

**CITY OF ARCADIA, FLORIDA**  
**FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY INFORMATION**  
**YEAR ENDED SEPTEMBER 30, 2022**



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## INDEPENDENT AUDITORS' REPORT

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

### Report on the Audit of the Financial Statements

#### ***Opinions***

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

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

#### ***Basis for Opinions***

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

#### ***Emphasis of Matter – Change in Accounting Principle***

As discussed in Note 1 to the financial statements, effective October 1, 2021, the City adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-to-use lease asset and corresponding lease liability and lessors to recognize a lease receivable and a corresponding deferred inflow of resources for all leases with lease terms greater than twelve months. Our opinions are not modified with respect to this matter.

***Responsibilities of Management for the Financial Statements***

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

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

***Auditors' Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

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

**Required Supplementary Information**

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

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2023, 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 11, 2023

**CITY OF ARCADIA, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2022  
(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.

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, 2022, by \$42,435,907 (net position).
- As of September 30, 2022, the City's governmental funds reported combined ending fund balances of \$6,220,100, for an increase of \$587,299 in comparison with the prior year. Of this amount, \$4,077,264 is available for spending at the City's discretion (unassigned fund balance).
- The City's total net position increased \$4,647,557. Net position for governmental activities increased \$673,126, while net position for business-type activities increased \$3,974,431.
- Total debt for the City decreased \$4,530,557 during the current fiscal year primarily as a result of debt forgiveness on two state revolving fund loans.

**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, 2022  
(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, as listed in the table of contents, include only the City (known as the primary government). There are no component units.

**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, 2022  
(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 2022.

For fiscal year 2022, 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 are listed in the table of contents.

**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 are listed in the table of contents.

**CITY OF ARCADIA, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2022  
(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 are listed in the table of contents.

**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 are listed in the table of contents.

**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 \$42,435,907 at the close of the most recent fiscal year.

**CITY OF ARCADIA'S NET POSITION**

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and Other						
Assets	\$ 10,858,152	\$ 6,243,063	\$ 4,553,732	\$ 4,575,832	\$ 15,411,884	\$ 10,818,895
Capital Assets	9,245,955	8,605,395	36,019,290	36,047,890	45,265,245	44,653,285
Total Assets	20,104,107	14,848,458	40,573,022	40,623,722	60,677,129	55,472,180
Deferred Outflows						
of Resources	929,581	790,721	217,067	128,748	1,146,648	919,469
Long-Term						
Liabilities						
Outstanding	2,532,630	2,821,495	10,284,780	14,360,738	12,817,410	17,182,233
Other Liabilities	4,508,169	243,985	942,233	737,687	5,450,402	981,672
Total Liabilities	7,040,799	3,065,480	11,227,013	15,098,425	18,267,812	18,163,905
Deferred Inflows						
of Resources	1,024,183	278,119	95,875	161,275	1,120,058	439,394
Net Position:						
Net Investment in						
Capital Assets	9,167,561	8,393,525	26,858,383	22,528,999	36,025,944	30,922,524
Restricted	-	236,310	-	-	-	236,310
Unrestricted	3,801,145	3,665,745	2,608,818	2,963,771	6,409,963	6,629,516
Total Net Position	\$ 12,968,706	\$ 12,295,580	\$ 29,467,201	\$ 25,492,770	\$ 42,435,907	\$ 37,788,350

**CITY OF ARCADIA, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2022  
(UNAUDITED)**

**Statement of Position (Continued)**

By far, the largest portion of the City's net position (85%) reflects its investment in capital assets (e.g., land, building, infrastructure, equipment, and right-to-use 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 more detailed information see the Statement of Net Position.

**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.

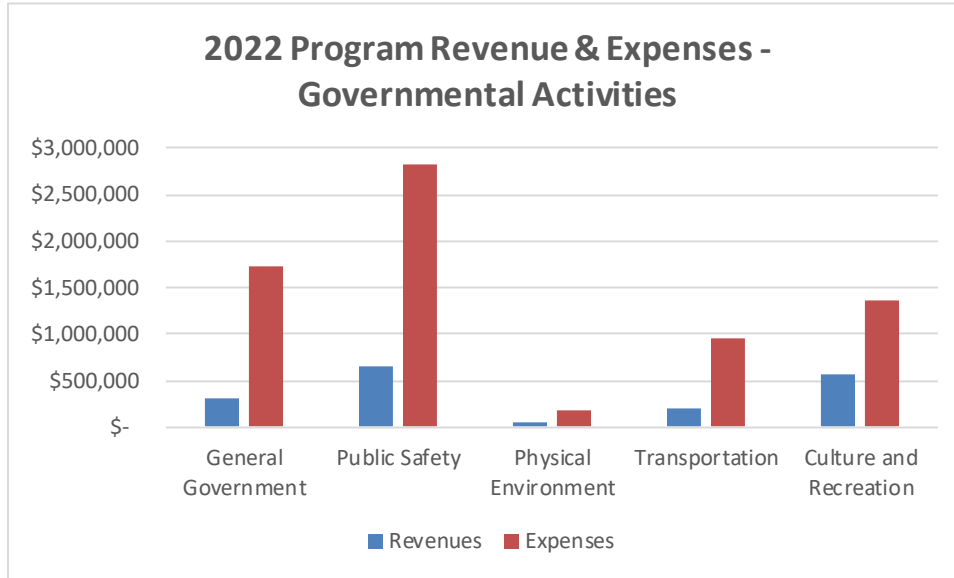
**Reduction of Capital Assets through Depreciation/Amortization** – will reduce capital assets and the net investment in capital assets.

**CITY OF ARCADIA, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2022  
(UNAUDITED)**

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

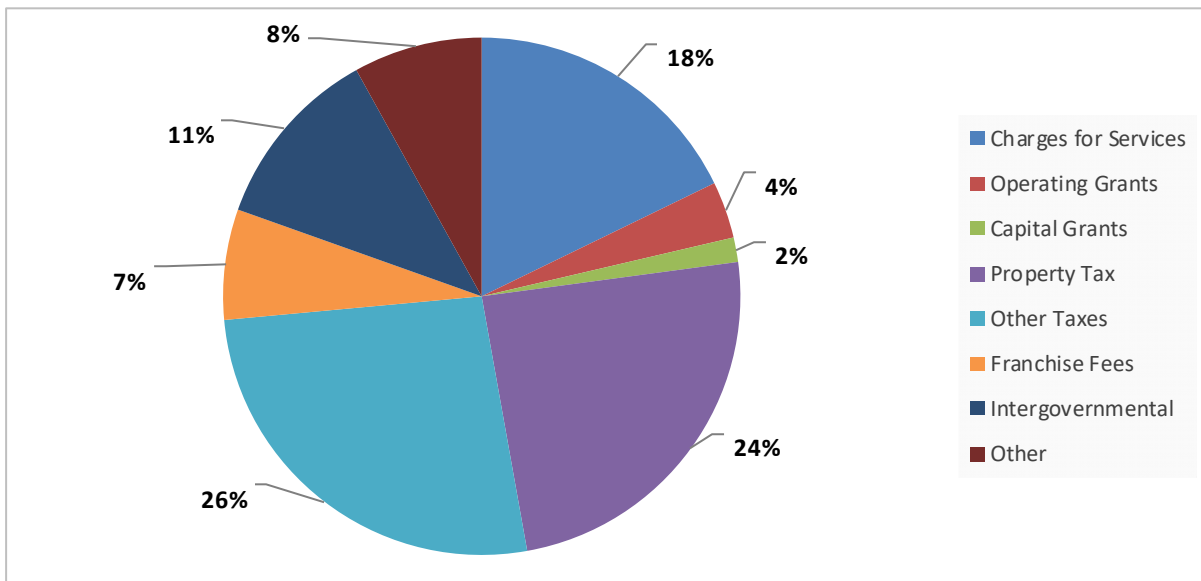
	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Program Revenues:						
Charges for Services	\$ 1,379,177	\$ 1,187,877	\$ 7,163,284	\$ 6,768,704	\$ 8,542,461	\$ 7,956,581
Operating Grants and Contributions	275,603	1,114,184	-	-	275,603	1,114,184
Capital Grants and Contributions	118,445	109,205	4,848,020	895,323	4,966,465	1,004,528
General Revenues:						
Property Taxes	1,883,289	1,826,936	-	-	1,883,289	1,826,936
Other Taxes	2,042,143	1,857,451	-	-	2,042,143	1,857,451
Franchise Fees	535,145	459,396	-	-	535,145	459,396
Intergovernmental	891,484	732,935	-	-	891,484	732,935
Other	624,420	113,386	9,021	4,051	633,441	117,437
Total Revenues	7,749,706	7,401,370	12,020,325	7,668,078	19,770,031	15,069,448
Expenses:						
General Government	1,728,318	1,316,125	-	-	1,728,318	1,316,125
Public Safety	2,829,592	2,623,841	-	-	2,829,592	2,623,841
Physical Environment	189,958	129,795	-	-	189,958	129,795
Transportation	952,203	881,727	-	-	952,203	881,727
Culture and Recreation	1,360,949	976,130	-	-	1,360,949	976,130
Water and Sewer	-	-	6,008,155	4,796,270	6,008,155	4,796,270
Solid Waste	-	-	942,761	868,975	942,761	868,975
Airport	-	-	1,110,538	939,564	1,110,538	939,564
Total Expenses	7,061,020	5,927,618	8,061,454	6,604,809	15,122,474	12,532,427
Excess (Deficiency) before Transfers	688,686	1,473,752	3,958,871	1,063,269	4,647,557	2,537,021
Transfers	(15,560)	-	15,560	-	-	-
Change in Net Position	673,126	1,473,752	3,974,431	1,063,269	4,647,557	2,537,021
Net Position - Beginning	12,295,580	10,821,828	25,492,770	24,429,501	37,788,350	35,251,329
Net Position - Ending	<u>\$ 12,968,706</u>	<u>\$ 12,295,580</u>	<u>\$ 29,467,201</u>	<u>\$ 25,492,770</u>	<u>\$ 42,435,907</u>	<u>\$ 37,788,350</u>

**CITY OF ARCADIA, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2022  
(UNAUDITED)**



**Governmental Activities** – For the current year, the City’s governmental activities had an increase in net position of \$673,126, a decrease of \$800,626 in comparison with the prior year. This decrease is comprised of an increase in revenues of \$348,336 and an increase in expenses of \$1,133,402. The following graphic reflects the source of revenues for governmental activities.

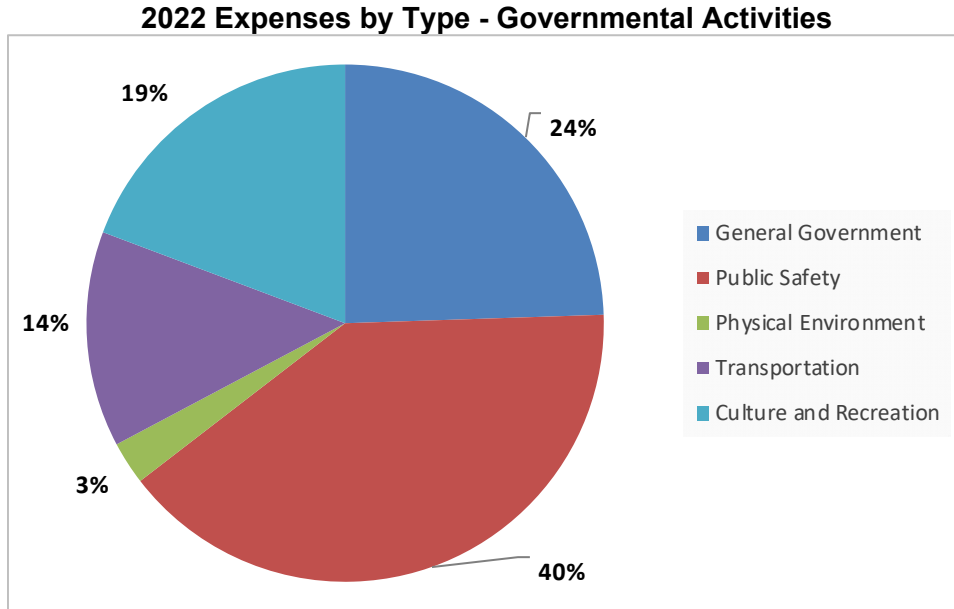
**2022 Revenues by Source – Governmental Activities**



The increase in revenues is primarily due to an increase in other revenues of \$511,034 due to their one-time nature. Operating grants and contributions decreased by \$838,581 primarily related to COVID-19 Pandemic funding while charges for services, other taxes, and intergovernmental revenues all had increases to help offset, along with other revenues, the decrease in operating grants and contributions.

**CITY OF ARCADIA, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2022  
(UNAUDITED)**

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

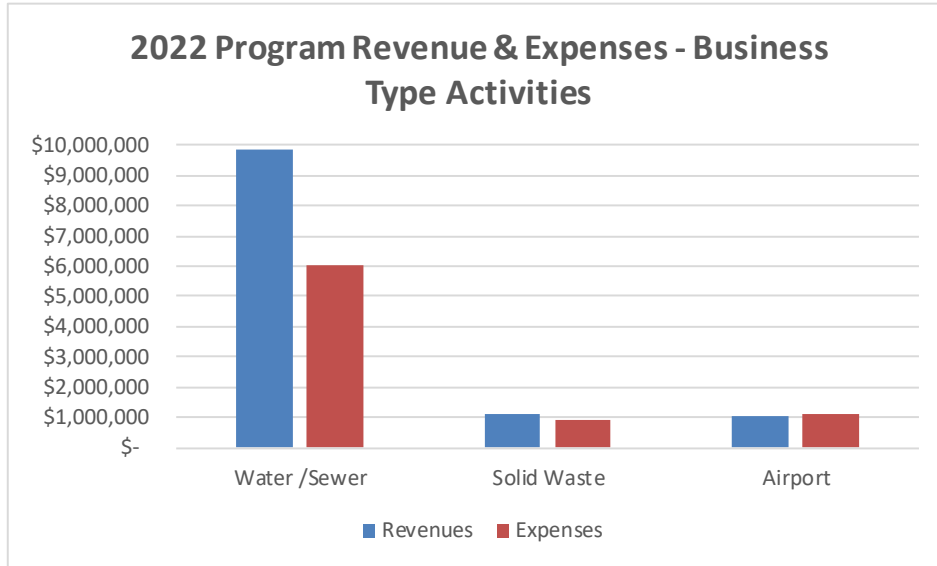


The increase in expenses is primarily attributable to an increase in general government of \$412,193 which was due to an increase in personnel related costs, including OPEB and pension expense. Culture and recreation also had a significant increase of \$384,819 which was due to increase in contractual services, and personnel related costs, including OPEB and pension expense.

**Business-Type Activities & Enterprise Funds** – For the current year, the City’s business-type activities had an increase in net position of \$3,974,431, an increase of \$2,911,162 in comparison with the prior year. This increase is comprised of an increase in revenues of \$4,352,247 and an increase in expenses of \$1,456,645.

Unrestricted net position of the Water and Sewer Fund at the end of the year amounted to \$2,278,202; and the increase in total net position was \$3,859,385 primarily due to capital grants and contributions of \$4,521,288. \$4,369,000 of that amount was forgiveness of a portion of two state revolving fund loans. Net position increased in the Solid Waste Fund by \$167,588 primarily due to operating income of \$169,293. Lastly, Airport Fund decreased by \$52,542 primarily due to an operating loss of \$382,068, which was partially offset by capital grants and contributions of \$326,732.

**CITY OF ARCADIA, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2022  
(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 \$6,220,100 an increase of \$587,299 over the prior year. Approximately 65% of this total amount, \$4,077,264 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 \$816,346.

The General Fund has a fund balance of \$4,201,025 of which \$4,077,264 is unassigned. The Capital Improvement fund has a fund balance of \$2,019,075 of which all assigned for capital projects.

**General Fund Budgetary Highlights** – The City did amend the budget during the year, decreasing original appropriations by \$819,034 Overall, General Fund expenditures were less than budgeted appropriations by \$711,104. Revenues were less than budget by \$3,772,671 mostly due to the timing of revenue recognition for the Coronavirus State and Local Fiscal Recovery Funds. More detailed information can be found in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual as listed in the table of contents.

**Capital Assets and Debt Administration**

**Capital Assets** – The City's capital assets for its governmental and business-type activities as of September 30, 2022, amount to \$45,265,245 (net of accumulated depreciation/amortization). This investment in capital assets includes land, buildings, and improvements other than buildings, equipment, right-to-use equipment, infrastructure, and construction in progress.

**CITY OF ARCADIA, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2022  
(UNAUDITED)**

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

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 1,334,812	\$ 1,334,812	\$ 395,431	\$ 395,431	\$ 1,730,243	\$ 1,730,243
Construction in Progress	181,870	68,010	1,965,503	1,150,417	2,147,373	1,218,427
Buildings	1,907,753	1,860,773	19,007,969	19,007,969	20,915,722	20,868,742
Improvements Other than Buildings	5,820,312	4,939,811	-	-	40,957,946	4,939,811
Infrastructure	6,073,593	6,023,768	35,137,634	34,823,152	6,073,593	40,846,920
Machinery and Equipment	2,797,709	2,734,897	9,381,647	8,622,168	12,179,356	11,357,065
Right-to-Use Equipment	8,818	-	-	-	8,818	-
Total Capital Assets	18,124,867	16,962,071	65,888,184	63,999,137	84,013,051	80,961,208
Less: Accumulated Depreciation/Amortization	(8,878,912)	(8,356,676)	(29,868,894)	(27,951,247)	(38,747,806)	(36,307,923)
	<u>\$ 9,245,955</u>	<u>\$ 8,605,395</u>	<u>\$ 36,019,290</u>	<u>\$ 36,047,890</u>	<u>\$ 45,265,245</u>	<u>\$ 44,653,285</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 runway. Additional information on the City's capital assets can be found in Note 6 of the notes to the basic financial statements.

**Long-Term Debt** – At the end of the 2022 fiscal year, the City had debt outstanding of \$9,354,508.

**City of Arcadia's Outstanding Debt**

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
State Revolving Fund Loans Payable	\$ -	\$ -	\$ 7,800,532	\$ 12,271,651	\$ 7,800,532	\$ 12,271,651
Note Payable	-	-	1,042,532	1,255,036	1,042,532	1,255,036
Financed Purchases	73,292	211,870	433,050	146,508	506,342	358,378
Leases Payable	* 5,102	-	-	-	5,102	-
Total	<u>\$ 78,394</u>	<u>\$ 211,870</u>	<u>\$ 9,276,114</u>	<u>\$ 13,673,195</u>	<u>\$ 9,354,508</u>	<u>\$ 13,885,065</u>

\* Restatement of long-term liabilities as of October 1, 2021, is a result of implementing GASB Statement No. 87, *Leases*, during the 2021 fiscal year.

Debt balances decreased due to \$4,390,000 in forgiveness on state revolving fund loans. Notes payable and financed purchases also decreased due to regularly scheduled principal payments.

Additional information on the City's long-term debt can be found in Note 7 of the notes to the basic financial statements.



**CITY OF ARCADIA, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2022  
(UNAUDITED)**

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

For the 2022-23 budget year, the City Council adopted a millage rate of 7.9000. It is the lowest millage rate since an equal 7.9000 in 2006. Property value's increased 4% in the 2021-22 and 5% in the 2022-23 year. In addition, DeSoto County and Arcadia both, continue to experience a positive growth pattern with new construction throughout. This increase in existing property values along with new construction enabled the decrease in the 2022-23 millage rate.

At present, that growth pattern appears to be continuing. The entire State of Florida is in a pattern of population growth resulting from significant migration from other states. The pattern for the state's growth has seen the greater majority settling in coastal areas. But that pattern is shifting as the coastal areas approach build out and new construction shifts more inland. Smaller less developed areas near the coast are being affected first. If that growth continues, Arcadia/DeSoto County can expect some of that to arrive here. As long as the demand for new homes continues, growth in overall values and revenues should follow.

**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, 2022**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 9,430,689	\$ 3,793,220	\$ 13,223,909
Accounts Receivable, Net of Allowances	344,904	547,512	892,416
Lease Receivable	-	55,521	55,521
Due from Other Governments	500,911	117,374	618,285
Internal Balances	457,887	(457,887)	-
Prepaid Items	123,761	-	123,761
Restricted Assets:			
Cash and Cash Equivalents	-	497,992	497,992
Capital Assets:			
Nondepreciable	1,516,682	2,360,934	3,877,616
Being Depreciated and Amortized, Net	7,729,273	33,658,356	41,387,629
Total Assets	<u>20,104,107</u>	<u>40,573,022</u>	<u>60,677,129</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension Related Items	841,838	178,240	1,020,078
OPEB Related Items	87,743	38,827	126,570
Total Deferred Outflows of Resources	<u>929,581</u>	<u>217,067</u>	<u>1,146,648</u>
<b>LIABILITIES</b>			
Accounts Payable and Retainage Payable	268,714	364,186	632,900
Accrued Liabilities	169,224	78,122	247,346
Current Liabilities Payable from Restricted Assets:			
Customer Deposits Payable	-	497,992	497,992
Unearned Revenue	4,070,231	1,933	4,072,164
Noncurrent Liabilities:			
Due Within One Year			
Compensated Absences	28,112	10,776	38,888
Notes, Financed Purchases and Leases Payable	76,612	674,840	751,452
Total OPEB Liability	87,743	38,817	126,560
Due in More than One Year			
Compensated Absences	253,010	97,194	350,204
Notes, Financed Purchases and Leases Payable	1,782	8,601,274	8,603,056
Net Pension Liability	592,662	201,516	794,178
Total OPEB Liability	1,492,709	660,363	2,153,072
Total Liabilities	<u>7,040,799</u>	<u>11,227,013</u>	<u>18,267,812</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Lease Related Items	-	54,324	54,324
Pension Related Items	1,024,183	41,551	1,065,734
Total Deferred Inflows of Resources	<u>1,024,183</u>	<u>95,875</u>	<u>1,120,058</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	9,167,561	26,858,383	36,025,944
Unrestricted	3,801,145	2,608,818	6,409,963
Total Net Position	<u>\$ 12,968,706</u>	<u>\$ 29,467,201</u>	<u>\$ 42,435,907</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF ARCADIA, FLORIDA  
STATEMENT OF ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2022**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>GOVERNMENTAL ACTIVITIES</b>							
General Government	\$ 1,728,318	\$ 320,180	\$ -	\$ -	\$ (1,408,138)	\$ -	\$ (1,408,138)
Public Safety	2,829,592	393,108	263,103	-	(2,173,381)	-	(2,173,381)
Physical Environment	189,958	43,535	-	-	(146,423)	-	(146,423)
Transportation	952,203	124,129	-	69,945	(758,129)	-	(758,129)
Culture and Recreation	1,360,949	498,225	12,500	48,500	(801,724)	-	(801,724)
Total Governmental Activities	7,061,020	1,379,177	275,603	118,445	(5,287,795)	-	(5,287,795)
<b>BUSINESS-TYPE ACTIVITIES</b>							
Water and Sewer	6,008,155	5,324,823	-	4,521,288	-	3,837,956	3,837,956
Solid Waste	942,761	1,109,991	-	-	-	167,230	167,230
Airport	1,110,538	728,470	-	326,732	-	(55,336)	(55,336)
Total Business-Type Activities	8,061,454	7,163,284	-	4,848,020	-	3,949,850	3,949,850
Total Primary Government	\$ 15,122,474	\$ 8,542,461	\$ 275,603	\$ 4,966,465	(5,287,795)	3,949,850	(1,337,945)
<b>GENERAL REVENUES</b>							
Property Taxes					1,883,289	-	1,883,289
Local Option Gas Tax					266,677	-	266,677
Discretionary Sales Surtax					917,029	-	917,029
Public Service Taxes					632,526	-	632,526
Communications Services Taxes					183,963	-	183,963
Business License Taxes					41,948	-	41,948
Franchise Fees					535,145	-	535,145
Intergovernmental, Unrestricted					891,484	-	891,484
Unrestricted Investment Earnings					18,486	9,021	27,507
Miscellaneous					605,934	-	605,934
Transfers					(15,560)	15,560	-
Total General Revenues and Transfers					5,960,921	24,581	5,985,502
<b>CHANGE IN NET POSITION</b>					673,126	3,974,431	4,647,557
Net Position - Beginning of Year					12,295,580	25,492,770	37,788,350
<b>NET POSITION - END OF YEAR</b>					\$ 12,968,706	\$ 29,467,201	\$ 42,435,907

See accompanying Notes to Basic Financial Statements.

**CITY OF ARCADIA, FLORIDA  
BALANCE SHEET — GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2022**

	General	Capital Improvement	Disaster Assistance	Total Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 7,530,258	\$ 1,900,431	\$ -	\$ 9,430,689
Prepaid Items	123,761	-	-	123,761
Accounts Receivable	344,904	-	-	344,904
Due from Other Governments	287,333	213,578	-	500,911
Due from Other Funds	457,887	-	-	457,887
	<b>\$ 8,744,143</b>	<b>\$ 2,114,009</b>	<b>\$ -</b>	<b>\$ 10,858,152</b>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 173,780	\$ 94,934	\$ -	\$ 268,714
Accrued Liabilities	167,195	-	-	167,195
Unearned Revenue	4,070,231	-	-	4,070,231
Total Liabilities	4,411,206	94,934	-	4,506,140
 <b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue:				
Restitution	131,912	-	-	131,912
Total Deferred Inflows of Resources	131,912	-	-	131,912
 <b>FUND BALANCES</b>				
Nonspendable	123,761	-	-	123,761
Assigned for:				
Capital Projects	-	2,019,075	-	2,019,075
Unassigned	4,077,264	-	-	4,077,264
Total Fund Balances	4,201,025	2,019,075	-	6,220,100
	<b>\$ 8,744,143</b>	<b>\$ 2,114,009</b>	<b>\$ -</b>	<b>\$ 10,858,152</b>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<b>\$ 8,744,143</b>	<b>\$ 2,114,009</b>	<b>\$ -</b>	<b>\$ 10,858,152</b>

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, 2022**

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

<b>Fund Balances - Total Governmental Funds</b>	<b>\$ 6,220,100</b>
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital Assets	18,124,867
Less: Accumulated Depreciation/Amortization	(8,878,912)
Total	9,245,955
Certain receivables are not available to pay current period expenditures and, therefore, are reported as deferred inflows of resources in the funds.	
	131,912
Net pension liability is not due and payable in the current period and, therefore, the liabilities and the related deferred outflows and inflows of resources are not reported in the funds.	
Net Pension Liability	(592,662)
Deferred Outflows of Resources - Pension Related	841,838
Deferred Inflows of Resources - Pension Related	(1,024,183)
Total	(775,007)
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	(1,580,452)
Deferred Outflows - OPEB	87,743
Total	(1,492,709)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Financed Purchases	(73,292)
Leases Payable	(5,102)
Compensated Absences	(281,122)
Total	(359,516)
Accrued general long-term debt interest expense is not due and payable in the current period and therefore, is not reported in the funds.	
	(2,029)
Net Position of Governmental Activities	<b>\$ 12,968,706</b>

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, 2022**

	General	Capital Improvement	Disaster Assistance	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 3,008,403	\$ 917,029	\$ -	\$ 3,925,432
Charges for Services	655,477	-	-	655,477
Permits, Fees, and Assessments	846,077	-	-	846,077
Intergovernmental	1,257,386	-	-	1,257,386
Fines and Forfeitures	51,033	-	-	51,033
Interest Income	17,683	803	-	18,486
Other Revenues	999,180	-	-	999,180
Total Revenues	<u>6,835,239</u>	<u>917,832</u>	<u>-</u>	<u>7,753,071</u>
<b>EXPENDITURES</b>				
Current:				
General Government	1,282,083	92,609	-	1,374,692
Public Safety	2,337,797	-	-	2,337,797
Physical Environment	156,382	-	-	156,382
Transportation	574,569	-	-	574,569
Culture and Recreation	1,274,205	-	-	1,274,205
Capital Outlay	95,442	1,185,340	-	1,280,782
Debt Service:				
Principal Retirement	3,716	138,578	-	142,294
Interest	301	9,190	-	9,491
Total Expenditures	<u>5,724,495</u>	<u>1,425,717</u>	<u>-</u>	<u>7,150,212</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	1,110,744	(507,885)	-	602,859
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	85,555	193,283	278,838
Transfers Out	(294,398)	-	-	(294,398)
Total Other Financing Sources (Uses)	<u>(294,398)</u>	<u>85,555</u>	<u>193,283</u>	<u>(15,560)</u>
<b>NET CHANGE IN FUND BALANCES</b>	816,346	(422,330)	193,283	587,299
Fund Balances (Deficits) - Beginning of Year	<u>3,384,679</u>	<u>2,441,405</u>	<u>(193,283)</u>	<u>5,632,801</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 4,201,025</u>	<u>\$ 2,019,075</u>	<u>\$ -</u>	<u>\$ 6,220,100</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, 2022**

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

Net Change in Fund Balances - Total Governmental Funds	\$ 587,299
<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/amortization expense. This is the amount by which capital outlays exceeded depreciation/amortization in the current period.</p>	
Capital Outlay	1,277,946
Less: Current Year Depreciation/Amortization	(631,424)
Total	646,522
The net effect of transactions involving capital assets disposals.	(14,780)
<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 - Financed Purchase	138,578
Principal Repayments - Leases	3,716
Total	142,294
<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	(3,365)
<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	(429,666)
Change in Total OPEB Liability and Related OPEB Amounts	(236,188)
Change in Accrued Interest	3,281
Change in Compensated Absences	(22,271)
Total	(684,844)
Change in Net Position of Governmental Activities	\$ 673,126

See accompanying Notes to Basic Financial Statements.

**CITY OF ARCADIA, FLORIDA**  
**STATEMENT OF NET POSITION — PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2022**

	Water and Sewer Fund	Solid Waste Fund	Airport Fund	Total
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 2,945,550	\$ 847,670	\$ -	\$ 3,793,220
Restricted Cash and Cash Equivalents:				
Customer Deposits	484,792	-	13,200	497,992
Accounts Receivable, Net of Allowances	434,972	110,228	2,312	547,512
Lease Receivables	-	-	15,378	15,378
Due from Other Governments	51,652	-	65,722	117,374
Due from Other Funds	1,593	-	-	1,593
Total Current Assets	<u>3,918,559</u>	<u>957,898</u>	<u>96,612</u>	<u>4,973,069</u>
Noncurrent Assets:				
Lease Receivables	-	-	40,143	40,143
Capital Assets:				
Nondepreciable	1,808,628	-	552,306	2,360,934
Depreciable, Net of Accumulated Depreciation	<u>30,060,513</u>	<u>427,812</u>	<u>3,170,031</u>	<u>33,658,356</u>
Total Noncurrent Assets	<u>31,869,141</u>	<u>427,812</u>	<u>3,762,480</u>	<u>36,059,433</u>
<b>Total Assets</b>	<b>35,787,700</b>	<b>1,385,710</b>	<b>3,859,092</b>	<b>41,032,502</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension Related Items	141,603	36,637	-	178,240
OPEB Related Items	<u>27,867</u>	<u>9,921</u>	<u>1,039</u>	<u>38,827</u>
Total Deferred Outflows of Resources	<u>169,470</u>	<u>46,558</u>	<u>1,039</u>	<u>217,067</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	248,400	72,650	43,136	364,186
Accrued Liabilities	41,650	9,608	1,839	53,097
Accrued Interest	24,987	38	-	25,025
Unearned Revenue	-	-	1,933	1,933
Current Portion - Compensated Absences	6,846	3,930	-	10,776
Current Portion - Financed Purchases	131,203	-	-	131,203
Current Portion - Notes Payable	543,637	-	-	543,637
Current Portion - Total OPEB Liability	27,877	9,923	1,017	38,817
Due to Other Funds	100,946	88,129	270,405	459,480
Payable from Restricted Assets:				
Customer Deposits	484,792	-	13,200	497,992
Total Current Liabilities	<u>1,610,338</u>	<u>184,278</u>	<u>331,530</u>	<u>2,126,146</u>
Noncurrent Liabilities:				
Compensated Absences, Net of Current Portion	61,611	35,369	214	97,194
Financed Purchases, Net of Current Portion	301,847	-	-	301,847
Notes Payable, Net of Current Portion	8,299,427	-	-	8,299,427
Net Pension Liability	160,095	41,421	-	201,516
Total OPEB Liability - Net of Current Portion	<u>474,253</u>	<u>168,809</u>	<u>17,301</u>	<u>660,363</u>
Total Noncurrent Liabilities	<u>9,297,233</u>	<u>245,599</u>	<u>17,515</u>	<u>9,560,347</u>
<b>Total Liabilities</b>	<b>10,907,571</b>	<b>429,877</b>	<b>349,045</b>	<b>11,686,493</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Lease Related Items	-	-	54,324	54,324
Pension Related Items	<u>33,011</u>	<u>8,540</u>	<u>-</u>	<u>41,551</u>
Total Deferred Inflows of Resources	<u>33,011</u>	<u>8,540</u>	<u>54,324</u>	<u>95,875</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	22,738,386	427,812	3,692,185	26,858,383
Unrestricted (Deficit)	<u>2,278,202</u>	<u>566,039</u>	<u>(235,423)</u>	<u>2,608,818</u>
<b>Total Net Position</b>	<b><u>\$ 25,016,588</u></b>	<b><u>\$ 993,851</u></b>	<b><u>\$ 3,456,762</u></b>	<b><u>\$ 29,467,201</u></b>

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, 2022**

	Water and Sewer Fund	Solid Waste Fund	Airport Fund	Total
<b>OPERATING REVENUES</b>				
Charges for Services	\$ 5,318,087	\$ 1,109,572	\$ 715,312	\$ 7,142,971
Other Revenues	6,736	419	13,158	20,313
Total Operating Revenues	<u>5,324,823</u>	<u>1,109,991</u>	<u>728,470</u>	<u>7,163,284</u>
<b>OPERATING EXPENSES</b>				
Personal Services	1,679,887	469,193	144,754	2,293,834
Operating Expenses	2,437,047	450,802	666,975	3,554,824
Depreciation	1,611,807	20,703	298,809	1,931,319
Total Operating Expenses	<u>5,728,741</u>	<u>940,698</u>	<u>1,110,538</u>	<u>7,779,977</u>
<b>OPERATING INCOME (LOSS)</b>	(403,918)	169,293	(382,068)	(616,693)
<b>NONOPERATING INCOME (EXPENSES)</b>				
Interest Income	5,869	358	2,794	9,021
Interest Expense and Fiscal Charges	(279,414)	(2,063)	-	(281,477)
Total Nonoperating Income (Expenses)	<u>(273,545)</u>	<u>(1,705)</u>	<u>2,794</u>	<u>(272,456)</u>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	(677,463)	167,588	(379,274)	(889,149)
<b>CAPITAL CONTRIBUTIONS AND TRANSFERS</b>				
Transfers In	15,560	-	-	15,560
Capital Grants and Contributions	4,521,288	-	326,732	4,848,020
Total Capital Contributions and Transfers	<u>4,536,848</u>	<u>-</u>	<u>326,732</u>	<u>4,863,580</u>
<b>CHANGE IN NET POSITION</b>	3,859,385	167,588	(52,542)	3,974,431
Net Position - Beginning of Year	<u>21,157,203</u>	<u>826,263</u>	<u>3,509,304</u>	<u>25,492,770</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 25,016,588</u>	<u>\$ 993,851</u>	<u>\$ 3,456,762</u>	<u>\$ 29,467,201</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF ARCADIA, FLORIDA**  
**STATEMENT OF CASH FLOWS — PROPRIETARY FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2022**

	Water and Sewer Fund	Solid Waste Fund	Airport Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from Customers and Users	\$ 5,574,774	\$ 1,119,341	\$ 722,347	\$ 7,416,462
Payments to Suppliers	(2,331,300)	(417,136)	(679,130)	(3,427,566)
Payments to Employees	(1,471,804)	(401,744)	(141,307)	(2,014,855)
Net Cash Provided (Used) by Operating Activities	1,771,670	300,461	(98,090)	1,974,041
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Cash Received from Interfund Borrowing	-	-	82,482	82,482
Transfers from Other Funds	15,560	-	-	15,560
Net Cash Provided by Noncapital Financing Activities	15,560	-	82,482	98,042
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital Grants and Contributions	83,411	-	293,810	377,221
Acquisition and Construction of Capital Assets	(948,548)	(141,881)	(288,499)	(1,378,928)
Proceeds from Notes Payable	113,307	-	-	113,307
Principal Paid on Notes Payable and Financed Purchases	(536,900)	(77,127)	-	(614,027)
Receipts from Leasing Activities	-	-	17,497	17,497
Interest Paid	(279,530)	(3,037)	-	(282,567)
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,568,260)	(222,045)	22,808	(1,767,497)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest and Dividends Received	5,869	358	-	6,227
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>				
	224,839	78,774	7,200	310,813
Cash and Cash Equivalents - Beginning of Year	3,205,503	768,896	6,000	3,980,399
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>				
	\$ 3,430,342	\$ 847,670	\$ 13,200	\$ 4,291,212
<b>CLASSIFIED AS:</b>				
Cash and Cash Equivalents	\$ 2,945,550	\$ 847,670	\$ -	\$ 3,793,220
Restricted Cash and Cash Equivalents:				
Customer Deposits	484,792	-	13,200	497,992
Total	\$ 3,430,342	\$ 847,670	\$ 13,200	\$ 4,291,212

See accompanying Notes to Basic Financial Statements.

**CITY OF ARCADIA, FLORIDA**  
**STATEMENT OF CASH FLOWS — PROPRIETARY FUNDS (CONTINUED)**  
**YEAR ENDED SEPTEMBER 30, 2022**

	Water and Sewer Fund	Solid Waste Fund	Airport Fund	Total
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating Income (Loss)	\$ (403,918)	\$ 169,293	\$ (382,068)	\$ (616,693)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation and Amortization	1,611,807	20,703	298,809	1,931,319
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	230,996	9,350	644	240,990
(Increase) Decrease In Deferred Outflows - Pensions	(78,652)	(18,726)	-	(97,378)
(Increase) Decrease In Deferred Outflows - OPEB	6,512	2,316	231	9,059
Increase (Decrease) in Accounts Payable	105,746	33,666	(12,155)	127,257
Increase (Decrease) in Accrued Liabilities	17,519	2,117	501	20,137
Increase (Decrease) in Unearned Revenue	-	-	1,933	1,933
Increase (Decrease) in Compensated Absences	13,143	10,823	215	24,181
Increase (Decrease) in Customer Deposits	18,956	-	7,200	26,156
Increase (Decrease) in Net Pension Liability	273,570	73,707	-	347,277
Increase (Decrease) in Total OPEB Liability	68,533	24,394	2,500	95,427
Increase (Decrease) In Deferred Inflows - Pensions	(92,542)	(27,182)	-	(119,724)
Increase (Decrease) In Deferred Inflows - Lease	-	-	(15,900)	(15,900)
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,771,670</u>	<u>\$ 300,461</u>	<u>\$ (98,090)</u>	<u>\$ 1,974,041</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>				
Capital Related Accounts Payable	\$ -	\$ -	\$ 30,152	\$ 30,152
Capital Related Financed Purchase	<u>\$ 493,639</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Debt Forgiveness	<u>\$ 4,390,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,390,000</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF ARCADIA, FLORIDA**  
**STATEMENT OF FIDUCIARY NET POSITION — FIDUCIARY FUNDS**  
**SEPTEMBER 30, 2022**

	Pension Trust Funds
<b>ASSETS</b>	
Cash	\$ 30,138
Contributions Receivable	56,139
Interest and Dividends Receivable	13,387
Investments:	
Short-Term Investments	382,726
Common Stock	2,760,628
Foreign Stock	118,922
U.S. Government Obligations	1,539,925
Mortgage/Asset-Backed Securities	350,254
Corporate Bonds	604,055
Foreign Bonds	37,849
Mutual Funds - Equity	4,163,660
Mutual Funds - Fixed Income	290,195
Nonparticipating Interest-Earning Contract	2,074,451
Real Estate Fund	1,482,972
Total Investments	13,805,637
Total Assets	13,905,301
<b>LIABILITIES</b>	
Accounts Payable	10,674
<b>NET POSITION</b>	
Net Position Restricted for:	
Pension Benefits	\$ 13,894,627

See accompanying Notes to Basic Financial Statements.

**CITY OF ARCADIA, FLORIDA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION — FIDUCIARY FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2022**

	Pension Trust Funds
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 555,547
State of Florida	104,543
Plan Members	140,185
Total Contributions	800,275
Investment Income (Loss):	
Investment Earnings	(2,694,002)
Less: Investment Expenses	(85,250)
Net Investment Income (Loss)	(2,779,252)
Total Additions	(1,978,977)
<b>DEDUCTIONS</b>	
Benefits	846,586
Administrative Expenses	120,689
Total Deductions	967,275
<b>CHANGE IN NET POSITION</b>	(2,946,252)
Net Position - Beginning of Year	16,840,879
<b>NET POSITION - END OF YEAR</b>	\$ 13,894,627

See accompanying Notes to Basic Financial Statements.

**CITY OF ARCADIA, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**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 in the United States of America (GAAP) 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 7,600. 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, 2022

**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, 2022

**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, 2022

**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, non-pooled cash and cash equivalents are separately held by several of the City's funds. The government's non-pooled cash and cash equivalents are considered to be cash on hand; demand deposits; interest-bearing time deposits; and deposits in the Local Government Surplus Funds Trust Fund investment pool (also known as Florida PRIME) 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, 2022**

**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, 2022.

Receivables and Payables

Outstanding balances between funds are reported as “due to/from other funds.” 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.

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 land, construction in process, building, improvements other than buildings, infrastructure, equipment, and right-to-use lease assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City 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, 2022**

**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/amortized 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
Right-to-Use Leased Equipment	5 to 10 Years

Leases – Lessee and Lessor

The City is a lessee for noncancellable leases of equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the applicable governmental activities or business-type activities in the government-wide and in the proprietary fund financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments and the purchase option price that the City is reasonably certain to exercise.

**CITY OF ARCADIA, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

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

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

Leases – Lessee and Lessor (Continued)

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long- term debt on the statement of net position.

The City is a lessor for noncancellable leases of buildings. The City recognizes a lease receivable and a deferred inflow of resources in the applicable governmental activities or business-type activities in the government-wide and in the governmental and proprietary fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

**CITY OF ARCADIA, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

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

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

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.

The City also has items which arise only under a modified accrual basis of accounting that qualify for reporting as deferred inflows of resources in the governmental funds balance sheet. The governmental funds report unavailable revenues for revenue collected after the period of availability. The amounts are deferred and recognized as an inflow of resources in the period in which the amounts become available.

Finally, the statement of net position and the proprietary funds report a deferred inflow of resources related to leases.

**CITY OF ARCADIA, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

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

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

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, current liabilities, and deferred inflows of resources. 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, 2022**

**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/amortization, 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, 2022**

**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/expenditures during the reporting period. Actual results could differ from the estimates.

**Adoption of New Accounting Standards**

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

**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, 2022**

**NOTE 3 DEPOSITS AND INVESTMENTS**

At September 30, 2022, the bank balances of the City's deposits totaled \$11,071,469.

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, 2022:

Deposits	\$ 11,143,680
Cash on Hand	700
Investments	16,413,296
Total	\$ 27,557,676
 Statement of Net Position:	
Cash and Cash Equivalents	\$ 13,223,909
Restricted Cash and Cash Equivalents	497,992
 Statement of Fiduciary Net Position:	
Cash	30,138
Investments	13,805,637
Total	\$ 27,557,676

**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, 2022, 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 34.7% of the Florida PRIME's portfolio at September 30, 2022.

**CITY OF ARCADIA, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**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, 2022 was 21 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, 2022 was 72 days. Investments in Florida PRIME must carry an “AAAm” rating from Standard and Poor’s. On September 30, 2022, 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, 2022, there were no redemption fees, maximum transaction amounts, or any other requirements that serve to limit a participant’s daily access to 100% of their account value.

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, 2022**

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

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

As of September 30, 2022, FL SAFE investment pool weighted average maturity in days was 40 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, 2022, there were no redemption fees, maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100% of their account value.

**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, 2022:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by Fair Value Level:</b>				
Common Stock	\$ 2,760,628	\$ 2,760,628	\$ -	\$ -
Foreign Stock	118,922	118,922	-	-
U.S. Government Obligations	1,539,925	-	1,539,925	-
Mortgage/Asset-Backed Securities	350,254	-	350,254	-
Corporate Bonds	604,055	-	604,055	-
Foreign Bonds	37,849	-	37,849	-
Mutual Funds - Equity	4,163,660	4,163,660	-	-
Mutual Funds - Fixed Income	290,195	290,195	-	-
Total Investments Measured at Fair Value	9,865,488	\$ 7,333,405	\$ 2,532,083	\$ -
<b>Investments Measured at Net Asset Value (NAV):</b>				
Real Estate Fund	1,482,972			
Total Investments Measured at NAV	1,482,972			
<b>Investments Measured at Amortized Cost:</b>				
Florida PRIME	465,348			
Florida SAFE	2,142,311			
Short-Term Investments	382,726			
Nonparticipating Interest-Earning Contract	2,074,451			
Total Investments Measured at Amortized Cost	5,064,836			
Total Investments	\$ 16,413,296			

**CITY OF ARCADIA, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**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	\$ 1,482,972	\$ 20,064	Quarterly	Daily

*Real Estate Fund* – The ARA Core Property Fund is a diversified open-end commingled fund invested in core real estate properties nationwide providing investors income durability and the potential for long-term appreciation. The American Core Realty Fund invests primarily in core, institutional quality industrial, residential, office, retail, and other properties located throughout the U.S. and is diversified by product type, geographic region, and economic exposure in order to mitigate investment risk.

**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, 2022, the City had the following investments in debt securities and related maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years
Fiduciary:					
U.S. Government Obligations	\$ 1,539,925	\$ -	\$ 933,205	\$ 606,720	\$ -
Mortgage/Asset-Backed Securities	350,254	-	-	10,680	339,574
Corporate Bonds	604,055	-	503,296	100,759	-
Foreign Bonds	37,849	-	37,849	-	-
Mutual Funds - Fixed Income	290,195	290,195	-	-	-
Total	<u>\$ 2,822,278</u>	<u>\$ 290,195</u>	<u>\$ 1,474,350</u>	<u>\$ 718,159</u>	<u>\$ 339,574</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, 2022**

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

**Credit Risk (Continued)**

Presented below is the actual rating as of September 30, 2022 for each type of investment in securities.

<u>Investment Type</u>	<u>S&amp;P/Moody's Rating</u>	<u>Fair Value</u>
SBA Florida PRIME	AAAm	\$ 465,348
PMA Florida SAFE	AAAm	2,142,311
Short-Term Investments	NR	382,726
U.S. Government Obligations	Aaa	1,539,925
Mortgage/Asset-Backed Securities	NR	350,254
Corporate Bonds	Aaa-Baa3	604,055
Foreign Bonds	Baa3	37,849
Mutual Funds - Equity	NR	4,163,660
Mutual Funds - Fixed Income	NR	290,195
Nonparticipating Interest-Earning Contract	NR	2,074,451
Real Estate Fund	NR	1,482,972
Total		<u>\$ 13,533,746</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, 2022**

**NOTE 4 RECEIVABLES**

Receivables as of September 30, 2022, for the City's individual major funds, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities	Business-Type Activities			Total
	General	Water and Sewer	Solid Waste	Airport	
Utility and Franchise Taxes	\$ 154,150	\$ -	\$ -	\$ -	\$ 154,150
Restitution	131,912	-	-	-	131,912
Customer Charges	-	1,602,313	214,442	2,312	1,819,067
Miscellaneous	58,842	245	27,508	-	86,595
Gross Receivables	<u>344,904</u>	<u>1,602,558</u>	<u>241,950</u>	<u>2,312</u>	<u>2,191,724</u>
Allowance for Doubtful Accounts	-	(1,167,586)	(131,722)	-	(1,299,308)
Total	<u>\$ 344,904</u>	<u>\$ 434,972</u>	<u>\$ 110,228</u>	<u>\$ 2,312</u>	<u>\$ 892,416</u>

**NOTE 5 LEASE RECEIVABLES**

The City, acting as lessor, leases a building under a long-term, noncancelable lease agreement. The lease expires in 2026. During the year ended September 30, 2022, the City recognized \$15,900 and \$2,794 in lease revenue and interest revenue, respectively, pursuant to these contracts.

Certain leases may provide for increases in future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to certain minimum increases.

Total future minimum lease payments to be received under lease agreements are as follows:

	Business-Type Activities	
	Principal	Interest
2023	\$ 15,378	\$ 2,118
2024	16,084	1,412
2025	16,823	673
2026	7,236	54
Total Minimum Lease Payments	<u>\$ 55,521</u>	<u>\$ 4,257</u>

**CITY OF ARCADIA, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**NOTE 6 CAPITAL ASSETS**

The following is a summary of changes in capital assets for the governmental activities for the year ended September 30, 2022:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Governmental Activities:</b>					
Capital Assets, Not Being Depreciated:					
Land	\$ 1,334,812	\$ -	\$ -	\$ -	\$ 1,334,812
Construction In Progress	68,010	1,091,166	-	(977,306)	181,870
Total Capital Assets, Not Being Depreciated	1,402,822	1,091,166	-	(977,306)	1,516,682
Capital Assets, Being Depreciated/Amortized:					
Buildings	1,860,773	-	-	46,980	1,907,753
Improvements Other than Buildings	4,939,811	-	-	880,501	5,820,312
Infrastructure	6,023,768	-	-	49,825	6,073,593
Furniture, Fixtures, and Equipment	2,734,897	186,780	(123,968)	-	2,797,709
Right-to-Use Leased Equipment *	8,818	-	-	-	8,818
Total Capital Assets, Being Depreciated/Amortized	15,568,067	186,780	(123,968)	977,306	16,608,185
Less: Accumulated Amortization/Depreciation for:					
Buildings	(1,157,371)	(33,708)	-	-	(1,191,079)
Improvements Other than Buildings	(2,868,838)	(170,811)	-	-	(3,039,649)
Infrastructure	(2,766,620)	(181,158)	-	-	(2,947,778)
Furniture, Fixtures, and Equipment	(1,563,847)	(241,919)	109,188	-	(1,696,578)
Right-to-Use Leased Equipment	-	(3,828)	-	-	(3,828)
Total Accumulated Depreciation/Amortization	(8,356,676)	(631,424)	109,188	-	(8,878,912)
Total Capital Assets, Being Depreciated/Amortized, Net	7,211,391	(444,644)	(14,780)	977,306	7,729,273
Governmental Activities Capital Assets, Net	<u>\$ 8,614,213</u>	<u>\$ 646,522</u>	<u>\$ (14,780)</u>	<u>\$ -</u>	<u>\$ 9,245,955</u>

\* Restatement of capital assets as of October 1, 2021, is a result of implementing GASB Statement No. 87, *Leases* during the 2021 fiscal year.

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

<b>Governmental Activities:</b>	
General Government	\$ 134,492
Public Safety	127,402
Physical Environment	3,586
Transportation	316,219
Culture and Recreation	49,725
Total Depreciation/Amortization Expense - Governmental Activities	<u>\$ 631,424</u>

**CITY OF ARCADIA, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**NOTE 6 CAPITAL ASSETS (CONTINUED)**

The following is a summary of changes in capital assets for the business-type activities for the year ended September 30, 2022:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Business-Type Activities:</b>					
Capital Assets, Not Being Depreciated:					
Land	\$ 395,431	\$ -	\$ -	\$ -	\$ 395,431
Construction In Progress	1,150,417	1,129,568	-	(314,482)	1,965,503
Total Capital Assets, Not Being Depreciated	1,545,848	1,129,568	-	(314,482)	2,360,934
Capital Assets, Being Depreciated:					
Buildings	19,007,969	-	-	-	19,007,969
Infrastructure and Improvements Other than Buildings	34,823,152	-	-	314,482	35,137,634
Furniture, Fixtures, and Equipment	8,622,168	773,151	(13,672)	-	9,381,647
Total Capital Assets, Being Depreciated	62,453,289	773,151	(13,672)	314,482	63,527,250
Less: Accumulated Depreciation for:					
Buildings	(9,555,596)	(311,342)	-	-	(9,866,938)
Infrastructure and Improvements Other than Buildings	(13,078,707)	(1,259,763)	-	-	(14,338,470)
Furniture, Fixtures, and Equipment	(5,316,944)	(360,214)	13,672	-	(5,663,486)
Total Accumulated Depreciation	(27,951,247)	(1,931,319)	13,672	-	(29,868,894)
Total Capital Assets, Being Depreciated, Net	34,502,042	(1,158,168)	-	314,482	33,658,356
Business-Type Activities Capital Assets, Net	<u>\$ 36,047,890</u>	<u>\$ (28,600)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,019,290</u>

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

<b>Business-Type Activities:</b>	
Water and Sewer	\$ 1,611,807
Solid Waste	20,703
Airport	298,809
Total Depreciation Expense - Business-Type Activities	<u>\$ 1,931,319</u>



**CITY OF ARCADIA, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**NOTE 7 LONG-TERM LIABILITIES**

Long-term liability activity for the governmental activities for the year ended September 30, 2022 consisted of the following:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Direct Borrowings:					
Financed Purchases	\$ 211,870	\$ -	\$ (138,578)	\$ 73,292	\$ 73,292
Leases Payable *	8,818	-	(3,716)	5,102	3,320
Compensated Absences	258,851	145,205	(122,934)	281,122	28,112
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 479,539</u>	<u>\$ 145,205</u>	<u>\$ (265,228)</u>	<u>\$ 359,516</u>	<u>\$ 104,724</u>

\* Restatement of long-term liabilities as of October 1, 2021, is a result of implementing GASB Statement No. 87, *Leases*, during the 2021 fiscal year.

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, 2022 consisted of the following:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-Type Activities:					
Direct Borrowings:					
State Revolving Fund Loan:					
DW140110	\$ 3,641,346	\$ -	\$ (106,899)	\$ 3,534,447	\$ 110,010
WW140110	154,304	-	(8,945)	145,359	8,996
WW140111	7,573,576	-	(3,823,580)	3,749,996	198,752
WW140113	784,997	16,726	(645,002)	156,721	8,172
DW140130	117,428	96,581	-	214,009	-
Note Payable	1,255,036	-	(212,504)	1,042,532	217,707
Financed Purchases	146,508	493,639	(207,097)	433,050	131,203
Total Direct Borrowings	<u>13,673,195</u>	<u>606,946</u>	<u>(5,004,027)</u>	<u>9,276,114</u>	<u>674,840</u>
Compensated Absences	83,790	72,340	(48,160)	107,970	10,776
Total Business-Type Activities					
Long-Term Liabilities	<u>\$ 13,756,985</u>	<u>\$ 679,286</u>	<u>\$ (5,052,187)</u>	<u>\$ 9,384,084</u>	<u>\$ 685,616</u>

**CITY OF ARCADIA, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

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

The City's long-term liabilities for governmental activities and business-type activities at September 30, 2022 consisted of the following:

<u>Description</u>	<u>Amount</u>
<b>Governmental Activities</b>	
<u>Financed Purchases</u>	
Financed purchases for radio equipment and a claw truck. 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. In the event of default, repayment schedules may be accelerated, financing rate may be increased, and/or rights terminated.	\$ <u><u>73,292</u></u>
<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 \$105,819 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.	\$ 3,534,447
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 \$4,906 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.	145,359
State Revolving Fund (SRF) loan issued in the amount of \$7,573,576. Principal forgiveness was \$3,750,000 in 2022. Principal and interest will be payable in equal semi-annual installments of \$99,376 until all amounts due have been fully paid with first repayment starting February 15, 2022, at 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.	3,749,996
State Revolving Fund (SRF) loan issued in the amount of \$800,000. Principal forgiveness was \$640,000 in 2022. 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 June 15, 2022, at 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.	156,721

**CITY OF ARCADIA, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

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

Description (Continued)	Amount
<b>Business-Type Activities (Continued)</b>	
<u>Direct Borrowings (Continued)</u>	
State Revolving Fund (SRF) loan issued in the amount of \$244,750, of which \$214,209 has been drawn as of September 30, 2022. 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, 2024, 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.	\$ 214,009
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.	1,042,532
<u>Financed Purchases</u>	
Financed purchases payable for a base loader, track loader, and vac-con truck. 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. Principal and interest is payable in annual installments of \$105,851 beginning in August 2022 at 2.58% interest through August 2026 for the track loader. In the event of default, repayment schedules may be accelerated, financing rate may be increased, and/or rights terminated.	433,050
Total Business-Type Activities	\$ 9,276,114

Annual debt service requirements for governmental and business-type activities as of September 30, 2022 are as follows:

<u>Year Ending September 30,</u>	Governmental Activities		Business-Type Activities	
	Direct Borrowings		Direct Borrowings	
	Principal	Interest	Principal	Interest
2023	\$ 73,292	\$ 3,395	\$ 674,840	\$ 137,627
2024	-	-	668,586	128,221
2025	-	-	681,916	114,891
2026	-	-	590,547	103,071
2027	-	-	602,568	91,351
2028-2032	-	-	1,860,662	391,388
2033-2037	-	-	1,888,885	282,414
2038-2042	-	-	1,704,246	160,897
2043-2047	-	-	603,864	31,051
Total	\$ 73,292	\$ 3,395	\$ 9,276,114	\$ 1,440,911

**CITY OF ARCADIA, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

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

For the current year, pledged revenues, net of operating expenses, related to the SRF loans were approximately \$1,000,000. The total principal and interest paid for the current year were \$194,426 and \$107,155, respectively. Total principal and interest remaining to be paid is \$8,623,587.

**Lessee Arrangement**

The City leases equipment under long-term, non-cancelable lease agreements. The leases expire at various dates through 2024 and provide for renewal options in various terms.

Total future minimum lease payments under lease agreements are as follows:

	Governmental Activities	
	Principal	Interest
2023	\$ 3,320	\$ 140
2024	1,782	21
Total Minimum Lease Payments	\$ 5,102	\$ 161

Right-to-use assets acquired through outstanding leases are shown below, by underlying asset class.

	Governmental Activities
Equipment	\$ 8,818
Less: Accumulated Amortization	(3,828)
	\$ 4,990

**NOTE 8 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.

**CITY OF ARCADIA, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE 9 INTERFUND RECEIVABLES AND PAYABLES, AND TRANSFERS**

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

Receivable Funds	Payable Funds			Total
	Water and Sewer	Solid Waste	Airport	
General Fund	\$ 100,946	\$ 88,129	\$ 268,812	\$ 457,887
Water and Sewer	-	-	1,593	1,593
Total	<u>\$ 100,946</u>	<u>\$ 88,129</u>	<u>\$ 270,405</u>	<u>\$ 459,480</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.

Transfers between funds are primarily to move unrestricted revenues collected in funds to finance various programs accounted for in other funds in accordance with budgetary authorizations. For the fiscal year ended September 30, 2022, this included \$85,555 transferred from the General Fund to the Capital Improvement Fund for projects \$193,283 from the General Fund to the Disaster Assistance Fund to cover unreimbursed expenditures from previous natural disasters, and \$15,560 from the General Fund to the Water and Sewer Fund.

**NOTE 10 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, 2022 was \$135,277. The City is confident that these funds will be recovered and has recorded a receivable for the full amount owed.

**CITY OF ARCADIA, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE 10 COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**Commitment**

At September 30, 2022, the City had the following commitments:

	Contract Amount	Completed to Date	Balance
Hazen & Sawyer, P.C.:			
Water System Improvements & Design Phase 1 - SA#39	\$ 487,500	\$ 428,017	\$ 59,483
Technical Services Waste Water Collection Systems - CSA#1	274,000	72,770	201,230
Technical Services for Water System Phase 1A - CSA#2	200,000	34,323	165,677
George F. Young:			
Design Services for 12th Avenue - Utility - SA#1	53,111	40,835	12,276
Design Services for 12th Avenue - Paving - SA#1A	83,336	71,271	12,065
Airport Stormwater Pollution Prevention Plan - SA#2	25,995	22,861	3,134
Design and Permits for Water Main N Monroe - SA#3	9,270	7,173	2,097
City Cemetery Groundwater - SA#10	26,065	17,871	8,194
Roadway/Utility design E 12th Phase 2 - SA#14	110,101	53,202	56,899
Utility Design E - SA#14B	22,410	3,650	18,760
Save-A-Lot Water Main/Sanitary Sewer Replacement - SA#15	15,560	8,984	6,576
Phase 1A Water Phase 2A Sewer - SA#16	181,570	4,575	176,995
Water Line Connection Turner/Gibson - SA#18	16,043	6,647	9,396
Gibson St Recon from N Brevard to N Mill Proposal - SA#19	107,113	13,481	93,632
12th Ave Lift Station Force Main & Gravity Sanitary - SA#20	28,760	15,635	13,125
WWTP Groundwater Wells Lead Effort - SA#24	14,200	12,065	2,135
County Stormwater Professional Services - SA#25	6,300	5,420	880
FDEP Permit Renewal - SA#28	49,500	22,428	27,072
10 Unit T-Hangar and Taxi Lane Design	85,101	63,387	21,714
Total	<u>\$ 1,795,935</u>	<u>\$ 904,595</u>	<u>\$ 891,340</u>

**CITY OF ARCADIA, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE 11 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 Officers' and Firefighters' Retirement System</u>	<u>Employees' Retirement System</u>	<u>Total</u>
<b>ASSETS</b>			
Cash	\$ -	\$ 30,138	\$ 30,138
Contributions Receivable	22,854	33,285	56,139
Interest and Dividends Receivable	13,387	-	13,387
Investments	<u>9,813,562</u>	<u>3,992,075</u>	<u>13,805,637</u>
Total Assets	9,849,803	4,055,498	13,905,301
<b>LIABILITIES</b>			
Accounts Payable	<u>10,674</u>	<u>-</u>	<u>10,674</u>
<b>NET POSITION</b>			
Net Position Restricted for Pension Benefits	<u>\$ 9,839,129</u>	<u>\$ 4,055,498</u>	<u>\$ 13,894,627</u>

**CITY OF ARCADIA, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

	Police Officers' and Firefighters' Retirement System	Employees' Retirement System	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 192,441	\$ 363,106	\$ 555,547
State of Florida	104,543	-	104,543
Plan Members	61,951	78,234	140,185
Total Contributions	<u>358,935</u>	<u>441,340</u>	<u>800,275</u>
Investment Income (Loss):			
Investment Earnings	(1,867,327)	(826,675)	(2,694,002)
Less: Investment Expenses	<u>(71,760)</u>	<u>(13,490)</u>	<u>(85,250)</u>
Net Investment Income (Loss)	<u>(1,939,087)</u>	<u>(840,165)</u>	<u>(2,779,252)</u>
Total Additions	(1,580,152)	(398,825)	(1,978,977)
<b>DEDUCTIONS</b>			
Benefits	607,498	239,088	846,586
Administrative Expenses	48,203	72,486	120,689
Total Deductions	<u>655,701</u>	<u>311,574</u>	<u>967,275</u>
<b>CHANGE IN NET POSITION</b>	(2,235,853)	(710,399)	(2,946,252)
Net Position - Beginning of Year	<u>12,074,982</u>	<u>4,765,897</u>	<u>16,840,879</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 9,839,129</u>	<u>\$ 4,055,498</u>	<u>\$ 13,894,627</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, 2022**

**NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

**Employees' Retirement Plan (Continued)**

Plan Description (Continued)

As of the actuarial valuation date of January 1, 2022, membership consisted of:

Inactive Plan Members or Beneficiaries Currently	
Receiving Benefits	23
Inactive Plan Members Entitled to But Not Yet	
Receiving Benefits	14
Active Plan Members	<u>37</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 service. Average monthly compensation is defined as the monthly average of total compensation for the 5 consecutive years of highest compensation of the last 10 years.
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.

**CITY OF ARCADIA, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

**Employees' Retirement Plan (Continued)**

Plan Description (Continued)

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.

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, 2022. 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, 2022 were as follows:

Total Pension Liability	\$ 4,638,086
Plan Fiduciary Net Position	<u>(4,055,498)</u>
City's Net Pension Liability (Asset)	<u><u>\$ 582,588</u></u>

Changes in net pension liability/asset were as follows:

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability (Asset)</u>
Balance - September 30, 2021	\$ 4,383,826	\$ 4,765,897	\$ (382,071)
Changes for the Year:			
Service Cost	169,319	-	169,319
Interest	266,121	-	266,121
Difference Between Expected and Actual Experience	57,908	-	57,908
Contributions - Employer	-	363,106	(363,106)
Contributions - Employee	-	78,234	(78,234)
Net Investment Income	-	(840,165)	840,165
Benefit Payments, Including Refunds of Employee Contributions	(239,088)	(239,088)	-
Administrative Expenses	-	(72,486)	72,486
Net Changes	<u>254,260</u>	<u>(710,399)</u>	<u>964,659</u>
Balance - September 30, 2022	<u><u>\$ 4,638,086</u></u>	<u><u>\$ 4,055,498</u></u>	<u><u>\$ 582,588</u></u>

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability 87.44%

**CITY OF ARCADIA, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

**Employees' Retirement Plan (Continued)**

Net Pension Liability/Asset of the City (Continued)

For the year ended September 30, 2022, the City recognized pension expense of \$721,810 for the plan. At September 30, 2022, the City reported deferred outflows of resources and deferred inflows related to its pension plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 106,031	\$ 74,745
Changes of Assumptions	85,426	45,373
Differences Between Expected and Actual Investment Earnings	323,838	-
Total	<u>\$ 515,295</u>	<u>\$ 120,118</u>

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

<u>Year Ending September 30,</u>	<u>Amount</u>
2023	\$ 89,823
2024	74,010
2025	69,421
2026	154,064
2027	7,859
Total	<u>\$ 395,177</u>

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, 2022, with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2022, using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	2.45 %
Salary Increases	4.50
Investment Rate of Return	6.00

**CITY OF ARCADIA, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE 11 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, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity - Large Cap	20.00 %	5.24 %
U.S. Equity - Small/Mid Cap	15.00	6.37
Non-U.S. Equity - Developed	15.00	6.07
U.S. Corporate Bonds - Core	10.00	1.17
U.S. Treasuries (Aetna Guaranteed Inv. Acct.)	40.00	(0.44)
Total	<u>100.00 %</u>	

The Employees' Retirement Plan did not hold investments in any one organization that representant 5% or more of the fiduciary net position.

For the year ended September 30, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -8.82%. 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.

**CITY OF ARCADIA, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

**Employees' Retirement Plan (Continued)**

Net Pension Liability/Asset of the City (Continued)

*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:

	1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
City's Net Pension Liability (Asset)	\$ 1,083,852	\$ 582,588	\$ (5,871)

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, 2022, and the current sharing pattern of costs between employer and employee.

Actuarial methods and assumptions used in the January 1, 2022 actuarial valuation report are as follows:

Actuarial Valuation Date	January 1, 2022
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, 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, 2022**

**NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

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

Plan Description (Continued)

At September 30, 2022, membership consisted of:

Inactive Plan Members or Beneficiaries Currently	
Receiving Benefits	26
Inactive Plan Members Entitled to But Not Yet	
Receiving Benefits	3
Active Plan Members	17
Total	46

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, 2022**

**NOTE 11 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, 2022 is \$1,281,801.

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, 2022 was 34.64% 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, 2022 were \$104,543.

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.

**CITY OF ARCADIA, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

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

Net Pension Liability of the City

The measurement date for the City's net pension liability is September 30, 2021. 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:

Total Pension Liability	\$ 12,286,572
Plan Fiduciary Net Position	<u>(12,074,982)</u>
City's Net Pension Liability	<u><u>\$ 211,590</u></u>

Changes in net pension liability were as follows:

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balance - September 30, 2020	\$ 11,390,591	\$ 10,404,563	\$ (986,028)
Changes for the Year:			
Service Cost	157,572	-	(157,572)
Interest	757,584	-	(757,584)
Change in Benefit Terms	(653)	-	653
Changes in Experience	329,230	-	(329,230)
Changes of Assumptions	300,321	-	(300,321)
Contributions - Employer	-	188,921	188,921
Contributions - State	-	93,209	93,209
Contributions - Employee	-	80,406	80,406
Net Investment Income	-	2,010,861	2,010,861
Benefit Payments, Including Refunds of Employee Contributions	(648,073)	(660,629)	12,556
Administrative Expenses	-	(42,349)	42,349
Net Changes	<u>895,981</u>	<u>1,670,419</u>	<u>(774,438)</u>
Balance - September 30, 2021	<u><u>\$ 12,286,572</u></u>	<u><u>\$ 12,074,982</u></u>	<u><u>\$ 211,590</u></u>

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	98.28%
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**CITY OF ARCADIA, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE 11 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, 2022, the City recognized pension expense of \$201,137 for the plan. At September 30, 2022, the City reported deferred outflows of resources and deferred inflows related to its pension plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 164,615	\$ -
Changes of Assumptions	150,161	-
Differences Between Expected and Actual Investment Earnings	-	945,616
City Pension Plan Contributions Subsequent to the Measurement Date	190,007	-
Total	\$ 504,783	\$ 945,616

The deferred outflows of resources related to the Pension Plan, totaling \$190,007 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, 2023. Other amounts reported as deferred outflows and inflows of resources related to the Plan will be recognized in pension expense as follows:

Year Ending September 30,	Amount
2023	\$ 127,667
2024	(207,205)
2025	(287,243)
2026	(264,059)
Total	\$ (630,840)

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, 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	4.50-20.00
Investment Rate of Return	6.50

**CITY OF ARCADIA, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

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

Net Pension Liability of the City (Continued)

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:

Asset Class	Target Allocation	Long-Term Expected Real 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>	

The Plan did not hold investments in any one organization that representant 5% or more of the fiduciary net position.

For the year ended September 30, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -16.37%. 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 6.50%, which was a decrease of 0.25% from the 6.75% 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.

**CITY OF ARCADIA, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

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

Net Pension Liability of the City (Continued)

*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 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
City's Net Pension Liability as of the Measurement Date	\$ 1,576,130	\$ 211,590	\$ (891,423)

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.

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, 2022 were as follows:

Total Pension Liability	\$ 12,447,772
Plan Fiduciary Net Position	(9,839,129)
City's Net Pension Liability	\$ 2,608,643

Plan Fiduciary Net Position as a Percentage of Total Pension Liability	79.04%
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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, 2021, with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2022, 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

**CITY OF ARCADIA, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE 11 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)

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, 2021 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, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
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%. There were no changes to the discount rate.

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.

**CITY OF ARCADIA, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE 11 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)

*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 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
City's Net Pension Liability on the Plan's Fiscal Year-End	\$ 3,956,283	\$ 2,608,643	\$ 1,528,513

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, 2022, and the current sharing pattern of costs between employer and employee.

**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 Officers' and Firefighters' Retirement System	Employees' Retirement System	Total
Net Pension Liability	\$ 211,590	\$ 582,588	\$ 794,178
Deferred Outflows of Resources Related to Pensions	504,783	515,295	1,020,078
Deferred Inflows of Resources Related to Pensions	945,616	120,118	1,065,734
Pension Expense	201,137	721,810	922,947

**NOTE 12 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.

**CITY OF ARCADIA, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**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.

**Employees Covered by Benefit Terms**

At September 30, 2022, the following employees were covered by the benefit terms:

Retirees and Beneficiaries	21
Active Plan Members	60
Total	81

**Total OPEB Liability**

The City's Total OPEB liability was determined by an actuarial valuation as of September 30, 2021, using the alternative measurement method, and a measurement date of September 30, 2021, with results applicable to the fiscal year ended September 30, 2022. 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, 2022.

	<b>Total OPEB Liability</b>
Balances - October 1, 2020	\$ 1,968,499
Changes for the Year:	
Service Cost	29,015
Interest	46,259
Changes in Assumptions	115,806
Differences Between Expected and Actual Experience	276,156
Benefit Payments	(156,103)
Net Changes	311,133
Balances - September 30, 2021	\$ 2,279,632

**CITY OF ARCADIA, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**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 Discount Rate	Discount Rate	1% Increase in Discount Rate
OPEB Plan Discount Rate	1.19 %	2.19 %	3.19 %
Total OPEB Liability	\$ 2,493,337	\$ 2,279,632	\$ 2,085,358

**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 Healthcare Cost Trend Rate	Healthcare Cost Trend Rate	1% Increase in Healthcare Cost Trend Rate
OPEB Plan Healthcare Cost Rate	5.00 %	6.00 %	7.00 %
Total OPEB Liability	\$ 2,170,598	\$ 2,279,632	\$ 2,402,719

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

For the year ended September 30, 2022, the City recognized an OPEB expense of \$311,133. At September 30, 2022, the City reported deferred outflows of resources related to OPEB totaling \$126,570 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 fiscal year ended September 30, 2023.

**Actuarial Assumptions**

The total OPEB liability in the September 30, 2021 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 Trend Rates	6.00% for FY beginning 2022, 5.75% for FY beginning 2023 and then gradually decreasing to an ultimate trend rate of 3.75%.

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

**CITY OF ARCADIA, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Actuarial Assumptions (Continued)**

Mortality rates were based on the tables used in the July 1, 2021 actuarial valuation of the Florida Retirement System for non-K-12 Instructional Regular Class members. These rates were taken from adjusted PUB-2010 mortality tables published by the Society of Actuaries with generational mortality improvements using Scale MP-2018. Adjustments to referenced tables are based on the results of a statewide experience study covering the period 2013 through 2018.

The discount rate used to measure the total OPEB liability was 2.19%, based on the daily rate of Fidelity's "20-Year Municipal GO AA Index" closest to but not later than the measurement date.

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

- The discount rate was changed from 2.41% as of the previous measurement date to 2.19% as of September 30, 2021.



**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF ARCADIA, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE — GENERAL FUND**  
**YEAR ENDED SEPTEMBER 30, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 2,913,324	\$ 3,006,442	\$ 3,008,403	\$ 1,961
Charges for Services	553,129	651,982	655,477	3,495
Permits, Fees, and Assessments	747,500	765,685	846,077	80,392
Intergovernmental	2,577,243	5,128,047	1,257,386	(3,870,661)
Fines and Forfeitures	81,366	70,220	51,033	(19,187)
Interest Revenue	2,000	11,150	17,683	6,533
Other Revenues	371,011	974,384	999,180	24,796
Total Revenues	<u>7,245,573</u>	<u>10,607,910</u>	<u>6,835,239</u>	<u>(3,772,671)</u>
<b>EXPENDITURES</b>				
General Government:				
Legislative	60,490	60,490	53,524	6,966
Executive	483,670	435,182	337,515	97,667
Financial and Administrative	226,687	226,687	173,539	53,148
Way Building	45,434	51,434	50,031	1,403
Legal	73,323	33,323	14,857	18,466
Comprehensive Planning	130,269	130,269	105,123	25,146
Code Enforcement	183,048	183,048	158,462	24,586
Other Governmental Services	1,007,271	446,754	389,032	57,722
Total General Government	<u>2,210,192</u>	<u>1,567,187</u>	<u>1,282,083</u>	<u>285,104</u>
Public Safety:				
Law Enforcement	2,026,322	2,154,000	2,038,945	115,055
Fire Control	268,255	383,377	288,883	94,494
School Crossing Guard	23,584	23,584	9,603	13,981
Disaster Assistance	-	-	366	(366)
Total Public Safety	<u>2,318,161</u>	<u>2,560,961</u>	<u>2,337,797</u>	<u>223,164</u>
Physical Environment:				
Cemetery	135,015	132,673	124,783	7,890
Stormwater	26,000	32,000	31,599	401
Total Physical Environment	<u>161,015</u>	<u>164,673</u>	<u>156,382</u>	<u>8,291</u>
Transportation:				
Garage	78,256	81,745	55,310	26,435
Roads and Streets	429,358	435,708	386,471	49,237
Traffic Control	208,887	198,662	132,788	65,874
Total Transportation	<u>716,501</u>	<u>716,115</u>	<u>574,569</u>	<u>141,546</u>
Culture and Recreation:				
Golf Course	735,009	765,661	741,529	24,132
Parks	374,089	395,554	385,001	10,553
Mobile Home Park	130,545	155,777	147,675	8,102
Total Culture and Recreation	<u>1,239,643</u>	<u>1,316,992</u>	<u>1,274,205</u>	<u>42,787</u>
Capital Outlay	609,121	109,671	95,442	14,229
Debt Service:				
Principal Retirement	-	-	3,716	(3,716)
Interest	-	-	301	(301)
Total Debt Service	<u>-</u>	<u>-</u>	<u>4,017</u>	<u>(4,017)</u>
Total Expenditures	<u>7,254,633</u>	<u>6,435,599</u>	<u>5,724,495</u>	<u>711,104</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(9,060)	4,172,311	1,110,744	(3,061,567)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	-	(101,115)	(294,398)	(193,283)
Insurance Recoveries	-	16,251	-	(16,251)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(84,864)</u>	<u>(294,398)</u>	<u>(209,534)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(9,060)	4,087,447	816,346	(3,271,101)
Fund Balance - Beginning of Year	3,384,679	3,384,679	3,384,679	-
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 3,375,619</u>	<u>\$ 7,472,126</u>	<u>\$ 4,201,025</u>	<u>\$ (3,271,101)</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, 2022**

**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/ASSET AND RELATED RATIOS —**  
**EMPLOYEES' RETIREMENT PLAN**  
**LAST NINE FISCAL YEARS**

	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>TOTAL PENSION LIABILITY</b>									
Service Cost	\$ 169,319	\$ 169,654	\$ 151,054	\$ 121,843	\$ 113,910	\$ 108,246	\$ 52,713	\$ 49,670	\$ 68,971
Interest on Total Pension Liability	266,121	251,074	243,451	248,638	234,495	219,943	205,389	195,956	202,194
Differences Between Expected and Actual Experience	57,908	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	(239,088)	(229,923)	(205,373)	(186,699)	(187,080)	(186,860)	(178,227)	(162,803)	(146,834)
Net Change in Total Pension Liability	254,260	255,625	120,548	212,419	209,460	218,320	172,620	149,674	(68,807)
Total Pension Liability - Beginning of Year	4,383,826	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>\$ 4,638,086</u>	<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	\$ 363,106	\$ 427,447	\$ 394,153	\$ 350,254	\$ 336,153	\$ 267,632	\$ 226,870	\$ 198,247	\$ 143,577
Contributions - Employee	78,234	75,735	61,881	65,972	53,575	49,297	50,387	46,964	30,416
Net Investment Income	(840,165)	667,785	379,703	264,029	60,618	143,978	154,439	(64,042)	99,110
Benefit Payments, Including Refunds of Member Contributions	(239,088)	(229,923)	(205,373)	(186,699)	(187,080)	(186,860)	(178,227)	(162,803)	(146,834)
Administrative Expenses	(72,486)	(46,040)	(54,420)	(57,207)	(54,848)	(66,045)	(55,661)	(2,648)	(2,735)
Net Change in Plan Fiduciary Net Position	(710,399)	895,004	575,944	436,349	208,418	208,002	197,808	15,718	123,534
Plan Fiduciary Net Position - Beginning of Year	4,765,897	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>\$ 4,055,498</u>	<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>\$ 582,588</u>	<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	87.44%	108.72%	93.77%	82.22%	75.32%	73.91%	72.52%	70.25%	73.19%
Covered Payroll	\$ 1,328,613	\$ 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	43.85%	(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 NINE FISCAL YEARS**

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	\$ 226,949	\$ 255,325	\$ 288,892	\$ 304,500	\$ 278,415	\$ 267,630	\$ 226,870	\$ 158,901	\$ 151,965
Contributions in Relation to the Actuarially Determined Contribution	363,106	427,447	394,153	323,679	336,153	267,632	226,870	198,247	143,577
Contribution Deficiency (Excess)	<u>\$ (136,157)</u>	<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	\$ 1,328,613	\$ 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	27.33%	31.92%	31.07%	29.21%	31.52%	28.34%	23.82%	30.94%	24.16%

**NOTES:**

Valuation Date January 1, 2022

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, with Amortization Bases Created According to Funding Policy
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:	2.45% 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 NINE FISCAL YEARS**

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual Money-Weighted Rate of Return, Net of Investment Expenses	(8.8%)	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 TEN FISCAL YEARS**

Plan Reporting Period Ended	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	9/30/2013
Employer Measurement Date	9/30/2023	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	\$ 172,261	\$ 157,572	\$ 184,309	\$ 164,914	\$ 144,270	\$ 118,714	\$ 124,084	\$ 117,101	\$ 119,940	\$ 111,056
Interest on Total Pension Liability	790,032	757,584	784,690	804,169	831,024	816,370	805,108	768,557	741,182	717,978
Changes in Benefit Terms	(745)	(653)	-	-	-	-	-	-	-	-
Differences Between Expected and Actual Experience	(192,850)	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	(607,498)	(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	161,200	895,981	814,097	(709,613)	390,792	299,868	252,107	594,771	346,337	248,104
Total Pension Liability - Beginning of Year	12,286,572	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>\$ 12,447,772</u>	<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	\$ 192,441	\$ 188,921	\$ 299,665	\$ 327,876	\$ 303,985	\$ 235,123	\$ 309,290	\$ 238,735	\$ 381,020	\$ 247,435
Contributions - State	104,543	93,209	96,761	93,626	94,361	90,534	95,602	202,172	-	109,590
Contributions - Employee	61,951	80,406	73,354	79,206	73,666	62,742	55,177	52,059	48,565	56,484
Net Investment Income	(1,939,087)	2,010,861	839,814	361,856	671,819	1,089,931	552,032	(23,626)	555,671	888,134
Benefit Payments, Including Refunds of Member Contributions	(607,498)	(660,629)	(596,670)	(1,740,077)	(493,748)	(497,056)	(552,372)	(517,422)	(514,820)	(580,930)
Administrative Expenses	(48,203)	(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	(2,235,853)	1,670,419	660,008	(922,474)	602,492	942,949	424,264	(88,992)	437,638	690,598
Plan Fiduciary Net Position - Beginning of Year	12,074,982	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>\$ 9,839,129</u>	<u>\$ 12,074,982</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>\$ 2,608,643</u>	<u>\$ 211,590</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	79.04%	98.28%	91.34%	92.13%	94.51%	92.37%	86.09%	84.09%	90.13%	88.79%
Covered Payroll	\$ 805,246	\$ 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	323.96%	27.18%	124.29%	100.83%	82.25%	127.11%	256.43%	219.92%	190.34%	179.06%

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

Reporting Period Ending	<u>9/30/2022</u>	<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>
Actuarially Determined Contribution	\$ 278,938	\$ 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	<u>296,984</u>	<u>282,130</u>	<u>396,426</u>	<u>421,608</u>	<u>398,346</u>	<u>325,658</u>	<u>404,892</u>	<u>344,295</u>	<u>381,020</u>	<u>357,026</u>
Contribution Deficiency (Excess)	<u>\$ (18,046)</u>	<u>\$ (9,966)</u>	<u>\$ (44,910)</u>	<u>\$ -</u>	<u>\$ 52,269</u>	<u>\$ 46,156</u>	<u>\$ (1,813)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 805,246	\$ 778,501	\$ 793,311	\$ 825,064	\$ 752,655	\$ 653,565	\$ 574,759	\$ 748,459	\$ 505,532	\$ 588,375
Contributions as a Percentage of Covered Payroll	36.88%	36.24%	49.97%	51.10%	52.93%	49.83%	70.45%	46.00%	75.37%	60.68%



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

**NOTES:**

Valuation Date October 1, 2020

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

Retirement Age:

Number of Years after First Eligibility for Normal	Probability of Retirement
0	50 %
1	50
2	100

Early Retirement: Members are not assumed to retire early.

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

**Notes to Schedule:**

*Changes of benefit terms:*

For measurement date 09/30/2022, a reduction in the Member Contribution Rate from 7.60% to 5.00%. Effective October 1, 2022.

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%.

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

Reporting Period Ending	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>
Annual Money-Weighted Rate of Return Net of Investment Expenses	(16.37%)	19.67%	8.73%	3.49%	6.77%
Reporting Period Ending	<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 Rate of Return Net of Investment Expenses	11.99%	6.56%	(0.37%)	6.80%	11.69%

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

Employer Measurement Date	2021	2020	2019	2018	2017
Total OPEB Liability					
Service Cost	\$ 29,015	\$ 25,334	\$ 31,896	\$ 33,378	\$ 35,669
Interest	46,259	53,066	66,444	65,089	62,011
Difference Between Expected and Actual Experience	276,156	-	209,558	-	-
Changes of Assumptions	115,806	49,230	50,440	(42,741)	(58,551)
Benefit Payments	(156,103)	(126,964)	(186,885)	(171,312)	(183,719)
Net Change in Total OPEB Liability	311,133	666	171,453	(115,586)	(144,590)
Total OPEB Liability - Beginning	1,968,499	1,967,833	1,796,380	1,911,966	2,056,556
Total OPEB Liability - Ending	<u>\$ 2,279,632</u>	<u>\$ 1,968,499</u>	<u>\$ 1,967,833</u>	<u>\$ 1,796,380</u>	<u>\$ 1,911,966</u>
Covered Employee Payroll	\$ 2,464,238	\$ 3,133,076	\$ 2,960,663	\$ 2,224,201	\$ 2,378,033
Total OPEB Liability as a Percentage of the Covered Employee Payroll	92.51 %	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, 2021:

- Discount rate changed to 2.19% (from 2.41%)

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, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 734,110	\$ 734,110	\$ 917,029	\$ 182,919
Intergovernmental	5,523,579	-	-	-
Interest Revenue	-	-	803	803
Total Revenues	<u>6,257,689</u>	<u>734,110</u>	<u>917,832</u>	<u>183,722</u>
<b>EXPENDITURES</b>				
General Government	30,000	30,575	92,609	(62,034)
Capital Outlay	6,981,465	1,475,708	1,185,340	290,368
Debt Service:				
Principal Retirement	137,826	138,612	138,578	34
Interest	13,015	9,155	9,190	(35)
Total Expenditures	<u>7,162,306</u>	<u>1,654,050</u>	<u>1,425,717</u>	<u>228,333</u>
<b>NET CHANGE IN FUND BALANCE</b>	(904,617)	(919,940)	(422,330)	497,610
Fund Balance - Beginning of Year	<u>2,441,405</u>	<u>2,441,405</u>	<u>2,441,405</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ 1,536,788</u></u>	<u><u>\$ 1,521,465</u></u>	<u><u>\$ 2,019,075</u></u>	<u><u>\$ 497,610</u></u>

**CITY OF ARCADIA, FLORIDA  
FIDUCIARY FUNDS  
YEAR ENDED SEPTEMBER 30, 2022**

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, 2022**

	Police Officers' and Firefighters' Retirement System	Employees' Retirement Plan	Total
<b>ASSETS</b>			
Cash	\$ -	\$ 30,138	\$ 30,138
Contributions Receivable	22,854	33,285	56,139
Interest and Dividends Receivable	13,387	-	13,387
Investments:			
Short-Term Investments	382,726	-	382,726
Common Stock	2,760,628	-	2,760,628
Foreign Stock	118,922	-	118,922
U.S. Government Obligations	1,539,925	-	1,539,925
Mortgage/Asset-Backed Securities	350,254	-	350,254
Corporate Bonds	604,055	-	604,055
Foreign Bonds	37,849	-	37,849
Mutual Funds - Equity	2,536,231	1,627,429	4,163,660
Mutual Funds - Fixed Income	-	290,195	290,195
Nonparticipating Interest-Earning Contract	-	2,074,451	2,074,451
Real Estate Fund	1,482,972	-	1,482,972
Total Investments	<u>9,813,562</u>	<u>3,992,075</u>	<u>13,805,637</u>
 Total Assets	 9,849,803	 4,055,498	 13,905,301
<b>LIABILITIES</b>			
Accounts Payable	<u>10,674</u>	<u>-</u>	<u>10,674</u>
<b>NET POSITION</b>			
Net Position Restricted for:			
Pension Benefits	<u>\$ 9,839,129</u>	<u>\$ 4,055,498</u>	<u>\$ 13,894,627</u>



**CITY OF ARCADIA, FLORIDA**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION —**  
**FIDUCIARY FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2022**

	Police Officers' and Firefighters' Retirement System	Employees' Retirement Plan	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 192,441	\$ 363,106	\$ 555,547
State of Florida	104,543	-	104,543
Plan Members	61,951	78,234	140,185
Total Contributions	<u>358,935</u>	<u>441,340</u>	<u>800,275</u>
Investment Income (Loss):			
Investment Earnings	(1,867,327)	(826,675)	(2,694,002)
Less: Investment Expenses	<u>(71,760)</u>	<u>(13,490)</u>	<u>(85,250)</u>
Net Investment Income (Loss)	<u>(1,939,087)</u>	<u>(840,165)</u>	<u>(2,779,252)</u>
Total Additions	(1,580,152)	(398,825)	(1,978,977)
<b>DEDUCTIONS</b>			
Benefits	607,498	239,088	846,586
Administrative Expenses	<u>48,203</u>	<u>72,486</u>	<u>120,689</u>
Total Deductions	<u>655,701</u>	<u>311,574</u>	<u>967,275</u>
<b>CHANGE IN NET POSITION</b>	(2,235,853)	(710,399)	(2,946,252)
Net Position - Beginning of Year	<u>12,074,982</u>	<u>4,765,897</u>	<u>16,840,879</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 9,839,129</u>	<u>\$ 4,055,498</u>	<u>\$ 13,894,627</u>

## **OTHER REPORTS**



**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 City of Arcadia, Florida (City), as of and for the year ended September 30, 2022, 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 11, 2023.

***Report on 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

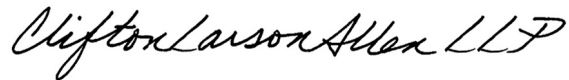
Honorable Mayor and  
Members of City Council  
City of Arcadia, Florida

***Report on Compliance and Other Matters***

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

***Purpose of This Report***

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



**CliftonLarsonAllen LLP**

Sebring, Florida  
May 11, 2023



## 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, 2022, and have issued our report thereon dated May 11, 2023.

### 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; 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*; 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 11, 2023, should be considered in conjunction with this management letter.

### Prior Audit Findings

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

### Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. 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 11, 2023



## 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, 2022. 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.

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

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, 2022.

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 11, 2023