              | 50,440              | (42,741)            | (58,551)            |
| Benefit Payments   | (126,964)           | (186,885)           | (171,312)           | (183,719)           |
| Net Change in Total OPEB Liability                                   | <u>666</u>          | <u>171,453</u>      | <u>(115,586)</u>    | <u>(144,590)</u>    |
| Total OPEB Liability - Beginning                                     | 1,967,833           | 1,796,380           | 1,911,966           | 2,056,556           |
| Total OPEB Liability - Ending  | <u>\$ 1,968,499</u> | <u>\$ 1,967,833</u> | <u>\$ 1,796,380</u> | <u>\$ 1,911,966</u> |
| <br>   |                     |                     |                     |                     |
| Covered Employee Payroll   | \$ 3,133,076        | \$ 2,960,663        | \$ 2,224,201        | \$ 2,378,033        |
| <br>   |                     |                     |                     |                     |
| Total OPEB Liability as a Percentage of the Covered Employee Payroll | 62.83 %             | 66.47 %             | 80.77 %             | 80.40 %             |

Notes to Schedule:

The OPEB plan is not administered through a trust, and there are no assets accumulated in trust for payment of benefits.

Benefit changes: There were no benefit changes.

Changes of assumptions and other inputs:

For measurement date September 30, 2020:

- Discount rate changed to 2.41% (from 2.75%)

Note: Additional years will be included as the years become available.



**COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES**

**CITY OF ARCADIA, FLORIDA  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE —  
CAPITAL IMPROVEMENT FUND  
YEAR ENDED SEPTEMBER 30, 2021**

|                                   | Budgeted Amounts           |                            | Actual                     | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|-----------------------------------|----------------------------|----------------------------|----------------------------|---|
|                                   | Original                   | Final                      |                            |   |
| <b>REVENUES</b>                   |                            |                            |                            |   |
| Taxes                             | \$ 621,680                 | \$ 621,680                 | \$ 723,166                 | \$ 101,486  |
| Intergovernmental                 | 200,000                    | 200,000                    | -                          | (200,000)   |
| Interest Revenue                  | -                          | -                          | 1,763                      | 1,763   |
| Total Revenues                    | <u>821,680</u>             | <u>821,680</u>             | <u>724,929</u>             | <u>(96,751)</u>   |
| <b>EXPENDITURES</b>               |                            |                            |                            |   |
| General Government                | 35,000                     | 15,000                     | 17,760                     | (2,760)   |
| Capital Outlay                    | 817,894                    | 303,699                    | 209,119                    | 94,580  |
| Debt Service:                     |                            |                            |                            |   |
| Principal Retirement              | 133,086                    | 133,086                    | 133,086                    | -   |
| Interest                          | 16,250                     | 16,250                     | 14,682                     | 1,568   |
| Total Expenditures                | <u>1,002,230</u>           | <u>468,035</u>             | <u>374,647</u>             | <u>93,388</u>   |
| <b>NET CHANGE IN FUND BALANCE</b> | (180,550)                  | 353,645                    | 350,282                    | (3,363)   |
| Fund Balance - Beginning of Year  | <u>2,091,123</u>           | <u>2,091,123</u>           | <u>2,091,123</u>           | <u>-</u>  |
| <b>FUND BALANCE - END OF YEAR</b> | <u><u>\$ 1,910,573</u></u> | <u><u>\$ 2,444,768</u></u> | <u><u>\$ 2,441,405</u></u> | <u><u>\$ (3,363)</u></u>                                |

**CITY OF ARCADIA, FLORIDA  
FIDUCIARY FUNDS  
YEAR ENDED SEPTEMBER 30, 2021**

Fiduciary funds are used to account for the activities of funds held in custodial capacity for others that cannot be used to support the City's own programs. The City reports pension trust funds which are used to account for the activities of the City's retirement systems, which accumulate resources for pension benefits payments made to employees.

Police Officers' and Firefighters' Retirement System: To account for the activities of the City's defined benefit retirement plan for police officers and former firefighters of the City.

Employees' Retirement Plan: To account for the activities of the City's defined retirement plan for all City employees other than police officers and former firefighters.

**CITY OF ARCADIA, FLORIDA  
COMBINING STATEMENT OF FIDUCIARY NET POSITION —  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2021**

|  | <u>Police Officers'<br/>and Firefighters'<br/>Retirement<br/>System</u> | <u>Employees'<br/>Retirement<br/>Plan</u> | <u>Total</u>         |
|--|---|---|----------------------|
| <b>ASSETS</b>                              |   |   |                      |
| Cash                                       | \$ -  | \$ 22,753                                 | \$ 22,753            |
| Contributions Receivable                   | 9,522   | 18,574                                    | 28,096               |
| Interest and Dividends Receivable          | 13,435  | -   | 13,435               |
| Investments:                               |   |   |                      |
| Short-Term Investments                     | 236,657   | -   | 236,657              |
| Common Stock                               | 3,826,375   | -   | 3,826,375            |
| Foreign Stock                              | 164,475   | -   | 164,475              |
| U.S. Government Obligations                | 1,407,916   | -   | 1,407,916            |
| Mortgage/Asset-Backed Securities           | 525,527   | -   | 525,527              |
| Corporate Bonds                            | 920,755   | -   | 920,755              |
| Foreign Bonds                              | 42,446  | -   | 42,446               |
| Mutual Funds - Equity                      | 3,746,562   | 2,062,484                                 | 5,809,046            |
| Mutual Funds - Fixed Income                | -   | 348,767                                   | 348,767              |
| Nonparticipating Interest-Earning Contract | -   | 2,313,319                                 | 2,313,319            |
| Real Estate Fund                           | 1,191,986   | -   | 1,191,986            |
| Total Investments                          | <u>12,062,699</u>   | <u>4,724,570</u>                          | <u>16,787,269</u>    |
| <br>Total Assets                           | <br>12,085,656  | <br>4,765,897                             | <br>16,851,553       |
| <br><b>LIABILITIES</b>                     |   |   |                      |
| Accounts Payable                           | <u>10,674</u>   | <u>-</u>                                  | <u>10,674</u>        |
| <br><b>NET POSITION</b>                    |   |   |                      |
| Net Position Restricted for:               |   |   |                      |
| Pension Benefits                           | <u>\$ 12,074,982</u>  | <u>\$ 4,765,897</u>                       | <u>\$ 16,840,879</u> |

**CITY OF ARCADIA, FLORIDA**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION —**  
**FIDUCIARY FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2021**

|                                   | Police Officers'<br>and Firefighters'<br>Retirement<br>System | Employees'<br>Retirement<br>Plan | Total                       |
|-----------------------------------|---|----------------------------------|-----------------------------|
|                                   | <u>                    </u>                                   | <u>                    </u>      | <u>                    </u> |
| <b>ADDITIONS</b>                  |   |                                  |                             |
| Contributions:                    |   |                                  |                             |
| Employer                          | \$ 188,921  | \$ 427,447                       | \$ 616,368                  |
| State of Florida                  | 93,209  | -                                | 93,209                      |
| Plan Members                      | 80,406  | 75,735                           | 156,141                     |
| Total Contributions               | <u>362,536</u>  | <u>503,182</u>                   | <u>865,718</u>              |
| Investment Income:                |   |                                  |                             |
| Investment Income                 | 2,090,490   | 680,610                          | 2,771,100                   |
| Less: Investment Expenses         | (79,629)  | (12,825)                         | (92,454)                    |
| Net Investment Income             | <u>2,010,861</u>  | <u>667,785</u>                   | <u>2,678,646</u>            |
| Total Additions                   | 2,373,397   | 1,170,967                        | 3,544,364                   |
| <b>DEDUCTIONS</b>                 |   |                                  |                             |
| Benefits                          | 660,629   | 229,923                          | 890,552                     |
| Administrative Expenses           | 42,349  | 46,040                           | 88,389                      |
| Total Deductions                  | <u>702,978</u>  | <u>275,963</u>                   | <u>978,941</u>              |
| <b>CHANGE IN NET POSITION</b>     | 1,670,419   | 895,004                          | 2,565,423                   |
| Net Position - Beginning of Year  | <u>10,404,563</u>   | <u>3,870,893</u>                 | <u>14,275,456</u>           |
| <b>NET POSITION - END OF YEAR</b> | <u>\$ 12,074,982</u>  | <u>\$ 4,765,897</u>              | <u>\$ 16,840,879</u>        |

## **OTHER REPORTS**

**CITY OF ARCADIA, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**YEAR ENDED SEPTEMBER 30, 2021**

| Federal/State Grantor/Pass-Through Grantor/<br>Program/Project or Cluster Title | ALN/<br>CSFA<br>Number | Pass-Through Entity<br>Identifying Number/<br>Grant Contract Number | Federal/<br>State<br>Expenditures | Passed<br>Through to<br>Subrecipients |
|---|------------------------|---|-----------------------------------|---------------------------------------|
| <b>Federal Awards</b>   |                        |   |                                   |                                       |
| <b>U.S. Department of Justice</b>   |                        |   |                                   |                                       |
| <b>Pass-Through from Florida Attorney General</b>                               |                        |   |                                   |                                       |
| Crime Victim Assistance   | 16.575                 | VOCA-2020-ARCADIA POLICE<br>DEPT-00571                              | \$ 48,723                         | \$ -                                  |
| COVID-19 Coronavirus Emergency Supplemental Funding Program                     | 16.034                 | 2021-CESF-DESO-1-C9-051   | 36,515                            | -                                     |
| <b>Pass-Through from Florida Department of Law Enforcement</b>                  |                        |   |                                   |                                       |
| Edward Byrne Memorial Justice Assistance Grant                                  | 16.738                 | 2020-JAGD-DESO-2-5R-039   | 14,296                            | -                                     |
| Total U.S. Department of Justice  |                        |   | <u>99,534</u>                     | <u>-</u>                              |
| <b>U.S. Department of Transportation</b>  |                        |   |                                   |                                       |
| Direct Programs   |                        |   |                                   |                                       |
| COVID-19 Airport Improvement Program  | 20.106                 |   | 9,685                             | -                                     |
| Airport Improvement Program   | 20.106                 |   | 649,789                           | -                                     |
| Airport Improvement Program   | 20.106                 |   | 110,881                           | -                                     |
| Total Airport Improvement Program   |                        |   | <u>770,355</u>                    | <u>-</u>                              |
| <b>U.S. Department of Environmental Protection Agency</b>                       |                        |   |                                   |                                       |
| <b>Pass-Through from Florida Department of Environmental Protection</b>         |                        |   |                                   |                                       |
| Capitalization Grants for Drinking Water State Revolving Funds                  | 66.468                 | DW140130  | 272,586                           | -                                     |
| <b>Total Expenditures of Federal Awards</b>                                     |                        |   | <u>\$ 1,142,475</u>               | <u>\$ -</u>                           |
| <b>State Financial Assistance</b>   |                        |   |                                   |                                       |
| <b>Florida Department of Transportation</b>                                     |                        |   |                                   |                                       |
| Small County Outreach Program (SCOP)  | 55.009                 | G1H90   | \$ 45,762                         | \$ -                                  |
| <b>Florida Department of Environmental Protection</b>                           |                        |   |                                   |                                       |
| Wastewater Treatment Facility Construction - Phase I                            | 37.077                 | WW140111  | 3,756,455                         | -                                     |
| Wastewater Treatment Facility Construction - Phase II                           | 37.077                 | WW140113  | 335,432                           | -                                     |
| Total Wastewater Treatment Facility Construction                                |                        |   | <u>4,091,887</u>                  | <u>-</u>                              |
| <b>Florida Department of State and Secretary of State</b>                       |                        |   |                                   |                                       |
| Historic Preservation Grants  | 45.031                 | 21.h.sm.100.044   | 49,500                            | -                                     |
| <b>Total Expenditures of State Financial Assistance</b>                         |                        |   | <u>\$ 4,187,149</u>               | <u>\$ -</u>                           |

See accompanying Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.

**CITY OF ARCADIA, FLORIDA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE  
SEPTEMBER 30, 2021**

**NOTE 1 BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (Schedule) includes the federal award and state financial assistance activity of City of Arcadia, Florida (City) under programs of the federal government and state of Florida for the year ended September 30, 2021. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and Chapter 691-5, Rules of the Florida Department of Financial Services. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting for awards and financial assistance recorded in governmental funds and the accrual basis of accounting for awards and financial assistance recorded in the proprietary funds, which are described in Note 1 to the City's basic financial statements. Such expenditures are recognized following, as applicable, either the cost principles the Uniform Guidance and Chapter 691-5, Rules of the Florida Department of Financial Services, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Any negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

The City has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.





**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 City Council  
City of Arcadia, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Arcadia, Florida (City), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 2, 2022.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a significant deficiency.

Honorable Mayor and  
Members of City Council  
City of Arcadia, Florida

### **Compliance and Other Matters**

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

### **City of Arcadia's Response to Finding**

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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



**CliftonLarsonAllen LLP**

Sebring, Florida  
May 2, 2022



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND STATE PROJECT AND REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER  
10.550, RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

Honorable Mayor and  
Members of City Council  
City of Arcadia, Florida

**Report on Compliance for Each Major Federal Program and State Project**

We have audited the City of Arcadia, Florida's (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, and the requirements described in the Florida Department of Financial Services' *State Projects Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs and state projects for the year ended September 30, 2021. The City's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal awards and state projects applicable to its federal programs and state projects.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General for Local Governmental Entity Audits. Those standards, the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and state project. However, our audit does not provide a legal determination of the City's compliance.



Honorable Mayor and  
Members of City Council  
City of Arcadia, Florida

### ***Opinion on Each Major Federal Program and State Project***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2021.

### **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and Chapter 10.550, Rules of Auditor General and which are described in the accompanying schedule of findings and questioned costs as item 2021-002. Our opinion on each major federal program or major state project is not modified with respect to these matters.

The City's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion of the response.

### **Report on Internal Control Over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2021-002 that we consider to be a material weakness.

Honorable Mayor and  
Members of City Council  
City of Arcadia, Florida

The City's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Sebring, Florida  
May 2, 2022

**CITY OF ARCADIA, FLORIDA  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS — FEDERAL  
 PROGRAMS AND STATE PROJECTS  
 YEAR ENDED SEPTEMBER 30, 2021**

***Section I – Summary of Auditors’ Results***

***Financial Statements***

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? \_\_\_\_\_ yes        X   no
  - Significant deficiency(ies) identified?   X   yes      \_\_\_\_\_ none reported
3. Noncompliance material to financial statements noted? \_\_\_\_\_ yes        X   no

***Federal Awards***

1. Internal control over major federal programs:
- Material weakness(es) identified?   X   yes      \_\_\_\_\_ no
  - Significant deficiency(ies) identified? \_\_\_\_\_ yes        X   none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
4. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?   X   yes      \_\_\_\_\_ no

***Identification of Major Federal Programs***

|  |   |
|--|---|
| <b>CFDA Number(s)</b>  | <b>Name of Federal Program or Cluster</b> |
| 20.106   | Airport Improvement Program               |
| Dollar threshold used to distinguish between Type A and Type B programs: | \$ <u>  750,000  </u>                     |
| Auditee qualified as low-risk auditee?                                   | _____ yes <u>  X  </u> no                 |

**CITY OF ARCADIA, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS — FEDERAL  
PROGRAMS AND STATE PROJECTS (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2021**

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***Section I – Summary of Auditors’ Results (Continued)***

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***State Financial Assistance***

1. Internal control over state projects:

- Material weakness(es) identified?      \_\_\_\_\_ yes        X   no
- Significant deficiency(ies) identified?      \_\_\_\_\_ yes        X   none reported

2. Type of auditors’ report issued on compliance for state projects:      Unmodified

3. Any audit findings disclosed that are required to be reported in accordance with Chapter 10.550, Rules of the Auditor General?      \_\_\_\_\_ yes        X   no

***Identification of Major State Projects***

**CSFA Number(s)**

37.077

**Name of State Project**

Wastewater Treatment Facility Construction

Dollar threshold used to distinguish between Type A and Type B state projects:

\$   750,000

**CITY OF ARCADIA, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS — FEDERAL  
PROGRAMS AND STATE PROJECTS (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2021**

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***Section II – Financial Statement Findings***

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**2021-001 – Bank Reconciliations**

Type of Finding

- Significant Deficiency in Internal Control Over Financial Reporting

**Condition:** The City's bank accounts associated with pooled cash were not completely reconciled to the general ledger and the reconciliation contained errors.

**Criteria or specific requirement:** The City's management is responsible for establishing and maintaining internal controls over cash transactions. Timely preparation of complete and accurate bank reconciliations is key to maintaining adequate control over receipts, disbursements, and other transactions.

**Context:** Understanding of the design and implementation of internal controls over financial reporting and substantive testing of the bank reconciliations identified the deficiency.

**Effect:** Not completely and accurately reconciling pooled cash accounts and other cash accounts could result in errors, including the misstatement of pooled cash, other cash balances, or other general ledger accounts.

**Cause:** A cash posting error for a transaction related to the close out of a debt service account earlier in the fiscal year and a complex pooled cash environment contributed to unidentified variances in the pooled cash reconciliation at fiscal year-end.

**Repeat Finding:** Previously reported as 2020-001, 2019-001, 2018-001, and 2017-001.

**Recommendation:** Management should continue to improve its bank reconciliation process by preparing more accurate and timely reconciliations, which include all banking and cash general ledger accounts.

**Views of responsible officials and planned corrective actions:** Management concurs with this finding and is intent on further improving bank reconciliation processes. Each year, steps have been taken to improve processes. Since May of 2019, the Finance Department has had a dedicated full-time staff member who is responsible for reconciling accounts. We continue to reconcile our stand-alone bank statements timely; however, the pooled cash account continues to cause issue. It is management's intent to have the Tyler/Munis reconciliation module fully functioning so reconciliations can be completed timelier through the software doing away with some of the manual more tedious steps currently being used.



**CITY OF ARCADIA, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS — FEDERAL  
PROGRAMS AND STATE PROJECTS (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2021**

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***Section III – Findings and Questioned Costs – Major Federal Programs***

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**2021-002 – Reporting**

Federal Agency: U.S. Department of Transportation, Federal Aviation Administration (FAA)

Federal program title: Airport Improvement Program

ALN Number: 20.106

Award Period: September 11, 2019 – September 1, 2024

Type of Finding:

- Material Weakness in Internal Control Over Compliance
- Other Matters

**Criteria or specific requirement:** The City is responsible for establishing and maintaining internal controls to ensure the compliance requirements of grants are being met. The evidence of such controls should be apparent to auditors or grantors upon review. The FAA Airport Improvement Program (AIP) policy states that recipients of AIP grants must submit an annual SF-425 for each open grant within 90 days of the end of a federal fiscal year.

**Condition:** The SF-425 Federal Financial Report was not prepared or submitted.

**Questioned costs:** None.

**Context:** Testing of the required reports per the compliance supplement identified the deficiency.

**Cause:** City management was unaware of the reporting requirements of the grant award.

**Effect:** Failure to submit required reports could result in delayed grant reimbursements or cancelled funding due to noncompliance with the grant program.

**Repeat Finding:** No.

**Recommendation:** We recommend that City management become familiar with all grant reporting requirements and that reports are submitted in a timely manner.

**Views of responsible officials:** Proper internal controls will be in place by management to ensure all reporting requirements and reports are submitted in a timely manner.

**CITY OF ARCADIA, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS — FEDERAL  
PROGRAMS AND STATE PROJECTS (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2021**

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***Section IV – Findings and Questioned Costs – Major State Projects***

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Our audit did not disclose any matters required to be reported in accordance with Chapter 10.550, Rules of the Auditor General.



## MANAGEMENT LETTER

Honorable Mayor and  
Members of the City Council  
City of Arcadia, Florida

### Report on the Financial Statements

We have audited the financial statements of the City of Arcadia, Florida (City), as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated May 2, 2022.

### Auditors' Responsibility

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

### Other Reporting Requirements

We have issued our Independent 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*; Independent Auditors' Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control Over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated May 2, 2022, should be considered in conjunction with this management letter.

### Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding financial audit report except as noted in the schedule of findings and responses.

### 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. See Note 1 to the financial statements.

Honorable Mayor and  
Members of the City Council  
City of Arcadia, Florida

### **Financial Condition and Management**

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

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

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

### **Special District Component Units**

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

### **Additional Matters**

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

### **Purpose of this Letter**

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



**CliftonLarsonAllen LLP**

Sebring, Florida  
May 2, 2022

**CITY OF ARCADIA, FLORIDA  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED SEPTEMBER 30, 2021**

**STATUS OF PRIOR YEAR FINDINGS**

| Prior Year Findings                           |   | Current        | 2019-2020      | 2018-2019      |
|---|---|----------------|----------------|----------------|
|   |   | Year Finding # | Year Finding # | Year Finding # |
| Bank Reconciliations                          | Material Weakness                       | 2021-001       | 2020-001       | 2019-001       |
| Account Reconciliations and Audit Adjustments | Material Weakness                       | Not Reported   | 2020-002       | 2019-002       |
| Budget  | Control Deficiency and State Compliance | Not Reported   | 2020-003       | 2019-004       |



## INDEPENDENT ACCOUNTANTS' REPORT

Honorable Mayor and  
Members of the City Council  
City of Arcadia, Florida

We have examined the City of Arcadia, Florida's (City) compliance with Section 218.415, Florida Statutes, regarding the investment of public funds, during the year ended September 30, 2021. Management of the City is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

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

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

In our opinion, the City complied, in all material respects, with Section 218.415, Florida Statutes, regarding the investment of public funds, during the year ended September 30, 2021.

This report is intended solely for the information and use of the City 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.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Sebring, Florida  
May 2, 2022

