

CITY OF FORT MEADE, FLORIDA



FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORTS SEPTEMBER 30, 2022

**CITY OF FORT MEADE, FLORIDA
PRINCIPAL CITY OFFICIALS**

AS OF SEPTEMBER 30, 2022

CITY COMMISSION

Mayor, Commissioner
Robert Elliott

Vice Mayor, Commissioner
James Watts

Commissioner
James Possum Shail

Commissioner
Barbara Arnold

Commissioner
Petrina McCutchen

APPOINTED OFFICIALS

City Manager
Jan Bagnall

City Attorney
Thomas A. Cloud

City of Fort Meade, Florida

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Commissioners
City of Fort Meade
Fort Meade, 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 Fort Meade, Florida (the 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 for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audit contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements sections 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.

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.

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City of Fort Meade
Fort Meade, Florida

INDEPENDENT AUDITOR'S REPORT

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusions, 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 judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement 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 judgement, 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, schedules of changes in net pension and other postemployment benefit liabilities, and schedules of contributions and investments returns be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing

Honorable Mayor and City Commissioners
City of Fort Meade
Fort Meade, Florida

INDEPENDENT AUDITOR'S REPORT

standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statement, 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 accompanying combining non-major 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 auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor 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 September 22, 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.



September 22, 2023
Sarasota, Florida

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

Since the Management's Discussion and Analysis is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the City's financial statements and independent auditors' report.

Financial Highlights

- The City's assets (plus deferred outflows of resources) exceeded its liabilities (plus deferred inflows of resources) at the close of fiscal year 2022 by \$16,421,201 (net position) compared to \$16,174,239 in the prior year. Of this amount, \$4,044,697 (unrestricted net position) may be used to meet the City's ongoing obligations at the close of fiscal year 2022 compared to \$4,270,029 in the prior year.
- The City's total net position increased by \$246,962 or 2% during the year compared to \$490,330 in the prior year. The net position for governmental activities increased by \$503,712 or 7%, while the business-type activities' net position decreased by \$256,750 or 3%.
- Total combined revenues resulting from governmental activities and business-type activities increased \$3,010,463 or 24% when compared to the prior year.
- Total combined expenses resulting from governmental activities and business-type activities increased \$3,253,831 or 28% when compared to the prior year.
- At the close of the current fiscal year, the City's governmental funds reported combined ending total fund balances of \$4,106,389 compared to \$2,900,364 as of the prior year. Unassigned fund balance totaled \$1,946,382 as of September 30, 2022 which is 34% of total governmental fund expenditures for the year ended September 30, 2022 compared to \$1,508,273 as of the end of the prior year which represented 30% of the total governmental fund expenditures for that year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements focus on both the City as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government) and enhance the City's accountability. The Statement of Net Position and Statement of Activities seek to give the user a combined overview of the City's financial position.

The financial statements use accrual accounting (which focuses on economic resources) in the government-wide statements, while maintaining modified accrual accounting (which focuses on current financial resources—budget basis) at the fund level (governmental funds only). This discussion and analysis is intended to serve as an introduction to the City's basic financial statements.

The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements consist of a Statement of Net Position and a Statement of Activities. Both statements represent an overview of the City as a whole, separating its operations between governmental and business-type activities. The governmental activities of the City include general government (including public works support department), law enforcement, fire control, building inspections, stormwater, roads and streets, library, recreation (community center and museum departments), parks, and community development. The business-type activities of the City consist of electric, water, sewer, sanitation, and mobile home park management. All information is presented utilizing the economic resources measurement focus and accrual basis of accounting. This method better matches revenues and expenses to the period in which the revenue is earned and the expense incurred.

The City's Community Redevelopment Agency is shown as a "blended" component unit of the City, which is a governmental unit over which the City can exercise influence and/or may be obligated to provide financial subsidy. Blending refers to the fact that the component unit's funds and balances are combined with those of the primary government for financial reporting.

The Statement of Net Position presents information on all the City's assets (plus deferred outflows of resources) and liabilities (plus deferred inflows of resources), with the difference between the two reported as net position. This statement combines and consolidates governmental fund current resources (short-term spendable resources) with capital assets and long-term obligations. Over time, the increase or decrease in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

Fund Financial Statements

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

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial 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 evaluating 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. Both the governmental funds' Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains five separate governmental funds – the general fund, the community redevelopment agency (CRA) special revenue fund, the American Rescue Plan Act special revenue fund, the fire special revenue fund and the stormwater special revenue fund. The first three are considered major funds. Information is presented separately for the major funds in the balance sheet and the statement of revenues, expenditures and changes in fund balance of the governmental funds. These statements also include a column that presents combined totals for the fire special revenue fund and stormwater special revenue fund, both of which are considered to be nonmajor funds.

The City adopts an annual appropriated budget each year in September. Budgetary comparison schedules have been provided to demonstrate compliance with the budget. These can be found by referencing the table of contents of this report.

The basic governmental funds financial statements can be found by referencing the table of contents of this report and the presentation is on the current financial resources measurement focus. This is the manner in which the financial plan (the budget) is typically developed. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. Funds are established for various purposes and the fund financial statements allow the demonstration of sources and uses and/or budgeting compliance for each fund.

Proprietary Funds. The City maintains only one of the two proprietary fund types. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. The City uses enterprise funds to account for its electric, water, sewer, sanitation, and mobile home park management. The basic proprietary fund financial statements can be found by referencing the table of contents of this report. On those pages, the sanitation and mobile home park fund are combined and shown as non-major funds. Combining statements for these funds can be found in the "Other Supplementary Information" section. The other proprietary fund type known as internal service funds is an accounting device used to accumulate and allocate costs internally among a government's various functions. The City does not presently utilize internal service funds.

Fiduciary Funds. Fiduciary funds are used to account for pension resources held for the benefit of parties outside the City as well as certain fees collected on behalf of other governments. 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. While these funds represent trust and custodial responsibilities of the government, these assets are restricted in purpose and do not represent discretionary assets of the government. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements and the related combining statements for the individual pension plans can be found by referencing the table of contents of this report.

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

Infrastructure assets. The City has elected to record and depreciate its infrastructure, rather than use the optional "modified approach". The City's roads, sidewalks and drainage networks were determined to be significant enough to record.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Summary of Net Position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the end of the current year, the City's net position was \$16,421,201. The following table reflects a summary of net position compared to the prior year. For additional information, see the statement of net position by referencing the table of contents of this report.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Current and other assets	\$ 7,047,575	\$ 3,471,182	\$ 4,438,148	\$ 4,669,423	\$ 11,485,723	\$ 8,140,605
Capital assets	5,551,572	5,393,736	10,637,472	10,027,240	16,189,044	15,420,976
Total assets	<u>12,599,147</u>	<u>8,864,918</u>	<u>15,075,620</u>	<u>14,696,663</u>	<u>27,674,767</u>	<u>23,561,581</u>
Deferred outflows	735,931	283,604	342,464	149,500	1,078,395	433,104
Current liabilities	2,770,378	181,924	1,395,897	1,041,508	4,166,275	1,223,432
Non-current liabilities	2,990,862	1,467,073	4,933,580	4,294,572	7,924,442	5,761,645
Total liabilities	<u>5,761,240</u>	<u>1,648,997</u>	<u>6,329,477</u>	<u>5,336,080</u>	<u>12,090,717</u>	<u>6,985,077</u>
Deferred inflows	171,974	601,373	69,270	233,996	241,244	835,369
Net position:						
Net investment in capital assets	4,795,212	4,483,504	6,270,111	5,862,795	11,065,323	10,346,299
Restricted	949,015	1,226,517	362,166	331,394	1,311,181	1,557,911
Unrestricted	1,657,637	1,188,131	2,387,060	3,081,898	4,044,697	4,270,029
Total net position	<u>\$ 7,401,864</u>	<u>\$ 6,898,152</u>	<u>\$ 9,019,337</u>	<u>\$ 9,276,087</u>	<u>\$ 16,421,201</u>	<u>\$ 16,174,239</u>

On September 30, 2022 approximately 67% (64% as of September 30, 2021) of the City's net position reflects its investment in capital assets (land, buildings, improvements, infrastructure, vehicles and equipment) net of any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, this component of net position is 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.

Approximately 8% of the City's net position represents resources that are subject to external restrictions on how they may be used. That compares to 10% in the prior year. The remaining balance of unrestricted net position, \$4,044,697 or 25% of the City's net position in 2022 may be used to meet the City's ongoing obligations to citizens and creditors. This is a decrease in unrestricted net position of \$225,332 or 5% for the year.

CITY OF FORT MEADE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2022

Statement of Activities. The 2022 results of operations of the City of Fort Meade are presented in the statement of activities in a format that reports the net (expense) or revenues of its individual programs. The following table reflects a summary of the statement of activities compared to the prior year. The statement of activities can be found by referencing the table of contents of this report.

Statement of Activities (Summary)						
For the year ended September 30,						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Revenues:						
<i>Program Revenues:</i>						
Charges for services	\$ 889,308	\$ 679,064	\$ 9,884,928	\$ 8,037,653	\$ 10,774,236	\$ 8,716,717
Operating grants/contrib.	82,635	77,335	-	-	82,635	77,335
Capital grants/contrib.	611,140	50,000	65,530	323,542	676,670	373,542
<i>General revenues:</i>						
Property taxes - General	1,076,459	909,304	-	-	1,076,459	909,304
Property taxes - CRA	319,058	258,225	-	-	319,058	258,225
Pub svc tax/franchise fees	762,684	625,990	-	-	762,684	625,990
Transportation fuel taxes	362,886	369,869	-	-	362,886	369,869
State shared revenue	920,393	826,224	-	-	920,393	826,224
Other	277,683	62,881	45,786	67,940	323,469	130,821
Total revenues	5,302,246	3,858,892	9,996,244	8,429,135	15,298,490	12,288,027
Expenses:						
<i>Governmental activities:</i>						
General government	1,599,091	1,259,142	-	-	1,599,091	1,259,142
Law enforcement	1,224,350	1,064,813	-	-	1,224,350	1,064,813
Fire control	386,222	267,961	-	-	386,222	267,961
Building inspections	109,036	95,232	-	-	109,036	95,232
Stormwater	342,059	259,943	-	-	342,059	259,943
Roads and streets	394,854	330,712	-	-	394,854	330,712
Library	281,987	233,257	-	-	281,987	233,257
Recreation	144,442	191,939	-	-	144,442	191,939
Parks	542,495	464,790	-	-	542,495	464,790
Community redevelopment	296,031	48,520	-	-	296,031	48,520
Interest on long-term debt	93,170	51,280	-	-	93,170	51,280
<i>Business-type activities:</i>						
Electric	-	-	6,680,762	4,750,827	6,680,762	4,750,827
Water	-	-	786,558	735,423	786,558	735,423
Sewer	-	-	1,286,607	1,233,242	1,286,607	1,233,242
Solid waste	-	-	552,934	529,925	552,934	529,925
Mobile home park	-	-	330,930	280,691	330,930	280,691
Total expenses	5,413,737	4,267,589	9,637,791	7,530,108	15,051,528	11,797,697
Increase (decrease) in net position before transfers	(111,491)	(408,697)	358,453	899,027	246,962	490,330
Transfers in (out)	615,203	1,025,206	(615,203)	(1,025,206)	-	-
Change in Net Position	503,712	616,509	(256,750)	(126,179)	246,962	490,330
Net position - Beginning	6,898,152	6,281,643	9,276,087	9,402,266	16,174,239	15,683,909
Net position - Ending	\$ 7,401,864	\$ 6,898,152	\$ 9,019,337	\$ 9,276,087	\$ 16,421,201	\$ 16,174,239

Governmental activities

On the actual statement of activities, general revenues including transfers are reported separately after the total net expenses of the City's functions, ultimately arriving at the change in net position for the year. The City has established fees and charges that are designed to recover in part or in whole the cost of providing services.

During 2022, governmental activities' net position increased by \$503,712 compared to an increase of \$616,509 in the prior year.

Overall, total revenues-governmental activities were up \$1,443,354 or 37%, total expenses were up \$1,146,148 or 27% and a \$410,003 or 40% decrease in the net transfer from the business-type activities. Following are *significant* changes in the statement of activities from 2021 to 2022:

- Capital grants and contributions increased by \$561,143 in 2022 compared to 2021 mainly due to the recognition of approximately \$600,000 of American Rescue Plan Act State and Local Fiscal Recovery Fund grant revenue.
- Property taxes are up \$227,988 or 20% in 2022 compared to 2021. The City's millage rate for 2022 was increased to 8.6306 which is a 9% increase compared to 2021. The taxable value of the real and personal property within the City increased by 9% from 2021 to 2022.
- Charges for services increased by \$210,244 or 31% mainly due to a \$137,800 or 57% increase in fire assessment fee revenue.
- Remaining program and general revenues were up \$443,982 or 22% for myriad reasons.

On the expense side:

- General government expenses increased by \$339,949 or 27% in 2022 compared to 2021 due to various reasons but of significance was an increase in payroll and payroll-related expenses of approximately \$234,300 or 23% due to wage increases, additional staff and increased retirement and health care expenses.
- Community redevelopment expenses increased by \$247,511 or 510% mainly due to an increase in façade grants of approximately \$142,000 and increased professional services costs (legal, engineering and planning expenses) of approximately \$78,000.
- Law enforcement expenses increased by \$159,537 or 15% in 2022 compared to 2021 due to various reasons but of significance was an increase in pension expense of \$128,930 (58%) and increase in the contracted expenses for law enforcement services charged by the Polk County Sheriff's Office of \$26,945 or 2%.
- Remaining program expenses increased by \$399,151 or 21% in 2022 compared to 2021 due to a myriad of reasons across a broad category of functional expense accounts.

Business-type activities

Business-type activities experienced a decrease in net position of \$256,750 compared to an decrease of \$126,179 in the prior year.

The main reasons for the decline in the results of operations from 2021 to 2022 were as follows:

- Total revenue increased \$1,567,109 or 19% from 2021 to 2022, and total expenses increased by \$2,107,683 or 28% and net transfers decreased by \$410,003 or 40%.
- Charges for services revenue increased by \$1,847,275 or 23%, driven higher by increased electricity sales of \$1,553,561 or 29% and increased water and sewer rates by approximately 25% and 15% respectively.
- Total expenses increased mainly in the electric function (\$1,929,935 or 41%) for various reasons but of significance was a \$1,520,231 or 47% increase in the purchased power expenses due to increased energy costs as well as increased demand.

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 fund financial statements for the governmental funds can be found by referencing the table of contents of this report. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The City reports the general fund, the community redevelopment agency special revenue fund and the American Rescue Plan Act special revenue fund as major governmental funds. The City also reports the fire and stormwater special revenue funds as non-major governmental funds.

At the end of the current fiscal year, the City's governmental funds reported a combined fund balance of \$4,106,389. Of this amount, \$535,067 or 13% is non-spendable, \$1,624,940 or 40% is legally restricted for specific purposes, and \$1,946,382 or 47% is unassigned and available for spending at the City's discretion. Following is a discussion of individual major governmental funds.

General Fund. The general fund is the chief operating fund of the City. At year end, unassigned fund balance of the general fund totaled \$1,946,382, and total fund balance was \$2,491,508. This represents 43% (36% in prior year) and 55% (51% in prior year) respectively, of total general fund expenditures for the year ended September 30, 2022.

In the General Fund, the change in fund balance for the year improved from an increase of \$35,404 in 2021 to an increase of \$374,462, an improvement of \$339,058. Following is a summary of the changes from 2021 to 2022:

- Total revenue increased by \$649,140 or 21% in 2022 compared to 2021 for a variety of reasons. The following are the significant revenue changes from the prior year.
 - Taxes revenue in 2022 increased by \$281,145 or 15% compared to 2021. The City's millage rate for 2022 was increased to 8.6306 which is a 9% increase compared to 2021. The taxable value of the real and personal property within the City increased by 9% from 2021 to 2022.
 - Intergovernmental revenue increased by \$61,987 or 7% due mainly to an increase of \$93,387 in shared revenues from the State (state revenue sharing and half-cent sales tax revenues).
 - Other revenue increased by \$277,466 or 239% due to the proceeds from the sale of general capital assets of \$248,060.
 - Remaining revenue categories decreased by \$78,542 or 26%.
- Expenditures increased by \$307,094 or 7%. General government expenditures increased by \$184,643 or 15% mainly due to an increase in personnel costs of \$61,520 or 7%. The remainder of the increase was due to a myriad of changes throughout the functional expenditure categories.
- Other financing sources, net of other financing uses, decreased by \$2,988 or less than 1%.

The Community Redevelopment Agency. The Community Redevelopment Agency (CRA) was created by City Ordinance No. 07-18 pursuant to Florida Statutes Chapter 163. Because the CRA provides for a separate audit of the CRA's standalone financial statements in accordance with Section 163.387(8), Florida Statutes, the City electively added the CRA as a major fund. The CRA receives the incremental ad valorem taxes from the County and the City, generated by the increase in property values within the redevelopment area. The CRA's property taxes are levied under the taxing authority of the City and are included as part of the City's total tax levy. The CRA board consists of the five members of the City Commission.

At year end, total fund balance in the CRA Fund totaled \$1,138,565 compared to \$306,123 at the end of the prior year.

- Revenues were \$259,395 in 2021 and \$319,247 in 2022. This increase was due to increased property values within the CRA district as well as an increased City millage rate.
- Expenditures were \$74,312 in 2021 and \$442,341 in 2022. This increase was mainly due to an increase in façade grants of approximately \$142,000, increased professional services costs (legal, engineering and planning expenses) of approximately \$78,000 and increased debt service expenditures of \$66,513.

The American Rescue Plan Act Special Revenue Fund – This is a new special revenue fund established in 2022 to account for the uses of the American Rescue Plan Act State and Local Government Fiscal Recovery funds. Revenue totaled \$599,390 and were used for \$189,387 of capital outlay expenditures recorded in the American Rescue Plan Act Special Revenue fund and a transfer to the enterprise funds of \$410,003 to cover allowable costs incurred in the water and sewer enterprise funds.

Proprietary Funds. The City's proprietary funds provide essentially the same type of information found in the government-wide financial statements, but presented by fund, and in more detail. The City's proprietary funds consist of five enterprise funds. The financial statements for the three major enterprise funds and the financial statements for the two non-major enterprise funds can be found by referencing the table of contents of this report. An overall picture of the operating results of the combined enterprise funds was addressed above in the discussion of the City's business-type activities. Following are the highlights of the changes from 2021 to 2022, by major fund:

- In the electric fund, the change in net position declined from a decrease of \$266,530 in 2021 to a decrease of \$663,083 in 2022, an deterioration of \$396,553 mainly due to decreased operating income in 2022. Operating revenues increased by 29% and operating expenses increased by 41%. The electric fund transferred \$960,206 to the general fund in 2022 and 2021.
- In the water fund, the change in net position improved from a decrease of \$57,614 in 2021 to an increase of \$208,424 in 2022, an improvement of \$266,038. Charges for services increased by \$176,593 or 28% and operating expenses increased by \$99,053 or 15%. The water fund did not make or receive any transfers in 2021 and received a transfer of \$140,108 in 2022 from the American Rescue Plan Act special revenue fund.
- In the sewer fund, the change in net position improved from an increase of \$136,374 in 2021 to an increase of \$202,104 in 2022, an improvement of \$65,730. Charges for services increased by \$113,812 or 11% and operating expenses increased \$50,255 or 4%. The sewer fund did not make nor receive any transfers in 2021 and received a transfer of \$202,104 in 2022 from the American Rescue Plan Act special revenue fund. The sewer fund received no capital grants in 2022 compared to \$266,922 in 2021.
- In the combined non-major funds, the change in net position experienced an increase of \$61,591 in 2021 compared to a decrease of \$4,195 in 2022, a deterioration of \$65,786. Operating revenues increased by \$3,306 or less than 1%, and operating expenses increased \$73,248 or 9%. The combined non-major funds transferred \$65,000 to the general fund in 2022 and 2021. Combining statements can be found by referencing the table of contents of this report under the "Other Supplementary Information" section of the financial statements.

Fiduciary Funds. The City uses fiduciary funds to report assets held in a trustee or agency capacity that are, therefore, not available to support City programs. The City maintains three single employer defined benefit pension plans for its employees and one custodial fund. The custodial fund and the combined balances and activity in the general, fire, and police pensions are presented in the fiduciary fund financial statements which can be found by referencing the table of contents of this report.

The three pension plans reported \$6,540,585 of net position restricted for pension benefits on September 30, 2022. This is a decrease of 1,340,181 or 17% for the year. The combined funds reported a negative net investment income of \$1,029,299 for 2021 compared to a positive \$1,293,277 in the prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The general fund actual to budget comparison can be found by referencing the table of contents of this report. The original 2022 general fund budget anticipated an increase in fund balance of \$350,376 as budgeted expenditures were less than budgeted revenues and other financing sources. The original budget was amended as actual revenue and expenditures differed from the original budget estimates. The budget amendment increased budgeted revenue by \$1,076,109 and decreased budgeted expenditures by \$111,379 resulting in an amended anticipated increase in fund balance of \$200,314.

Actual results for 2022 increased fund balance by \$374,462 which was \$174,148 better than the anticipated change in fund balance of \$200,314 discussed above. Actual revenues came in \$97,034 or 2% lower than the amended budget amounts. Expenditures came in \$253,488 or 5% more than budgeted amounts, spread across all departments. Other financing sources, net with other financing uses, came in \$17,694 or 2% more than budgeted amounts due to greater than anticipated transfers and loan proceeds.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The City's investment in capital assets includes land, buildings and improvements, infrastructure, and equipment, net of accumulated depreciation. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2022, totals \$16,189,044 (net of accumulated depreciation), an increase of approximately \$738,739 (5%) for the current year. Following is a schedule of capital assets at the end of the current and prior year:

Capital Assets Activity						
(net of accumulated depreciation)						
as of September 30,						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Land	\$ 794,008	\$ 794,008	\$ 345,838	\$ 345,838	\$ 1,139,846	\$ 1,139,846
Buildings and improvements	1,311,131	1,355,027	8,378,217	8,521,667	9,689,348	9,876,694
Right to use leased equipment	27,291	29,329	-	-	27,291	29,329
Equipment	1,239,699	1,080,730	1,344,541	765,695	2,584,240	1,846,425
Infrastructure	2,126,981	2,147,442	-	-	2,126,981	2,147,442
Construction in progress	<u>52,462</u>	<u>16,529</u>	<u>568,876</u>	<u>394,040</u>	<u>621,338</u>	<u>410,569</u>
Total	<u>\$ 5,551,572</u>	<u>\$ 5,423,065</u>	<u>\$ 10,637,472</u>	<u>\$ 10,027,240</u>	<u>\$ 16,189,044</u>	<u>\$ 15,450,305</u>

Additional information on the City's capital assets can be found in Note 6 of the notes to the financial statements which can be located by referencing the table of contents of this report.

Outstanding Debt. At the end of the year, the City had total outstanding debt of \$6,492,519 (excluding accrued compensated absences, other postemployment liability, leases payable and net pension liabilities) compared to \$5,497,301 at the previous year end, an increase of \$995,218 or 18% due to \$1,000,000 of new borrowing partially offset by principal payments of \$218,395. The following is a summary of the outstanding debt:

	Outstanding Debt					
	as of September 30,					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenue notes	\$ 1,611,572	\$ 724,103	\$ 3,885,141	\$ 3,998,476	\$ 5,496,713	\$ 4,722,579
Other long-term debt	<u>456,470</u>	<u>562,334</u>	<u>539,336</u>	<u>212,388</u>	<u>995,806</u>	<u>774,722</u>
Total	<u>\$ 2,068,042</u>	<u>\$ 1,286,437</u>	<u>\$ 4,424,477</u>	<u>\$ 4,210,864</u>	<u>\$ 6,492,519</u>	<u>\$ 5,497,301</u>

Additional information on the City's debt can be found in Note 7 of the notes to the financial statements which can be located by referencing the table of contents of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Economic Factors

Fort Meade is the oldest City in Polk County. Fort Meade was originally incorporated in 1885 with an area of 16 square miles. It was again incorporated in 1915 and today, the City covers an area of 5.1 square miles. The CRA covers approximately 2.40 square miles of the City. Fort Meade operates under a City Manager-Commissioner form of government. The City owns and operates its own water, sewer, and stormwater utility systems, and resells electric power within the utility service area.

The City of Fort Meade is located in the southwest corner of Polk County, in what is known as Central Florida's Bone Valley. Fort Meade has two major roadways, US Highways 17 and 98 to be used as transportation links to access Interstate-4 and the Polk Parkway.

Central Florida has experienced growth throughout the region over the past several years. Fort Meade was once a community based on agriculture and mining, but the new growth has renewed interest in the City as a place to live and raise a family. The City of Fort Meade is situated in an excellent position to attract growth both residential and commercial. The City has a modestly priced housing market, and the demand for affordable homes is on the rise. The activity in the community's housing market has increased the commercial sector's interest as well. Therefore, the City staff has worked with several commercial operations regarding site facilities.

Advancements in geotechnical engineering, environmental policies, and economic incentives have captured developers' interest for residential, commercial, and industrial uses. The community is surrounded by an abundance of open reclaimed property, which was once considered agricultural, but has the potential to be developed for other uses. In addition, areas once considered as wastelands can now support commercial, residential, and industrial projects.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES (cont...)

It is anticipated that the following significant items will affect the 2023 fiscal year:

- The City's millage rate in effect for the fiscal year ending September 30, 2023, was decreased from 8.6309 to 8.0000, a 7% decrease in the millage rate in 2023.
- The taxable property value of real and personal property within the City increased by 12% and, when combined with the decrease in the millage rate results in expected to increase ad valorem revenue for the year ended September 30, 2023 by \$273,791, an increase of 20% over the 2022 actual ad valorem tax received.

REQUEST FOR INFORMATION

This financial report is designed to provide users with a general overview of the City of Fort Meade's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 8 West Broadway Street, Fort Meade, FL 33841 or telephone (863) 285-1100. You can also access our website at <http://www.cityoffortmeade.com>.

CITY OF FORT MEADE, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Equity in pooled cash and cash equivalents	\$ 1,885,819	\$ 1,964,042	\$ 3,849,861
Receivables, current:			
Customer accounts, net	45,870	1,742,185	1,788,055
Intergovernmental	92,502	-	92,502
Franchise and public service taxes	73,966	-	73,966
Other	15,413	-	15,413
Inventory and prepaids	57,325	366,230	423,555
Internal balances	528,349	(528,349)	-
Restricted assets:			
Equity in pooled cash and cash equivalents	4,173,849	894,040	5,067,889
Net pension asset	174,482	-	174,482
Capital assets:			
Non-depreciable	846,470	914,714	1,761,184
Depreciable, net	4,705,102	9,722,758	14,427,860
TOTAL ASSETS	12,599,147	15,075,620	27,674,767
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	735,931	342,464	1,078,395
TOTAL DEFERRED OUTFLOWS OF RESOURCES	735,931	342,464	1,078,395
LIABILITIES			
Accounts payable and accrued expenses	196,615	828,646	1,025,261
Accrued wages	35,638	27,318	62,956
Unearned revenue	2,534,451	4,370	2,538,821
Accrued interest payable	3,674	13,328	17,002
Customer deposits	-	522,235	522,235
Long-term obligations:			
Due within one year	265,401	255,923	521,324
Due in more than one year	2,725,461	4,677,657	7,403,118
TOTAL LIABILITIES	5,761,240	6,329,477	12,090,717
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	171,974	69,270	241,244
NET POSITION			
Net investment in capital assets	4,795,212	6,270,111	11,065,323
Restricted for:			
Debt service	6,450	9,739	16,189
Pension benefits	306,369	-	306,369
Community Center Complex project	21,380	-	21,380
Community redevelopment	138,565	-	138,565
Stormwater management	399,085	-	399,085
Fire services	77,166	-	77,166
Water and sewer system improvements	-	352,427	352,427
Unrestricted	1,657,637	2,387,060	4,044,697
TOTAL NET POSITION	\$ 7,401,864	\$ 9,019,337	\$ 16,421,201

CITY OF FORT MEADE, FLORIDA
STATEMENT OF ACTIVITIES
For the year ended September 30, 2022

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grant and Contributions	Governmental Activities	Business-Type Activities	Total
PRIMARY GOVERNMENT:							
Governmental activities:							
General government	\$ 1,599,091	\$ 104,450	\$ 25,752	\$ 611,140	\$ (857,749)	\$ -	\$ (857,749)
Law enforcement	1,224,350	70,530	-	-	(1,153,820)	-	(1,153,820)
Fire control	386,222	378,906	-	-	(7,316)	-	(7,316)
Building inspections	109,036	102,631	-	-	(6,405)	-	(6,405)
Stormwater	342,059	208,680	-	-	(133,379)	-	(133,379)
Roads and streets	394,854	-	14,239	-	(380,615)	-	(380,615)
Library	281,987	8,417	42,644	-	(230,926)	-	(230,926)
Recreation	144,442	12,309	-	-	(132,133)	-	(132,133)
Parks	542,495	3,385	-	-	(539,110)	-	(539,110)
Community redevelopment	296,031	-	-	-	(296,031)	-	(296,031)
Interest on long-term debt	93,170	-	-	-	(93,170)	-	(93,170)
Total governmental activities	5,413,737	889,308	82,635	611,140	(3,830,654)	-	(3,830,654)
Business-type activities							
Electric	6,680,762	6,966,671	-	-	-	285,909	285,909
Water	786,558	802,869	-	24,700	-	41,011	41,011
Sewer	1,286,607	1,177,576	-	40,830	-	(68,201)	(68,201)
Mobile home park	330,930	366,729	-	-	-	35,799	35,799
Solid waste	552,934	571,083	-	-	-	18,149	18,149
Total business-type activities	9,637,791	9,884,928	-	65,530	-	312,667	312,667
TOTAL PRIMARY GOVERNMENT	\$ 15,051,528	\$ 10,774,236	\$ 82,635	\$ 676,670	(3,830,654)	312,667	(3,517,987)
GENERAL REVENUES							
Taxes:							
Property taxes, levied for general purposes					1,076,459	-	1,076,459
Property taxes, levied for community redevelopment purposes					319,058	-	319,058
Public service taxes and franchise fees					762,684	-	762,684
Fuel taxes levied for transportation purposes					362,886	-	362,886
State shared revenue					920,393	-	920,393
Investment earnings					1,042	1,310	2,352
Miscellaneous					28,466	44,146	72,612
Gain on disposal of capital assets					248,175	330	248,505
TRANSFERS					615,203	(615,203)	-
Total general revenues and transfers					4,334,366	(569,417)	3,764,949
CHANGE IN NET POSITION					503,712	(256,750)	246,962
NET POSITION, beginning of year					6,898,152	9,276,087	16,174,239
NET POSITION, end of year					\$ 7,401,864	\$ 9,019,337	\$ 16,421,201

CITY OF FORT MEADE, FLORIDA
BALANCE SHEET – GOVERNMENTAL FUNDS
September 30, 2022

	General Fund	Community Redevelopment Agency	American Rescue Plan Act Special Revenue Fund	Other Governmental Funds	Total
ASSETS					
Equity in pooled cash and cash equivalents	\$ 1,885,819	\$ 1,158,582	\$ 2,502,726	\$ 502,417	\$ 6,049,544
Receivables, net:					
Customer accounts, net	45,849	-	-	21	45,870
Intergovernmental	90,835	-	-	1,667	92,502
Franchise and public service taxes	73,966	-	-	-	73,966
Other	15,413	-	-	-	15,413
Inventory	4,965	-	-	65	5,030
Prepaid expenditures	1,688	-	50,607	-	52,295
Advances to other funds	528,349	-	-	-	528,349
Restricted assets:					
Equity in pooled cash and cash equivalents	10,124	-	-	-	10,124
TOTAL ASSETS	\$ 2,657,008	\$ 1,158,582	\$ 2,553,333	\$ 504,170	\$ 6,873,093
LIABILITIES					
Accounts payable	130,646	20,017	18,882	27,070	196,615
Accrued wages and benefits	34,854	-	-	784	35,638
Unearned revenue	-	-	2,534,451	-	2,534,451
TOTAL LIABILITIES	165,500	20,017	2,553,333	27,854	2,766,704
FUND BALANCE					
Nonspendable:					
Inventory	4,965	-	-	65	5,030
Prepays	1,688	-	-	-	1,688
Interfund balances	528,349	-	-	-	528,349
Restricted for:					
Debt service	10,124	-	-	-	10,124
Community Center Complex project	-	1,000,000	-	-	1,000,000
Community redevelopment	-	138,565	-	-	138,565
Stormwater management	-	-	-	399,085	399,085
Fire services	-	-	-	77,166	77,166
Unassigned	1,946,382	-	-	-	1,946,382
TOTAL FUND BALANCES	2,491,508	1,138,565	-	476,316	4,106,389
TOTAL LIABILITIES AND FUND BALANCE	\$ 2,657,008	\$ 1,158,582	\$ 2,553,333	\$ 504,170	\$ 6,873,093

CITY OF FORT MEADE, 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:

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 4,106,389
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	5,551,572
The net pension asset is not a current financial resource and therefore is not reported as an asset in governmental funds.	174,482
Deferred outflows of resources represent a consumption of net position or fund balance that applies to a future period(s) and, therefore, are not reported in the governmental funds.	735,931
Deferred inflows of resources represent an increase in net position or fund balance that applies to a future period(s) and, therefore, are not reported in the governmental funds.	(171,974)
Interest payable on long-term debt does not require current financial resources and therefore, is not reported as a liability in the governmental funds.	(3,674)
Long-term liabilities (including bonds, notes and leases payable, compensated absences liability, other postemployment benefits liability and net pension liabilities) are not due and payable in the current period and, therefore are not reported in the governmental funds. This is the amount of the long-term liabilities.	(2,990,862)
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 7,401,864</u></u>

CITY OF FORT MEADE, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS

For the year ended September 30, 2022

	General Fund	Community Redevelopment Agency	American Rescue Plan Act Special Revenue Fund	Other Governmental Funds	Total
REVENUES:					
Taxes	\$ 2,095,308	\$ 319,058	\$ -	\$ -	\$ 2,414,366
Licenses, permits and special assessments	222,256	-	-	208,680	430,936
Intergovernmental revenue	994,078	-	599,390	-	1,593,468
Charges for services	24,110	-	-	378,906	403,016
Fines and forfeitures	136,419	-	-	-	136,419
Other	322,735	189	-	188	323,112
Total revenues	<u>3,794,906</u>	<u>319,247</u>	<u>599,390</u>	<u>587,774</u>	<u>5,301,317</u>
EXPENDITURES:					
Current:					
General government	1,409,008	-	-	-	1,409,008
Public safety	1,429,105	-	-	285,797	1,714,902
Physical environment	-	-	-	183,259	183,259
Economic environment	-	279,161	-	-	279,161
Transportation	238,014	-	-	-	238,014
Culture/recreation	798,686	-	-	-	798,686
Capital outlay	418,806	96,667	189,387	69,567	774,427
Debt service					
Interest and issuance costs	35,578	45,133	-	13,627	94,338
Principal	171,067	21,380	-	36,403	228,850
Total expenditures	<u>4,500,264</u>	<u>442,341</u>	<u>189,387</u>	<u>588,653</u>	<u>5,720,645</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(705,358)</u>	<u>(123,094)</u>	<u>410,003</u>	<u>(879)</u>	<u>(419,328)</u>
OTHER FINANCING SOURCES:					
Transfers in	1,069,670	-	-	-	1,069,670
Transfers (out)	-	(44,464)	(410,003)	-	(454,467)
Loan proceeds	9,221	1,000,000	-	-	1,009,221
Insurance recoveries	929	-	-	-	929
TOTAL OTHER FINANCING SOURCES	<u>1,079,820</u>	<u>955,536</u>	<u>(410,003)</u>	<u>-</u>	<u>1,625,353</u>
NET CHANGE IN FUND BALANCE	374,462	832,442	-	(879)	1,206,025
FUND BALANCE, beginning of year	<u>2,117,046</u>	<u>306,123</u>	<u>-</u>	<u>477,195</u>	<u>2,900,364</u>
FUND BALANCE, end of year	<u>\$ 2,491,508</u>	<u>\$ 1,138,565</u>	<u>\$ -</u>	<u>\$ 476,316</u>	<u>\$ 4,106,389</u>

CITY OF FORT MEADE, FLORIDA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For the 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 \$ 1,206,025

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

This is the amount of capital assets recorded in the current period. 632,327
This is the amount of depreciation recorded in the current period. (503,820)

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

This is the repayment of long-term debt principal reported as expenditures in the governmental funds. 218,395
This is the repayment of leases payable 10,455
This is the proceeds from borrowing. (1,000,000)
This is the total lease arrangements issued (9,220)
This is the change in accrued interest payable on long-term debt. 1,168
This is the change in accrued compensated absences during the year. (9,023)
This is the change in the total OPEB liability during the year. (8,932)

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

This amount represents the change in deferred inflows related to pensions. 429,399
This amount represents the change in deferred outflows related to pensions. 452,327
This amount represents the change in the net pension asset. (219,254)
This amount represents the change in the net pension liability. (696,135)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 503,712

CITY OF FORT MEADE, FLORIDA
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
September 30, 2022

	Business Type Activities - Enterprise Funds				Total
	Electric Fund	Water Fund	Sewer Fund	Non-major Funds	
ASSETS					
Current assets:					
Equity in pooled cash and cash equivalents	\$ 612,972	\$ 378,991	\$ 617,444	\$ 354,635	\$ 1,964,042
Receivables:					
Customers, net	1,421,369	107,308	162,803	50,705	1,742,185
Inventory and prepaids	290,662	71,566	4,002	-	366,230
Total current assets	<u>2,325,003</u>	<u>557,865</u>	<u>784,249</u>	<u>405,340</u>	<u>4,072,457</u>
Noncurrent assets:					
Restricted assets:					
Equity in pooled cash and cash equivalents	380,462	229,763	283,815	-	894,040
Capital assets:					
Non-depreciable	27,300	483,915	382,024	21,475	914,714
Depreciable, net	3,138,707	1,372,766	4,958,460	252,825	9,722,758
Total noncurrent assets	<u>3,546,469</u>	<u>2,086,444</u>	<u>5,624,299</u>	<u>274,300</u>	<u>11,531,512</u>
Total assets	<u>5,871,472</u>	<u>2,644,309</u>	<u>6,408,548</u>	<u>679,640</u>	<u>15,603,969</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pensions	<u>168,632</u>	<u>77,637</u>	<u>96,195</u>	-	<u>342,464</u>
Total deferred outflows of resources	<u>168,632</u>	<u>77,637</u>	<u>96,195</u>	-	<u>342,464</u>
LIABILITIES					
Current liabilities:					
Accounts payable	618,171	77,647	79,857	52,971	828,646
Accrued wages	15,534	6,963	4,133	688	27,318
Unearned revenue	-	-	-	4,370	4,370
Other postemployment benefit liability	1,422	570	760	-	2,752
Bonds and notes payable, current	59,989	32,757	160,425	-	253,171
Total current liabilities	<u>695,116</u>	<u>117,937</u>	<u>245,175</u>	<u>58,029</u>	<u>1,116,257</u>
Noncurrent liabilities:					
Liabilities payable from restricted assets:					
Customer deposits	380,462	91,805	49,968	-	522,235
Interest payable	1,355	2,252	9,721	-	13,328
Advances from other funds	-	166,316	362,033	-	528,349
Compensated absences	12,270	14,561	21,069	-	47,900
Other postemployment benefit liability	27,008	10,833	14,439	-	52,280
Net pension liability	200,002	92,079	114,090	-	406,171
Bonds and notes payable, noncurrent portion	47,814	1,044,135	3,079,357	-	4,171,306
Total noncurrent liabilities	<u>668,911</u>	<u>1,421,981</u>	<u>3,650,677</u>	-	<u>5,741,569</u>
Total liabilities	<u>1,364,027</u>	<u>1,539,918</u>	<u>3,895,852</u>	<u>58,029</u>	<u>6,857,826</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions	<u>34,109</u>	<u>15,704</u>	<u>19,457</u>	-	<u>69,270</u>
NET POSITION					
Net investment in capital assets	3,058,204	836,905	2,100,702	274,300	6,270,111
Restricted for:					
Debt retirement	-	2,730	7,009	-	9,739
Utility system improvements (expendable)	-	132,976	219,451	-	352,427
Unrestricted	<u>1,583,764</u>	<u>193,713</u>	<u>262,272</u>	<u>347,311</u>	<u>2,387,060</u>
Total net position	<u>\$ 4,641,968</u>	<u>\$ 1,166,324</u>	<u>\$ 2,589,434</u>	<u>\$ 621,611</u>	<u>\$ 9,019,337</u>

CITY OF FORT MEADE, FLORIDA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION – PROPRIETARY FUNDS

For the year ended September 30, 2022

	Business-type Activities - Enterprise Funds				Total
	Electric Fund	Water Fund	Sewer Fund	Non-major Funds	
OPERATING REVENUES:					
Charges for services	\$ 6,966,671	\$ 802,869	\$ 1,177,576	\$ 937,812	\$ 9,884,928
Total operating revenue	<u>6,966,671</u>	<u>802,869</u>	<u>1,177,576</u>	<u>937,812</u>	<u>9,884,928</u>
OPERATING EXPENSES:					
Personnel services	642,484	264,960	326,972	25,064	1,259,480
Purchased power	4,772,560	-	-	-	4,772,560
Operating expenses	1,001,144	390,502	498,925	834,264	2,724,835
Depreciation	260,393	92,586	362,471	24,536	739,986
Total operating expenses	<u>6,676,581</u>	<u>748,048</u>	<u>1,188,368</u>	<u>883,864</u>	<u>9,496,861</u>
OPERATING INCOME (LOSS)	<u>290,090</u>	<u>54,821</u>	<u>(10,792)</u>	<u>53,948</u>	<u>388,067</u>
NONOPERATING REVENUE (EXPENSE)					
Investment income (loss)	267	963	80	-	1,310
Interest expense	(4,181)	(27,814)	(98,239)	-	(130,234)
Loss on disposal of property	-	-	330	-	330
Contribution to joint venture	-	(10,696)	-	-	(10,696)
Other, net	10,947	26,342	-	6,857	44,146
Total nonoperating revenues (expense)	<u>7,033</u>	<u>(11,205)</u>	<u>(97,829)</u>	<u>6,857</u>	<u>(95,144)</u>
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	<u>297,123</u>	<u>43,616</u>	<u>(108,621)</u>	<u>60,805</u>	<u>292,923</u>
CAPITAL CONTRIBUTIONS					
Impact fees	-	24,700	40,830	-	65,530
Total capital contributions	<u>-</u>	<u>24,700</u>	<u>40,830</u>	<u>-</u>	<u>65,530</u>
TRANSFERS IN (OUT)	<u>(960,206)</u>	<u>140,108</u>	<u>269,895</u>	<u>(65,000)</u>	<u>(615,203)</u>
CHANGE IN NET POSITION	<u>(663,083)</u>	<u>208,424</u>	<u>202,104</u>	<u>(4,195)</u>	<u>(256,750)</u>
NET POSITION, beginning of year	<u>5,305,051</u>	<u>957,900</u>	<u>2,387,330</u>	<u>625,806</u>	<u>9,276,087</u>
NET POSITION, end of year	<u>\$ 4,641,968</u>	<u>\$ 1,166,324</u>	<u>\$ 2,589,434</u>	<u>\$ 621,611</u>	<u>\$ 9,019,337</u>

CITY OF FORT MEADE, FLORIDA
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
For the year ended September 30, 2022

	Business Type Activities - Enterprise Funds				Total
	Electric Fund	Water Fund	Sewer Fund	Non-major Funds	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers	\$ 6,395,418	\$ 777,658	\$ 1,160,916	\$ 952,158	\$ 9,286,150
Payments to suppliers	(5,562,678)	(334,771)	(437,431)	(830,655)	(7,165,535)
Payments for salaries and benefits	(596,890)	(237,761)	(301,749)	(24,376)	(1,160,776)
Net cash flows from operating activities	<u>235,850</u>	<u>205,126</u>	<u>421,736</u>	<u>97,127</u>	<u>959,839</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers (to) from other funds	(960,206)	140,108	269,895	(65,000)	(615,203)
Payment of interfund borrowings	-	-	(21,296)	-	(21,296)
Increase (decrease) in deposits	7,935	1,452	1,888	-	11,275
Net cash flows from noncapital financing activities	<u>(952,271)</u>	<u>141,560</u>	<u>250,487</u>	<u>(65,000)</u>	<u>(625,224)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition and construction of capital assets, net of related payables	(190,893)	(351,179)	(418,264)	(15,465)	(975,801)
Principal paid on notes, bonds and lease obligations	(58,166)	(31,911)	(81,423)	-	(171,500)
Interest paid on borrowings and other debt costs	(4,830)	(27,884)	(96,120)	-	(128,834)
Proceeds from the sale of assets	-	-	330	-	330
Capital contributions received, including impact fees, net of change in related receivables	-	24,700	40,830	-	65,530
Net cash flows from capital and related financing activities	<u>(253,889)</u>	<u>(386,274)</u>	<u>(554,647)</u>	<u>(15,465)</u>	<u>(1,210,275)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on invested funds	267	963	80	-	1,310
Other income	10,947	26,342	-	6,857	44,146
Net cash flows from investing activities	<u>11,214</u>	<u>27,305</u>	<u>80</u>	<u>6,857</u>	<u>45,456</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(959,096)</u>	<u>(12,283)</u>	<u>117,656</u>	<u>23,519</u>	<u>(830,204)</u>
CASH AND CASH EQUIVALENTS, beginning of year	<u>1,952,530</u>	<u>621,037</u>	<u>783,603</u>	<u>331,116</u>	<u>3,688,286</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 993,434</u>	<u>\$ 608,754</u>	<u>\$ 901,259</u>	<u>\$ 354,635</u>	<u>\$ 2,858,082</u>

Continued...

CITY OF FORT MEADE, FLORIDA

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (concluded)

For the year ended September 30, 2022

	Business Type Activities - Enterprise Funds				Total
	Electric Fund	Water Fund	Sewer Fund	Non-major Funds	
As shown in the Accompanying Financial Statements					
Equity in pooled cash and cash equivalents	\$ 612,972	\$ 378,991	\$ 617,444	\$ 354,635	\$ 1,964,042
Restricted equity in pooled cash and cash equivalents	380,462	229,763	283,815	-	894,040
Total cash and cash equivalents	\$ 993,434	\$ 608,754	\$ 901,259	\$ 354,635	\$ 2,858,082
Noncash financing and investing activities:					
Joint venture loan guarantee / contribution	\$ -	\$ 6,399	\$ -	\$ -	\$ -
Financed purchase of equipment	\$ -	\$ -	\$ 374,417	\$ -	\$ -
Reconciliation of operating income (loss) to net cash flows from operating activities:					
Operating income (loss)	\$ 290,090	\$ 54,821	\$ (10,792)	\$ 53,948	\$ 388,067
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:					
Depreciation expense	260,393	92,586	362,471	24,536	739,986
(Increase) decrease in inventory and prepaids	(16,010)	(897)	(324)	-	(17,231)
(Increase) decrease in accounts receivable	(571,253)	(25,211)	(16,660)	17,681	(595,443)
Increase (decrease) in accounts payable	227,036	56,628	61,818	3,609	349,091
Increase (decrease) in unearned revenue	-	-	-	(3,335)	(3,335)
Increase (decrease) in accrued wages and compensated absences	(2,599)	6,189	407	688	4,685
(Increase) decrease in deferred outflows related to pensions	(98,322)	(44,884)	(49,758)	-	(192,964)
Increase (decrease) in deferred inflows related to pensions	(75,939)	(35,561)	(53,226)	-	(164,726)
(Increase) decrease in net pension asset	16,480	7,677	10,884	-	35,041
Increase (decrease) in net pension liability	200,002	92,079	114,090	-	406,171
Increase (decrease) in other postemployment benefit liability	5,972	1,699	2,826	-	10,497
Net cash flows from operating activities	\$ 235,850	\$ 205,126	\$ 421,736	\$ 97,127	\$ 959,839

CITY OF FORT MEADE, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
September 30, 2022

	<u>Pension Trust Funds</u>	<u>Custodial Fund</u>
ASSETS		
Equity in pooled cash and cash equivalents	\$ -	\$ 21,794
Receivables, net		
City	12,473	-
Investments, at fair value:		
Cash and short-term money market funds	65,281	-
Fixed income investment pools	1,919,265	-
Equity investment pools	3,466,428	-
Real estate investment pool	1,077,138	-
Total investments	<u>6,528,112</u>	<u>-</u>
Total assets	<u>6,540,585</u>	<u>21,794</u>
LIABILITIES		
Due to other governments	-	21,794
Total Liabilities	<u>-</u>	<u>21,794</u>
NET POSITION		
Restricted for pension benefits	<u>\$ 6,540,585</u>	<u>\$ -</u>

CITY OF FORT MEADE, FLORIDA**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS**

For the year ended September 30, 2022

	<u>Pension Trust Funds</u>	<u>Custodial Fund</u>
ADDITIONS		
Contributions:		
City	\$ 216,993	\$ -
Fees collected on behalf of other governments	-	269,195
Total contributions	<u>216,993</u>	<u>269,195</u>
Investment income:		
Investment income	(1,011,491)	-
Less investment expenses	<u>(17,808)</u>	-
Net investment income	<u>(1,029,299)</u>	-
Total additions	<u>(812,306)</u>	<u>269,195</u>
DEDUCTIONS		
Administrative expenses:		
Legal	21,743	-
Actuarial	47,945	-
Travel, training and other	<u>3,114</u>	-
Total administrative expenses	72,802	-
Payments to retirees and participants	455,073	-
Remittance of fees to other governments	-	269,195
Total deductions	<u>527,875</u>	<u>269,195</u>
CHANGE IN NET POSITION	(1,340,181)	-
NET POSITION, beginning of year	<u>7,880,766</u>	-
NET POSITION, end of year	<u>\$ 6,540,585</u>	<u>\$ -</u>

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

The present Charter of the City of Fort Meade, Florida (the City) was adopted at an election held on April 22, 1925, which was validated and confirmed by Laws of Florida 1925, Chapter 10569. The City operates under a Commission-Manager form of government and provides the following services as authorized by its Charter: public safety (police and fire), street construction and maintenance, culture/recreation, public improvements, planning and zoning, and general administrative services. The City also provides electric, water, sewer and stormwater utility services; provides collection and disposal of solid waste; and operates a mobile home park.

These financial statements include the accounts and transactions of the following fiduciary component units:

- City of Fort Meade General Employees' Retirement Plan
- City of Fort Meade Firefighters' Retirement Plan
- City of Fort Meade Police Officers' Retirement Plan

City Ordinance 07-18 established the City of Fort Meade Community Redevelopment Agency (the CRA) which is presented in the accompanying financial statements as a blended component unit. The City Commission is also the CRA Board, and as such, the City can "impose its will" on the CRA in a variety of ways. In addition, the relationship meets the definition of a "financial benefit/burden" in that the City provides services that benefit the CRA. Finally, the two entities currently have the same management team.

B. BASIS OF PRESENTATION

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

Government-wide Financial Statements - The required government-wide financial statements are the Statement of Net Position and the Statement of Activities, which report information on all of the nonfiduciary activities of the City. The effects of interfund activity have been removed from these statements. The City's fiduciary funds are also excluded from the government-wide financial statements since by definition these assets are being held for the benefit of a third party and cannot be used to fund activities or obligations of the government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *Business-type activities*, which rely to a significant extent on fees and charges for support.

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

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

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

Fund Financial Statements - The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, deferred inflows and outflows of resources, fund equity, revenues and expenditures/expenses. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. GASB Cod. Sec 2200 sets forth minimum criteria (percentage of the assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. Each major fund is presented in a separate column and all non-major funds are aggregated and presented in a single column. The City's fiduciary funds are presented in the fund financial statements by type but as noted above are not included in the government-wide statements.

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

Governmental Funds:

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

Reported as Major Governmental Funds:

- **General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Most of the essential governmental services such as public safety, public works, street construction and maintenance, culture and recreation, and general administration are provided by the general fund.
- **Community Redevelopment Agency** (the "CRA") is a special revenue fund and accounts for the incremental ad valorem taxes generated within the CRA district to be used to improve the CRA area. Because the CRA provides for a separate audit of the CRA's standalone financial statements in accordance with Section 163.387(8), Florida Statutes, the City electively added the CRA as a major fund. The CRA receives the incremental ad valorem taxes generated in future years by the increase in property values in the redevelopment area. The CRA's property taxes are levied under the taxing authority of the City and are included as part of the City's total tax levy.
- **American Rescue Plan Act (ARPA) Fund** is a special revenue fund that was established to account for the collection and expenditures of the Coronavirus State and Local Fiscal Recovery Funds, a part of the American Rescue Plan Act.

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

Reported as Non-Major Governmental Funds:

- **Stormwater Fund** is used to account for the operations associated with the collection and distribution of stormwater.
- **Fire Fund** is used to account for the operations of the City's fire department.

Proprietary Funds:

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

Reported as Major Enterprise Funds:

- **Electric Fund** is used to account for operations associated with providing electric service to its customers inside and outside the City. The Electric Fund is a distribution utility, with no significant power generation assets.
- **Water Fund** is used to account for the operations associated with potable water supply, treatment, transmission and distribution services to area residents.
- **Sewer Fund** is used to account for the operations associated with sewer collection, treatment and disposal services to area residents.

Reported as Non-Major Enterprise Funds:

- **Solid Waste Fund** is used to account for the operations associated with solid waste collection and disposal services for the residents of the City.
- **Mobile Home Park Fund** is used to account for the operations associated with the City-owned mobile home park.

Fiduciary Funds:

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

- The City has three Pension Trust Funds which accumulate resources to provide retirement benefits to City employees. The three pension trust funds are the General Employees' Retirement Plan Pension Trust Fund, Police Officers' Retirement Plan Pension Trust Fund and the Firefighters' Retirement Plan Pension Trust Fund.
- The City utilizes a custodial fund to account for impact fees collected on behalf of Polk County, Florida (the "County"). These funds are collected on behalf of the County as new construction takes place within the City and remitted to the County monthly.

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

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide financial statements, the proprietary fund financial statements and the fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within 60 days of the end of the current fiscal period. 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisition under capital leases are reported as other financing sources.

Property taxes are recognized as revenues in the year for which they are levied. Franchise and public service taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual as revenue of the current period.

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

Imposed nonexchange resources (property taxes, fines) are reported as deferred inflows if received before the tax is levied or before the date when use is first permitted. Government mandated nonexchange transactions and voluntary nonexchange transactions are reported as liabilities until the eligibility requirements (excluding time requirements) are met and as deferred inflows if received before time requirements are met and all other eligibility requirements have been satisfied.

Proprietary fund operating revenues generally result from producing or providing goods and services related to the electric, water and sewer, the solid waste collection and disposal efforts, or operation of the mobile home park. Operating expenses for these operations include all costs related to providing the service or product. These costs include billing and collection, personnel and purchased services, repairs and maintenance, depreciation, materials and supplies, and other expenses directly related to costs of services. All other revenue and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

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

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE

CASH AND INVESTMENTS:

CASH AND CASH EQUIVALENTS - For purposes of the statement of cash flows for the proprietary fund types, cash and equivalents includes demand deposits, repurchase agreements with financial institutions, petty cash, money market funds and equity in pooled cash and cash equivalents. Equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and have an original maturity of three months or less.

POOLED CASH AND CASH EQUIVALENTS - The City maintains an accounting system which centralizes the cash and cash equivalent function for all funds. Each fund's "share" of these pooled cash and cash equivalents is included in cash and cash equivalents on the accompanying balance sheets/statements of net position. Earnings on City deposits are distributed monthly in accordance with the participating fund's relative percentage of the total deposits.

RESTRICTED CASH AND CASH EQUIVALENTS - Represent equity in pooled cash and cash equivalents which are restricted as to use.

INVESTMENTS - All investments are reported at fair value, which is the price that would be received to sell an investment in an orderly transaction between market participants.

RECEIVABLES AND UNEARNED REVENUES - All receivables are reported at their gross value reduced by the estimated portion that is expected to be uncollectible. As of September 30, 2022, the allowance for doubtful accounts was zero for the governmental activities and totaled \$93,122 for the business-type activities. In the fund financial statements, recognition of governmental fund-type revenues is deferred until they become measurable and available, in accordance with the modified accrual basis of accounting. Estimated unbilled revenues from the general, electric, water, sewer and stormwater funds are recognized at the end of each fiscal year on a pro rata basis and totaled \$500,009 as of September 30, 2022.

Governmental funds report unavailable revenues in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. All funds and activities may also report unearned revenue for resources that have been received, but not yet earned.

The mobile home park leases out spaces for mobile homes under cancelable month-to-month leases. Monthly lease amounts recorded in the mobile home park fund vary depending on lot size and lot location. Rental income is recognized when earned.

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

INTERFUND RECEIVABLES AND PAYABLES - During the course of its operations, the City has numerous transactions between funds to provide services, construct assets and service debt. To the extent that certain transactions between funds were not repaid as of year-end, balances of interfund receivables and payables expected to be liquidated within one year have been reported as due from and due to other funds. Interfund receivables not expected to be repaid within one year are reported as interfund advances. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

INVENTORIES - Inventories are priced at a moving average cost not in excess of market and consist primarily of repair and replacement parts for the utility systems, and other supplies and materials held for future use by the City.

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

CAPITAL ASSETS - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., utility systems and roads), 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 estimated useful life in excess of one year and individual cost of more than \$1,000. 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 assets lives are not capitalized.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

In proprietary fund types, capital assets are capitalized at cost in the fund which acquired or constructed it. Donated assets are recorded at acquisition cost. Depreciation of exhaustible fixed assets used by these funds is charged as an expense against operations and, accumulated depreciation is reported on the statement of net position of the funds in which the assets are capitalized. Depreciation has been provided over the estimated useful life of each asset using the straight-line method. The range of estimated useful lives of capital assets are:

<u>Asset Type</u>	<u>Years</u>
Building and building improvements	5-50
Utility plant and improvements	5-50
Equipment	3-20
Infrastructure - roads	75
Infrastructure - road resurfacing	20

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

INTEREST COSTS - Interest costs incurred before the end of a construction period is a financing activity separate from the related capital asset and interest costs incurred before the end of the construction period are recognized as an expense in the period in which the cost is incurred. These interest costs are not capitalized as part of the historical cost of the capital asset.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and will *not* be recognized as an outflow of resources (expense/expenditure) until that time.

The City has one item that qualifies for reporting as deferred outflows of resources. This item is the deferred outflows related to pension. The deferred outflows related to pensions is an aggregate of items related to pensions as calculated in accordance with GASB Cod. Sec. P20 and will be recognized as pension expense in future reporting years.

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

The City has one item that qualifies for reporting as deferred inflows of resources. This type is the deferred inflows related to pensions. The deferred inflows related to pensions is an aggregate of items related to pensions as calculated in accordance with GASB Cod. Sec. P20 and will be recognized as a reduction to pension expense in future reporting years.

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

LONG-TERM OBLIGATIONS - In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the bonds outstanding method. Debt issuance costs are reported as an expense in the period incurred. Bond premiums and discounts are reported, net of amortization, in the related debt balances shown in the financial statements. For current refundings and advance refundings resulting in defeasance of debt reported by governmental activities, business-type activities, and proprietary funds, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is the shorter. Long-term debt for governmental funds is not reported as liabilities in the fund financial statements; rather the debt proceeds are reported as other financing sources and payments of principal and interest are reported as expenditures.

COMPENSATED ABSENCES – The City accrues amounts due for accumulated unpaid vacation, sick and compensatory time in accordance with its policy, under which unused sick leave can accumulate up to 600 hours and vacation is allowed to accumulate up to twice the annual vacation time earned. If a vested employee terminates, he/she shall receive payment for all accumulated vacation time and 50% of accumulated sick time not to exceed 300 hours. For governmental activities, compensated absences are generally liquidated by the general fund.

INTERFUND TRANSFERS – Permanent reallocation of resources between the funds of the City is classified as interfund transfers. Transfers between individual governmental funds or between individual proprietary funds are netted as part of the reconciliation to the government-wide financial statement presentation.

CONNECTION FEES AND IMPACT FEES - Water and sewer connection fees represent reimbursement of the costs incurred to perform the connection of the respective utilities and are recorded as operating revenue when received. Impact fees, which are not considered connection fees since they substantially exceed the cost of connection, are recorded as capital contributions when received. Impact fees receivable are reduced by an allowance for estimated uncollectible amounts when management believes collectability is doubtful.

PENSION COSTS - The actuarially determined provision for pension costs is recorded on an accrual basis in the period for which the costs pertain, and the City's policy is to fund pension costs as they accrue.

LEASES - *Lessee*: The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements when the initial, individual value of the lease liability is \$1,000 or more per asset leased.

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 on a straight-line basis over its useful life.

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.

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

- 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 purchase option price that the City is reasonably certain to exercise.

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

Lessor: 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 the stated interest rate in the lease agreement if available and if not, will attempt to calculate an interest rate implicit within the lease agreement and if that is not possible will mainly use a high-quality municipal bond rate based on the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices nearest to the date of lease commencement. The City reserves the right to use other discount rates if the circumstances require it.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

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

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

EQUITY CLASSIFICATIONS -

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

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

Restricted net position - Consists of restricted assets reduced by liabilities related to those assets. Net position is reported as restricted only when restricted by outside parties or enabling legislation.

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

When both restricted and unrestricted net position is available for use, it is the City's policy to use restricted net position first, and then unrestricted net position as they are needed.

Fund Statements - The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor the constraints on the specific purposes for which amounts in those funds can be spent. Spendable resources are to be shown as restricted, committed, assigned and unassigned as considered appropriate in the City's circumstances. The following classifications describe the relative strength of the spending constraints:

Nonspendable - This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The City has inventories, prepaid items and noncurrent receivables (including interfund advances) as being non-spendable as these items are not expected to be converted to cash within the next year.

Restricted — This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The City has classified forfeitures as being restricted because their use is restricted by State Statute for law enforcement expenditures. The City has classified stormwater management fees as restricted because their use is restricted by City ordinance for stormwater management expenditures. The positive fund balance of the CRA is reported as restricted in accordance with applicable State Statute requirements. Also, the City has classified fire assessment fees as restricted because the use of these revenues is restricted by City ordinance for fire protection expenditures.

Committed — This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Commission. These amounts cannot be used for any other purpose unless the City Commission removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The City did not have any committed resources as of September 30, 2022.

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

Assigned — This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Commission or through the City Commission delegating this responsibility to the City Manager through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The City did not have any assigned resources as of September 30, 2022.

Unassigned — all other spendable amounts.

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

USE OF ESTIMATES – The preparation of the basic financial statements in conformity with generally accepted accounting principles, as applicable to government entities, requires management to make use of estimates that affect the reported amounts in the basic financial statements. Actual results could differ from estimates.

NOTE 2 - PROPERTY TAX CALENDAR

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the Polk County Property Appraiser and the Polk County Tax Collector. The laws of the state regulating tax assessments are also designed to assure a consistent property valuation method state-wide. Florida Statutes permit municipalities to levy property taxes at a rate of up to 10.00 mills. The City's millage rate for fiscal year ended September 30, 2022 was 8.6306.

The tax levy of the City is established by the City Commission prior to October 1 of each year and the Polk County Property Appraiser incorporates the City millages into the total tax levy, which includes the Polk County and the Polk County District School Board tax requirements.

All property is reassessed according to its fair market value January 1 of each year. Each assessment roll is submitted to the Executive Director of the State Department of Revenue for review to determine if the rolls meet all of the appropriate requirements of Florida Statutes.

All taxes are levied on November 1 of each year or as soon thereafter as the assessment roll is certified and delivered to the Polk County Tax Collector. All unpaid taxes become delinquent on April 1 following the year in which they are assessed. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January, and 1% in the month of February. The taxes paid in March are without discount.

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

On or prior to June 1 following the tax year, certificates are sold for all delinquent taxes on real property. After sale, tax certificates bear interest of 18% per year or at any lower rate bid by the buyer. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years. Unsold certificates are held by the County.

Delinquent taxes on personal property bear interest at 18% per year until the tax is satisfied either by seizure and sale of the property or by the five-year statute of limitations.

NOTE 3 - BUDGETARY LAW AND PRACTICE

As set forth in the City Charter, the City Commission adopts an annual budget for all funds. The annual budgets for the governmental fund types are prepared in accordance with the basis of accounting utilized by those funds, with the exception that interfund transfers and loans are considered budgetary resources. Interfund transfers are reported as other financing sources and loans from other funds are reported as interfund liabilities for financial reporting purposes. The budgets for the proprietary fund types are adopted under a basis consistent with generally accepted accounting principles, except that capital expenses and long-term debt principal payments are included in the budget and depreciation expense is not included. The City Manager is authorized to transfer budgeted amounts within departments; however, any revisions that alter the total expenditures/expenses among departments, or in total, must be approved by the City Commission.

During the year and subsequent to year-end, the City Commission may adopt an amended budget approving such additional expenditures/expenses. A budgetary comparison schedule is presented as required supplementary information for the general fund, the community redevelopment agency special revenue fund and the American Rescue Plan Act special revenue fund.

All final budget amounts presented in the accompanying supplementary information have been adjusted for legally authorized amendments.

NOTE 4 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Compliance with Finance Related Legal and Contractual Provisions - the City had no material violations of finance related legal and contractual provisions.

Deficit Fund Balance or Net Position of Individual Funds - As of September 30, 2022, no individual fund had a deficit fund balance or net position deficit.

Excess of Expenditures Over Budget Appropriations in Individual Funds - For the year ended September 30, 2022, no budgetary funds had an excess of expenditures over appropriations.

NOTE 5 - DEPOSITS AND INVESTMENTS

On September 30, 2022, the carrying amount of the City's deposits and investments (excluding fiduciary funds) is summarized below:

Equity in pooled cash and cash equivalents:	
Cash on hand	\$ 1,040
Cash deposits in financial institutions:	
Insured or fully collateralized bank deposits	8,916,710
Total equity in pooled cash and cash equivalents	<u>\$ 8,917,750</u>
Investments:	
None	<u>\$ -</u>

DEPOSITS IN FINANCIAL INSTITUTIONS - All of the City's public deposits are held in qualified public depositories pursuant to Florida Statutes, Chapter 280. Qualified public depositories are required to pledge collateral to the Chief Financial Officer, State of Florida ("CFO") with a market value equal to 50% of the average daily balance of all public deposits in excess of any federal deposit insurance. In addition, to the extent that total public deposits exceed the total amount of the regulatory capital accounts of a bank or the regulatory net worth of a savings association, the required collateral shall have a market value equal to 125% of the deposits. In event of default by a qualified public depository, all claims for public deposits would be satisfied by the CFO from the proceeds of federal deposit insurance, pledged collateral of the public depository in default and, if necessary, a pro rata assessment to the other qualified public depositories in the collateral pool. Therefore, all cash and time deposits held by banks are considered fully insured or collateralized.

INVESTMENTS - CITY - The types of investments in which the City may invest is governed by Ordinance No. 09-06. According to the City's investment policy, the City is authorized to invest in the following instruments:

- Securities issued by the United States Treasury for which the full faith and credit of the United States government guarantees fully all principal and interest payments. At the time of purchase, these securities may not have a maturity of greater five years.
- Securities issued by the Federal Farm Credit Bank (FFCB), the Federal Home Loan Mortgage Corporation (FHLMC), the Federal Home Loan Bank (FHLB), the Federal National Mortgage Association (FNMA) or the Federal Agricultural Mortgage Corporation maintaining at least two AAA/Aaa/AAA long-term credit ratings from S&Ps, Moody's or Fitch, respectively. At the time of purchase, these securities may not have a maturity of greater than five years.
- General or revenue obligations of any state of the United States, the District of Columbia, or any territorial possession of the United States maintaining at least two AAA/Aaa/AAA long-term credit ratings from S&Ps, Moody's or Fitch, respectively. At the time of purchase, these securities may not have a maturity of greater than five years.
- United States dollar denominated debt instruments issued by a corporation or bank which is organized and operation within the United States maintaining at least two AA-/Aa3/AA- long-term credit ratings from S&Ps, Moody's or Fitch, respectively. Specifically, commercial paper must carry at least two short-term credit ratings of A1+ from S&P, PI from Moody's or F1+ from Fitch. At the time of purchase, these securities may not have a maturity of greater than one year.

NOTE 5 - DEPOSITS AND INVESTMENTS (cont...)

- Non-negotiable interest-bearing CDs or savings account in bank or savings associations provided the deposits are secured by the Florida Security of Public Deposits Act, Chapter 280, Florida Statutes and provided that the institution is not recognized on a credit watch information service list. At the time of purchase, these securities may not have a maturity of greater than one year.
- Shares in local government investment pools organized under Chapter 163, part I, Florida Statutes that, at the time of purchase, carry a AAAM rating from S&P, or AAA from Moody’s or AAA from Fitch. At the time of purchase, these investments must be fully redeemable on the next business day.
- Shares in the State Board of Administration pool (SBA) organized under Chapter 218, Part IV, Florida Statutes that, at the time of purchase, carry a AAAM rating from S&P, or AAA from Moody’s or AAA from Fitch. These investments also require a written recommendation from the Finance Director to the City Manager and City Commission. At the time of purchase, these investments must be fully redeemable on the next business day.
- Money market mutual funds registered as an investment company under the federal Investment Company Act of 1940, as amended that, at the time of purchase, carry a AAAM rating from S&P, or AAA from Moody’s or AAA from Fitch. At the time of purchase, these investments must be fully redeemable on the next business day.
- Repurchase agreements

The policy limits the overall investment portfolio concentration and concentration into individual investment issues as follows:

Type of Investment	Maximum Portfolio Concentration	Maximum Individual Issue Concentration
United States Treasury	100%	10%
United States Agency	100%	10%
Government Sponsored Enterprises	75%	10%
State & Local Government	30%	10%
Corporations	30%	5%
Bank Deposits	50%	35%
Certificate of Deposit	30%	10%
Local Government Investment Pool	75%	75%
State Board of Administration Pool	50%	25%
Money Market Mutual Funds	50%	25%
Repurchase Agreements	50%	25%

NOTE 5 - DEPOSITS AND INVESTMENTS (cont...)

INVESTMENTS – PENSION TRUST FUNDS - The City has contracted with the Florida Municipal Pension Trust Fund (FMPTF) to be the custodian and investment manager for the pension trusts' investments and has adopted the FMPTF's investment policy for its pension trust funds. There were no significant investment policy changes during the year ended September 30, 2022. The FMPTF is established as a trust whereby governmental entities with employee pension plans may elect to join the trust (becoming a participating employer), and with the trust providing the plans with administrative and investment services for the benefit of participating employers, participating employees and beneficiaries. All employee pension plan assets with the FMPTF are included in the trust's Master Trust Fund. Employee pension plan assets are invested by the FMPTF through the Florida Municipal Investment Trust (FMIvT) for the benefit of participating employers, participating employees and beneficiaries.

The FMIvT is a Local Government Investment Pool (LGIP) and, therefore, considered an external investment pool for GASB reporting requirements. The City's pension plans have a beneficial interest in the FMIvT portfolio, not the individual securities held within each portfolio.

The City elected to participate in the FMPTF 60% equity asset allocation model. This model uses an investment allocation ratio of not to exceed 60% of the assets invested in equity securities (pooled equity funds managed by FMIvT), 30% in fixed income securities (pooled fixed income funds managed by FMIvT), and 10% in real estate (pooled core real estate portfolio managed by FMIvT). Within this target asset allocation, the FMIvT has target percentages of how it allocates a participant's investments among the various pooled accounts that it maintains. Redemptions from the FMIvT are permitted one per month upon advance written notification.

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NOTE 5 - DEPOSITS AND INVESTMENTS (cont...)

The City's and FMIvT's investment policies (for the pension funds) are summarized below.

Authorized Investments	Maximum Portfolio Concentration	Maximum Maturity	Maximum Issuer Concentration	Lowest Permitted S&P Rating
City of Fort Meade:				
U.S. Government securities	100%	5 years	10%	
U.S. Government Agency securities	100%	5 years	10%	
Government Sponsored Enterprises	75%	5 years	10%	AAA
State or local government obligations	30%	5 years	10%	AAA
Corporate notes of any U.S. company	30%	1 year	5%	AA-
Commercial paper of any U.S. company	30%	1 year	50%	A1+
Non-negotiable interest bearing deposits				
in qualified public depositories	50%	1 year	10%	
Intergovernmental investment pools	75%	1 day	75%	AAAm
Florida Local Government Surplus Funds Trust Fund	50%	1 day	25%	AAAm
Money market mutual funds (registered investment companies)	50%	1 day	25%	AAAm
Repurchase agreements 102% secured by securities				
of the U.S. Government, its Agencies or Instrumentalities	50%	1 day	25%	
Overall portfolio limitations:				
Overall portfolio total average duration limitation cannot exceed		5 years		
Minimum portfolio invested in daily liquid investments		25%		
Pension Plans (FMPTF investment policy):				
Repurchase agreements	Not Limited	180 days		
Direct obligations of the U.S. Treasury	Not Limited			
State Board of Administration or State	Not Limited			
Treasurer authorized investments				
Commercial paper issued in the U.S.	Not Limited	270 days		AA
Bankers' acceptances	Not Limited	270 days	5.00%	AA
Negotiable certificates of deposit	Not Limited	2 years	\$5 million	A
U.S. Government Agency securities	Not Limited			
Money market master mutual funds, limited to temporary funds	Temp Funds			
Mortgage obligations guaranteed by U.S.	Not Limited			AAA
Corporate fixed income securities issued by U.S. company	Not Limited		3.00%	A
Asset backed securities issued by U.S.	Not Limited			A
State, municipal county governments	Not Limited			A
Commingled government investment trusts	Not Limited			
Guaranteed investment contracts with highest rated companies	Not Limited			Highest AM Best
Investment agreements with financial institutions	Not Limited		\$10 million	
Equity assets	60%			
Florida Municipal Investment Trust (FMIvT) portfolios	Not Limited			

NOTE 5 - DEPOSITS AND INVESTMENTS (cont...)

As of September 30, 2022, the fair value of the City's pension plan investments with the FMIvT were as follows:

General Employees Pension Trust Fund:

FMIvT Cash Fund	\$ 50,581
FMIvT Broad Market High Quality Bond Fund	753,655
FMIvT Core Plus Fixed Income Fund	733,423
FMIvT Diversified Large Cap Equity Fund	1,122,895
FMIvT Diversified Small to Mid Cap Equity Fund	708,132
FMIvT International Equity Fund	854,817
FMIvT Core Real Estate Fund	834,585
Total	<u>\$ 5,058,088</u>

Police Officers' Pension Trust Fund:

FMIvT Cash Fund	\$ 11,049
FMIvT Broad Market High Quality Bond Fund	164,632
FMIvT Core Plus Fixed Income Fund	160,212
FMIvT Diversified Large Cap Equity Fund	245,291
FMIvT Diversified Small to Mid Cap Equity Fund	154,688
FMIvT International Equity Fund	186,730
FMIvT Core Real Estate Fund	182,311
Total	<u>\$ 1,104,913</u>

Firefighters' Pension Trust Fund:

FMIvT Cash Fund	\$ 3,651
FMIvT Broad Market High Quality Bond Fund	54,402
FMIvT Core Plus Fixed Income Fund	52,941
FMIvT Diversified Large Cap Equity Fund	81,055
FMIvT Diversified Small to Mid Cap Equity Fund	51,116
FMIvT International Equity Fund	61,704
FMIvT Core Real Estate Fund	60,242
Total	<u>\$ 365,111</u>

If applicable, it is the City's policy to categorize its fair value measurements within the fair value hierarchy established by GASB Cod. Sec. 3100. The hierarchy is based on the valuation inputs used to measure fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The FMIvT, administered by the Florida League of Cities, Inc., is an interlocal governmental entity created under the laws of the State of Florida as a local government investment pool and is considered an external investment pool for GASB purposes. Therefore, the City is not required to categorize the positions of the pool within the fair value hierarchy as established by U.S. GAAP.

NOTE 5 - DEPOSITS AND INVESTMENTS (concluded)

The schedule below summarizes the fixed income investments by credit rating and maturity. All of the pension trust funds' investments are evidenced by shares of the applicable FMIvT investment pools and are not exposed to custodial credit risk and are excluded from the concentration risk disclosure.

Investment Type	Fitch Rating	Fair Value	Modified Duration	Weighted Average Maturity
General Employees Pension Trust Fund:				
Cash and short-term money market	Not Rated	\$ 50,581	0.00	0.00
FMIvT Broad Market High Quality Bond Fund	AAf/S4	753,655	5.46	6.70
FMIvT Core Plus Fixed Income Fund	Not Rated	733,423	6.02	8.92
		\$ 1,537,659		
Police Officers' Pension Trust Fund:				
Cash and short-term money market	Not Rated	\$ 11,049	0.00	0.00
FMIvT Broad Market High Quality Bond Fund	AAf/S4	164,632	5.46	6.70
FMIvT Core Plus Fixed Income Fund	Not Rated	160,212	6.02	8.92
		\$ 335,893		
Firefighters' Pension Trust Fund:				
Cash and short-term money market	Not Rated	\$ 3,651	0.00	0.00
FMIvT Broad Market High Quality Bond Fund	AAf/S4	54,402	5.46	6.70
FMIvT Core Plus Fixed Income Fund	Not Rated	52,941	6.02	8.92
		\$ 110,994		

NOTE 6 - CAPITAL ASSETS

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

	Balance October 1, 2021 (*)	Transfers and minor adjustments	Increases	Decreases	Balance September 30, 2022
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 794,008	\$ -	\$ -	\$ -	\$ 794,008
Construction in process	16,529	-	35,933	-	52,462
Total capital assets, not being depreciated	<u>810,537</u>	<u>-</u>	<u>35,933</u>	<u>-</u>	<u>846,470</u>
Capital assets, being depreciated:					
Buildings and improvements	3,872,667	-	111,778	-	3,984,445
Right to use leased equipment	29,329	-	9,221	-	38,550
Equipment	2,793,694	-	373,432	(31,384)	3,135,742
Infrastructure	10,464,738	-	101,963	-	10,566,701
Total capital assets, being depreciated	<u>17,160,428</u>	<u>-</u>	<u>596,394</u>	<u>(31,384)</u>	<u>17,725,438</u>
Less accumulated depreciation for:					
Buildings and improvements	(2,517,640)	-	(155,674)	-	(2,673,314)
Right to use leased equipment	-	-	(11,259)	-	(11,259)
Equipment	(1,712,964)	-	(214,463)	31,384	(1,896,043)
Infrastructure	(8,317,296)	-	(122,424)	-	(8,439,720)
Total accumulated depreciation	<u>(12,547,900)</u>	<u>-</u>	<u>(503,820)</u>	<u>31,384</u>	<u>(13,020,336)</u>
Total capital assets being depreciated, net	<u>4,612,528</u>	<u>-</u>	<u>92,574</u>	<u>-</u>	<u>4,705,102</u>
Governmental activities capital assets, net	<u>\$ 5,423,065</u>	<u>\$ -</u>	<u>\$ 128,507</u>	<u>\$ -</u>	<u>\$ 5,551,572</u>
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 345,838	\$ -	\$ -	\$ -	\$ 345,838
Construction-in-progress	394,040	(333,700)	508,536	-	568,876
Total capital assets, not being depreciated	<u>739,878</u>	<u>(333,700)</u>	<u>508,536</u>	<u>-</u>	<u>914,714</u>
Capital assets, being depreciated:					
Buildings, utility plant and improvements	20,716,054	333,700	106,296	-	21,156,050
Equipment	2,047,518	-	735,386	(41,072)	2,741,832
Total capital assets, being depreciated	<u>22,763,572</u>	<u>333,700</u>	<u>841,682</u>	<u>(41,072)</u>	<u>23,897,882</u>
Less accumulated depreciation for:					
Buildings, utility plant and improvements	(12,194,387)	-	(583,446)	-	(12,777,833)
Equipment	(1,281,823)	-	(156,540)	41,072	(1,397,291)
Total accumulated depreciation	<u>(13,476,210)</u>	<u>-</u>	<u>(739,986)</u>	<u>41,072</u>	<u>(14,175,124)</u>
Total capital assets being depreciated, net	<u>9,287,362</u>	<u>333,700</u>	<u>101,696</u>	<u>-</u>	<u>9,722,758</u>
Business-type activities capital assets, net	<u>\$ 10,027,240</u>	<u>\$ -</u>	<u>\$ 610,232</u>	<u>\$ -</u>	<u>\$ 10,637,472</u>

(*) – the previously reported balances above on October 1, 2021 have been restated due to the implementation of GASB Statement No. 87. See Note 17 for more detail.

NOTE 6 - CAPITAL ASSETS (cont...)

Depreciation expense was charged to the following programs and functions:

Governmental Activities:

General government	\$	91,398
Law enforcement		7,728
Fire control		52,331
Building inspections		2,080
Stormwater		102,920
Community redevelopment		16,543
Roads and streets		133,540
Library		7,157
Recreation		29,131
Parks		60,992
Total depreciation expense - governmental activities	\$	<u>503,820</u>

Business-type Activities:

Electric	\$	260,393
Water		92,586
Sewer		362,471
Mobile home park		24,536
Total depreciation expense - business-type activities	\$	<u>739,986</u>

NOTE 7 – LEASES

Lease payable – The following is information related to the City’s lease’s payable on September 30, 2022:

Leased asset(s)	Balances as of September 30, 2022			Payment Frequency	Payment Amount	Interest Rate	Inception Year	Lease Term at Inception (months)
	Cost	Accumulated Amortization	Lease Payable					
Multifunction copiers (*)	\$ 29,329	\$ (8,185)	\$ 21,766	Monthly	\$ 760	6.0%	2021	48
Phone system	9,221	(3,074)	6,328	Monthly	281	6.0%	2022	36
Governmental activities	38,550	(11,259)	28,094					

(*) – Right to use leased assets identified during implementation of GASB Statement No. 87 – Leases that are required to be reported as assets and liabilities under this Statement and that were previously reported as operating leases. See Note 17 for more detail.

NOTE 8 - LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the year ended September 30, 2022:

	Balance October 1, 2021 (*)	Increases	Decreases	Balance September 30, 2022	Amounts Due within One Year
Governmental Activities:					
Long-term debt:					
5th Cent Local Option Fuel Tax					
Revenue Notes, Series 2011	\$ 724,103	\$ -	\$ (91,151)	\$ 632,952	\$ 94,970
Promissory note, 2018	376,205	-	(36,429)	339,776	44,540
Redevelopment revenue bond, Series 2022	-	1,000,000	(21,380)	978,620	58,450
Installment notes	186,129	-	(69,435)	116,694	56,342
Total long-term debt	<u>1,286,437</u>	<u>1,000,000</u>	<u>(218,395)</u>	<u>2,068,042</u>	<u>254,302</u>
Other liabilities:					
Leases payable	29,329	9,220	(10,455)	28,094	11,099
Net pension liability	-	696,135	-	696,135	-
Other postemployment benefits liability	92,931	8,932	-	101,863	-
Compensated absences	87,705	9,023	-	96,728	-
Total other liabilities	<u>209,965</u>	<u>723,310</u>	<u>(10,455)</u>	<u>922,820</u>	<u>11,099</u>
Total long-term obligations	<u>\$ 1,496,402</u>	<u>\$ 1,723,310</u>	<u>\$ (228,850)</u>	<u>2,990,862</u>	<u>\$ 265,401</u>
Less amounts due in one year				(265,401)	
Total noncurrent obligations due in more than one year				<u>\$ 2,725,461</u>	
Business-type Activities:					
Long-term debt:					
Revenue bonds and certificates:					
Sewer Revenue Refunding Bonds, 2020	\$ 2,880,010	\$ -	\$ (81,423)	\$ 2,798,587	\$ 84,044
FDEP Note WW531120	66,778	-	-	66,778	499
Water Revenue Refunding Bonds, 2021	1,051,688	-	(31,912)	1,019,776	32,757
Other long-term debt					
Joint venture loan guarantee	46,419	10,696	-	57,115	-
Installment notes	165,969	374,417	(58,165)	482,221	135,871
Total long-term debt	<u>4,210,864</u>	<u>385,113</u>	<u>(171,500)</u>	<u>4,424,477</u>	<u>253,171</u>
Other liabilities:					
Net pension liability	-	406,171	-	406,171	-
Other postemployment benefits liability	44,535	10,497	-	55,032	2,752
Compensated absences	39,173	8,727	-	47,900	-
Total other liabilities	<u>83,708</u>	<u>425,395</u>	<u>-</u>	<u>509,103</u>	<u>2,752</u>
Total long-term obligations	<u>\$ 4,294,572</u>	<u>\$ 810,508</u>	<u>\$ (171,500)</u>	<u>4,933,580</u>	<u>\$ 255,923</u>
Less amounts due in one year				(255,923)	
Total noncurrent obligations due in more than one year				<u>\$ 4,677,657</u>	

(*) – the previously reported balances above on October 1, 2021 have been restated due to the implementation of GASB Statement No. 87. See Note 17 for more detail.

Notes to Long-Term Obligations Table

Long term liabilities, including accumulated compensated absences are typically liquidated by the individual fund to which the liability is directly associated. All City long-term debt arose through direct borrowings or direct placements.

Interest Included as Direct Expense: None of the interest on governmental activities long-term debt has been included in the direct expenses of any of the various programs.

NOTE 8 - LONG-TERM OBLIGATIONS (cont...)

Bonds and notes outstanding at September 30, 2022, consisted of the following for governmental and business-type activities:

	<u>Purpose</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Outstanding Amount</u>
Governmental activities					
Long-term debt:					
5th Cent Local Option Fuel Tax					
Revenue Notes, Series 2011	1	2028	4.190%	\$ 1,450,000	\$ 632,952
Promissory note, 2018	8	2024	3.400%	117,614	339,776
Redevelopment revenue bond, Series 2022	12	2036	2.700%	1,000,000	978,620
Installment notes and leases payable:					
Equipment purchase note, 2020A	3	2023	3.990%	71,318	24,748
Equipment purchase note, 2020B	3	2023	3.990%	29,202	7,552
Equipment purchase note, 2021A	9	2026	3.740%	34,623	28,050
Equipment purchase note, 2021B	10	2024	3.740%	32,120	16,166
Equipment purchase note, 2021C	11	2026	3.740%	50,083	40,178
Total governmental activities					<u>\$ 2,068,042</u>
Business-type activities					
Long-term debt:					
Revenue bonds and certificates:					
Sewer Revenue Refunding Bonds, 2020	2	2045	3.196%	\$ 2,950,000	\$ 2,798,587
Water Revenue Refunding Bonds, 2021	5	2047	2.650%	1,068,066	1,019,776
FDEP Note WW531120	6	2041	0.300%	66,778	66,778
Other long-term debt:					
Installment notes:					
Equipment purchase note, 2020C	4	2023	2.870%	184,865	94,293
Equipment purchase note, 2020D	4	2023	3.990%	23,773	8,249
Equipment purchase note, 2020E	4	2023	3.990%	20,348	5,262
Equipment purchase note, 2022	13	2027	3.740%	374,417	374,417
Joint venture loan guarantee	7	2034	1.890%	46,419	57,115
Total business-type activities					<u>\$ 4,424,477</u>

1. Resurface City streets, loan is secured by a pledge of and lien upon the City's fifth-cent local option fuel taxes. Principal is due annually and interest due semiannually.
2. Refunding of prior sewer fund long term debts used for water and sewer system improvements and secured by sewer system revenues. Principal and interest are due semiannually.
3. Purchase of equipment to be used in general government operations and secured by the equipment financed. Principal and interest is due annually.
4. Purchase of equipment to be used in electric fund operations and secured by the equipment financed. Principal and interest is due annually.
5. Refunding of prior water fund long-term debt obligation originally used for water system improvements and secured by water system revenues. Principal and interest are due semiannually.
6. Major sewer rehabilitation improvements and inflow and infiltration remediation and secured by sewer net revenues. Principal and interest is due semiannually.

NOTE 8 - LONG-TERM OBLIGATIONS (cont...)

7. Proportionate share of joint venture debt that is guaranteed by the joint venture members. These costs were incurred to pursue alternative water sources. See Note 16 for more information.
8. Repairs and improvements to City facilities due to damage caused by Hurricane Irma. Principal and interest is due monthly.
9. Purchase of a vehicle to be used in general government operations and secured by the equipment financed. Principal and interest is due annually.
10. Purchase of fire department radios and secured by the equipment financed. Principal and interest is due annually.
11. Purchase of two vehicles to be used in general government operations and secured by the equipment financed. Principal and interest is due annually.
12. Financing for the acquisition of property for the expansion of the community center complex and related improvements and is secured by the CRA's tax increment revenue as defined in Section 163.387(1), Florida Statutes. Principal is due annually on September 1 and interest is due semiannually on March 1 and September 1.
13. Purchase of a sewer line cleaning truck secured by the equipment financed. Principal and interest is due annually.

All the City's long-term debt may be prepaid in whole or in part without penalty with the exception of the Redevelopment Revenue Bond, Series 2022 which cannot be redeemed prior to June 1 2029. In addition, some of the obligations require the establishment and maintenance of various "funds" or accounts on the books of the City, as follows:

- The 5th Cent Local Option Fuel Tax Revenue Notes, Series 2011; Redevelopment Revenue Bond, Series 2022; Sewer Revenue Refunding Bonds, Series 2020 and the Water System Revenue Bonds, Series 2009 all require the maintenance of a sinking fund whereby a monthly proration of the next upcoming debt service payment is segregated within the City's accounting information system and used for the debt service payment when due.

Joint Venture Loan Guarantee – The City has entered into an agreement with the Florida Department of Environmental Protection (FDEP) to guarantee to pay the principal and interest of their proportional share of SRF loan funds borrowed by the Polk Regional Water Cooperative to fund the projects of the combined projects implementation agreement. The SRF loan bears interest at 1.89% and principal and interest are due semiannually beginning on December 15, 2024, for a ten-year term to maturity on December 15, 2033. As of September 30, 2022, the Polk Regional Water Cooperative has borrowed \$8,804,576 through this SRF funding of which, \$57,115 has been guaranteed by the City and has been recorded as a liability in the City's water enterprise fund. See Note 16 for more information on the Polk Regional Water Cooperative and its relationship with the City.

Remedies in the Event of Default - The debt obligations all allow for the obligors to take whatever legal actions necessary to collect the amounts due in the event of default. The following debt obligations have additional remedies in the event of defaults as follows:

- Promissory Note, 2018 – The lender may, without notice and at their option, declare the entire principal sum and then remaining unpaid accrued interest immediately due and payable.

NOTE 8 - LONG-TERM OBLIGATIONS (cont...)

- Equipment purchase agreements – The lessor/lender typically has the right to declare the unpaid principal components of the remaining payment to be due and payable upon default and in some cases, can forcibly repossess the asset securing the purchase agreement.
- Sewer Revenue Refunding Bonds, 2020 – Any amounts that are greater than thirty days overdue shall bear interest at the annual rate of 15.196%.
- Redevelopment Revenue Bond, Series 2022 – Upon default the bond shall bear interest at 4.7% until the event of default has been cured.

Pledged Revenue - The City has pledged future revenues, net of certain operating expenses, for payment of debt. The following table provides a summary of the pledged revenues for the City's outstanding debt issues. Additional information regarding the City's pledged revenue can be found in the preceding sections of this note:

Pledged Revenue	Revenue Pledged Through	Total Principal and Interest Outstanding	Current Year Principal and Interest Paid	Current Year Net Revenue	Percentage of Net Revenues to Principal and Interest Paid
Sewer revenues	9/1/2045	\$ 4,047,118	\$ 172,948	\$ 348,793	201.68%
Water system revenue only	9/1/2045	\$ 1,374,978	\$ 59,782	\$ 171,523	286.91%
5th Cent local option gas tax revenue	9/1/2028	\$ 728,946	\$ 121,491	\$ 127,751	105.15%
Communications services tax, solid waste franchise fee and half-cent sales tax	6/1/2024	\$ 357,947	\$ 47,638	\$ 669,316	1405.00%
CRA tax increment revenues	9/1/2036	\$ 1,189,385	\$ 31,381	\$ 319,058	1016.72%

Maturities - Annual debt service requirements to repay all long-term debt as of September 30, 2022, are as follows:

Fiscal Year Ending	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 254,302	\$ 69,359	\$ 253,171	\$ 128,141
2024	479,171	56,226	242,127	125,130
2025	182,102	43,092	206,122	118,243
2026	188,762	36,441	212,768	111,596
2027	176,936	29,537	219,587	104,729
2028-2032	469,015	77,240	768,559	444,506
2033-2037	317,754	21,857	864,483	324,152
2038-2042	-	-	988,632	187,812
2043-2047	-	-	669,028	37,403
Total	\$ 2,068,042	\$ 333,752	\$ 4,424,477	\$ 1,581,712

NOTE 8 - LONG-TERM OBLIGATIONS (cont...)

Annual requirements to repay all leases payable as of September 30, 2022, were as follows:

Fiscal Year Ending	Governmental Activities	
	Principal	Interest
2023	\$ 11,099	\$ 1,384
2024	11,784	699
2025	5,211	105
Total	\$ 28,094	\$ 2,188

Interest and other debt service expenses for the governmental activities totaled \$93,170 for the year ended September 30, 2022. Interest and other debt service expenses incurred in the business-type activities totaled \$130,234 for the same period.

NOTE 9 – RESTRICTED FUND BALANCE/NET POSITION

The general fund, water fund and sewer fund, each had revenue bonds outstanding on September 30, 2022. The ordinances authorizing the issuance of these bonds require that monies be set aside in separate restricted accounts for the payment of bond principal and interest, and to create reserves until the maturity of the bond issued. In addition, customer deposits and impact fees are also restricted in accordance with applicable laws and regulations. Various funds/activities reported the following restricted fund balances and restricted net position, as of September 30, 2022:

	Restricted Fund Balance	Restricted Net Position
Governmental Funds/Activities		
Community redevelopment	\$ 138,565	\$ 138,565
Community Center Complex project	1,000,000	21,380
5th Cent revenue bond debt service	10,124	6,450
Stormwater management	399,085	399,085
Fire services	77,166	77,166
Pension benefits	-	306,369
Total	\$ 1,624,940	\$ 949,015
Enterprise Funds/Business-type Activities		
Water Fund:		
Restricted for debt service - 2021 sinking fund		\$ 2,730
Water impact fees restricted for system improvements		132,976
Total		\$ 135,706
Sewer Fund:		
Restricted for debt service - 2020 sinking fund		\$ 7,009
Sewer impact fees restricted for system improvements		219,451
Total		\$ 226,460

NOTE 10 – INTERFUND TRANSACTIONS

Due to/due froms are expected to be repaid shortly after year end. Advances are not expected to be repaid out of current resources. On September 30, 2022, the balance in due to/from and advances to other funds consisted of the following:

Receivable Fund	Payable Fund	Amount
General fund	Water fund	\$ 166,316
General fund	Sewer fund	362,033
		\$ 528,349

During the fiscal year ended September 30, 2019, the City Commission approved a repayment plan for the amount due to the general fund from the sewer fund. The repayment plan consists of annual payments of \$21,296 for the next 17 years.

There is no formal repayment plan related to the amounts due to the general fund from the water fund.

Interfund transfers for the year ending September 30, 2022 consisted of:

	Transfers in:			Total
	General Fund	Water Fund	Sewer Fund	
Transfers out:				
Electric Fund	\$ 960,206	\$ -	\$ -	\$ 960,206
Mobile Home Park Fund	55,000	-	-	55,000
Solid Waste Fund	10,000	-	-	10,000
CRA Special Revenue Fund	44,464	-	-	44,464
American Rescue Plan Act Special Revenue Fund	-	140,108	269,895	410,003
Total	\$ 1,069,670	\$ 140,108	\$ 269,895	\$ 1,479,673

The interfund transfers above are per the adopted budget and are used to supplement the receiving funds' revenue.

Other interfund transactions:

The general fund charged \$380,958 to user departments in certain enterprise funds for indirect services provided by general fund administrative departments. These charges are reported as operating expenses of the enterprise funds and are netted against general government expenditures in the general fund.

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS

The City follows GASB Cod. Sec. P52 for certain postemployment healthcare benefits provided by the City.

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

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

Funding Policy – Currently, the City’s OPEB benefits are unfunded. The City has not advance-funded or established a funding methodology for the annual other postemployment benefit (OPEB) costs or the OPEB liability, and the OPEB Plan is financed on a pay-as-you-go basis.

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

Total OPEB Liability – The City’s total OPEB liability as of September 30, 2022 (the measurement date) was determined by an actuarial valuation as of October 1, 2021 updated to the measurement date using the following actuarial assumptions.

Inflation	2.50%
Salary Increases	2.50%
Discount Rate	4.77%
Initial Trend Rate	7.50%
Ultimate Trend Rate	4.00%
Year to Ultimate Trend Rate	53

For all lives, mortality rates were PubG-2010 Mortality Tables. As published by the Society of Actuaries and projected to the valuation date using projection scale MP-2019.

As of above actuarial valuation date of October 1, 2021 there were 47 active plan members and one inactive plan member receiving benefits.

NOTE 11 - OTHER POST EMPLOYMENT BENEFITS (cont...)

Discount Rate – The discount rate was based on a high-quality municipal bond rate of 4.77%. The high-quality bond rate was based on the week closest but not later than the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices. The S&P Municipal 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor's Rating Services, Aa2 by Moody's or AA by Fitch. If there are multiple ratings, the lowest rating is used.

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

OPEB Expense – For the year ended September 30, 2022, the City recognized OPEB expense of \$27,360.

Changes in Total OPEB Liability:

	Total OPEB Liability
Reporting period ending September 30, 2021	\$ 137,466
Changes for the year:	
Service cost	26,605
Interest	3,912
Changes of assumptions	(5,596)
Differences between expected and actual experience	(761)
Benefit payments	(4,731)
Net changes	<u>19,429</u>
Reporting period ending September 30, 2022	<u>\$ 156,895</u>

NOTE 11 - OTHER POST EMPLOYMENT BENEFITS (cont...)

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

	1% Decrease (3.77%)	Discount Rate (4.77%)	1% Increase (5.77%)
Total OPEB liability	\$ 173,977	\$ 156,895	\$ 142,387

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

	1% Decrease (3.00% to 6.50%)	Healthcare Cost Trend Rates (4.00% to 7.50%)	1% Increase (5.00% to 8.50%)
Total OPEB liability	\$ 139,590	\$ 156,895	\$ 177,739

NOTE 12 – PENSION TRUST FUNDS

Plan Description - The City is the administrator of three separate single-employer public employee retirement systems established by City Ordinance to provide pension benefits for its police officers, fire fighters and other general employees. The five-member City Commission serves as the Board of Trustees for each of the three Plans. The Plans were established by and can be amended by City Ordinance. All full-time, permanent general, police, and fire employees become members on the first day of the month following their date of employment, but not earlier than January 1, 1969. Employees hired prior to January 1, 1969, must have been less than age 60 on their date of hire to be included. The City Manager may elect not to participate in this plan. Effective January 1, 2008, the City's law enforcement activities were transferred to the Polk County Sheriff and all of the police officers were either hired by the Sheriff or were terminated. Those hired by the Sheriff have all agreed to participate in the Sheriff's retirement plan, so the Police Officers' Pension Plan has no active participants. The Plans do not prepare stand-alone financial reports.

Plan Membership - Plan membership as of the most recent actuarial valuation date consisted of the following:

	as of October 1, 2021		
	General Employees' Pension Trust Fund	Police Officers' Pension Trust Fund	Fire- Fighters' Pension Trust Fund
Inactive plan members or beneficiaries currently receiving benefits	31	5	10
Inactive plan members entitled to but not yet receiving benefits	15	4	7
Active plan members	44	-	14
Total	90	9	31

Benefits - The City's pension plans provide retirement and disability benefits. Retirement benefits for general employee members are calculated at 1.5% (1.75% for police officers and firefighters) of the final five-year average earnings multiplied by years of creditable service. Early retirement is available after completing 20 years of service and attainment of age 60 (10 years and attainment of age 50 for firefighters). All members are eligible for non-duty disability benefits after 10 years of service and police officers and firefighters are eligible for service-connected disability regardless of years of service. Benefits for all members vest after 10 years of service. The Plans do not provide post-employment benefit adjustments such as cost of living increases. Normal retirement age varies based upon age and years of credited service as noted below:

General Employees' Retirement Plan		Firefighters' Retirement Plan	
Age	Credited Service	Age	Credited Service
65	5 Years	65	Any
62	30 years	60	10 years
60	35 years	55	30 years
Any	40 years	Any	40 years

Members of the general employees' retirement plan who enter the plan at age 61 or older are eligible for normal retirements 5 years after entry.

NOTE 12 – PENSION TRUST FUNDS (cont...)

Contributions - It is the City's policy to fund annually the actuarially determined required contributions representing the difference between the actuarially determined amount and the contributions of Plan members, if any. Contributions shown below were made in accordance with actuarially determined contribution requirements from the October 1, 2021 valuation. These contributions were for normal cost and to amortize any unfunded actuarial accrued liability, then adjusted for the frequency of payments and an assumed increase in covered payroll. Contributions expressed in dollars and as a percent of total payroll of active participants were as follows:

	General Employees' Pension Trust Fund	Police Officers' Pension Trust Fund	Fire- Fighters' Pension Trust Fund
Contribution rates:			
City	8.5%	N/A	28.0%
Plan members	0.0%	0.0%	0.0%
Actuarially determined contribution	\$ 203,161	\$ 16,810	\$ 24,239
Contributions made	\$ 177,573	\$ 16,810	\$ 22,610

Investments and Rate of Return - The Plans' investment policy and information related to concentrations and custodial and credit risk is discussed in Note 5 to the financial statements. For the year ended September 30, 2022, the gross money-weighted rate of return adjusted for the changing amounts actually invested, for the each of the Plans was as follows:

	General Employees'	Police Officers'	Fire Fighters'
Money-Weighted Rate of Return	-13.29%	-13.27%	-13.17%

Deferred Retirement Option Program (DROP) - The City permits its pension plan participants to elect to receive retirement benefits while still employed and receiving a salary. Eligibility is 30 years of service and attainment of the earlier of age 62 or normal retirement. The participant's retirement benefits are credited into an individual member account and paid out to the member upon termination or retirement not to exceed a period of up to 36 months. Amounts credited to the members' DROP accounts earn interest at 6% and remain in the pension plans' net position until paid out. Amounts held in DROP accounts as of September 30, 2022 were as follows:

	General Employees'	Police Officers'	Fire Fighters'	Total
Total accumulated DROP benefits	\$ -	\$ -	\$ -	\$ -

NOTE 12 – PENSION TRUST FUNDS (cont...)

Net Pension Liability – The components of the changes in the net pension liability for all three pension trust funds for the year ended September 30, 2022 are shown below. The net pension liability as of September 30, 2022 for financial reporting purposes was determined by actuarial valuations as of October 1, 2021 updated to September 30, 2022 (the measurement date).

General Employees’ Pension Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset) Liability
	(a)	(b)	(a)-(b)
Balances at September 30, 2021	\$ 5,992,415	\$ 6,086,765	\$ (94,350)
Changes for the year:			
Service cost	142,780	-	142,780
Interest	402,752	-	402,752
Difference between actual and expected experience	(68,007)	-	(68,007)
Change in benefit terms	13,566	-	13,566
Contributions - City	-	177,573	(177,573)
Net investment income	-	(794,415)	794,415
Benefit payments, including refunds of employee contributions	(364,124)	(364,124)	-
Administrative expense	-	(37,202)	37,202
Net changes	126,967	(1,018,168)	1,145,135
Balances at September 30, 2022	<u>\$ 6,119,382</u>	<u>\$ 5,068,597</u>	<u>\$ 1,050,785</u>

Police Officers’ Pension Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset) Liability
	(a)	(b)	(a)-(b)
Balances at September 30, 2021	\$ 1,041,386	\$ 1,340,177	\$ (298,791)
Changes for the year:			
Interest	68,242	-	68,242
Difference between actual and expected experience	(118,409)	-	(118,409)
Contributions - City	-	16,810	(16,810)
Net investment income	-	(174,912)	174,912
Benefit payments, including refunds of employee contributions	(60,788)	(60,788)	-
Administrative expense	-	(16,374)	16,374
Net changes	(110,955)	(235,264)	124,309
Balances at September 30, 2022	<u>\$ 930,431</u>	<u>\$ 1,104,913</u>	<u>\$ (174,482)</u>

NOTE 12 – PENSION TRUST FUNDS (cont...)

Firefighters’ Pension Plan:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a)-(b)
Balances at September 30, 2021	\$ 418,188	\$ 453,824	\$ (35,636)
Changes for the year:			
Service cost	8,113	-	8,113
Interest	27,757	-	27,757
Difference between actual and expected experience	(5,301)	-	(5,301)
Contributions - City	-	22,610	(22,610)
Net investment income	-	(59,972)	59,972
Benefit payments, including refunds of employee contributions	(30,161)	(30,161)	-
Administrative expense	-	(19,226)	19,226
Net changes	408	(86,749)	87,157
Balances at September 30, 2022	<u>\$ 418,596</u>	<u>\$ 367,075</u>	<u>\$ 51,521</u>

Net Pension Liability - The components of the net pension liability for each of the plans as of September 30, 2022, were as follows:

General Employees’ Pension Plan:

Total pension liability	\$ 6,119,382
Plan fiduciary net position	<u>(5,068,597)</u>
Net pension liability (asset)	<u>\$ 1,050,785</u>
Plan fiduciary net position as a percentage of the total pension liability	83%

Police Officers’ Pension Plan:

Total pension liability	\$ 930,431
Plan fiduciary net position	<u>(1,104,913)</u>
Net pension liability (asset)	<u>\$ (174,482)</u>
Plan fiduciary net position as a percentage of the total pension liability	119%

Firefighters’ Pension Plan:

Total pension liability	\$ 418,596
Plan fiduciary net position	<u>(367,075)</u>
Net pension liability (asset)	<u>\$ 51,521</u>
Plan fiduciary net position as a percentage of the total pension liability	88%

NOTE 12 – PENSION TRUST FUNDS (cont...)

Actuarial Assumptions - The significant actuarial assumptions used in the October 1, 2021 valuation as updated to September 30, 2022 and used to measure the total pension liability were as follows:

	General Employees' Pension Trust Fund	Police Officers' Pension Trust Fund	Fire- Fighters' Pension Trust Fund
Inflation	2.92%	2.92%	2.92%
Projected salary increases	3.00%	NA	3.00%
Investment rate of return	6.75%	6.75%	6.75%
Discount rate	6.75%	6.75%	6.75%
Mortality rates	PubG.H-2010	PubG.H-2010 & PubS.H-2010	PubG.H-2010 & PubS.H-2010
Date of actuarial experience study	Unknown	NA	Unknown

Mortality rates were based on the PubG.H-2010 mortality tables for active, inactive and disabled males or females, as appropriate, with adjustments for mortality improvements based on MP-2018. The mortality tables come from Pub-2010 published by the Society of Actuaries.

Discount Rate – 6.75% per annum (2.92% per annum is attributable to long-term inflation) was used to measure the total pension liability which rate was the same for all three plans. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the actuarially determined contribution rate. Based on those assumptions, the pension plan's 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 of 6.75% on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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. Each of the three pension plans uses the same money manager and target asset allocations so the information presented is the same for each of the three plans.

Asset Class	Targeted Asset Allocation	Long-Term Expected Real Rate of Return
Core bonds	15.00%	2.50%
Core plus	15.00%	2.80%
U.S. large cap equity	25.00%	7.10%
U.S. small cap equity	14.00%	8.50%
Non-U.S. equity	21.00%	8.20%
Real estate	10.00%	6.60%
Total weighted arithmetic average		6.14%

NOTE 12 – PENSION TRUST FUNDS (cont...)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Current Discount Rate	Net Pension Liability (Asset)		
		1% Decrease	Current Discount	1% Increase
General Employees'	6.75%	\$ 1,687,242	\$ 1,050,785	\$ 512,156
Police Officers'	6.75%	(87,996)	(174,482)	(248,962)
Firefighters'	6.75%	95,401	51,521	14,565
City's Net Pension Liability		<u>\$ 1,694,647</u>	<u>\$ 927,824</u>	<u>\$ 277,759</u>

Pension Expense and Deferred Outflows and Inflows of Resources Related to Pension - For the year ended September 30, 2022, the City recognized a net pension expense of \$335,356 consisting of pension expense for the general employees' pension plan of \$389,611 and the firefighters' pension plan of \$37,447 which was partially offset by a negative \$91,702 expense of the police officers' pension plan. On September 30, 2022, the City reported deferred outflows and deferred inflows of resources related to pensions, combined and individually for all three plans, was as follows:

Combined All Pension Trust Funds:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,336	\$ 192,978
Change in assumptions	286,103	48,266
Difference between projected and actual earnings on Plan investments	782,956	-
Total	<u>\$ 1,078,395</u>	<u>\$ 241,244</u>

General Employees' Pension Trust Fund:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 141,583
Change in assumptions	279,113	37,622
Difference between projected and actual earnings on Plan investments	606,857	-
Total	<u>\$ 885,970</u>	<u>\$ 179,205</u>

NOTE 12 – PENSION TRUST FUNDS (cont...)

Police Officers' Pension Trust Fund:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on Plan investments	\$ 131,887	\$ -
Total	\$ 131,887	\$ -

Firefighters' Pension Trust Fund:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,336	\$ 51,395
Change in assumptions	6,990	10,644
Difference between projected and actual earnings on Plan investments	44,212	-
Total	\$ 60,538	\$ 62,039

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in the years and amounts shown below:

Year ending September 30,	General Employees' Pension Trust Fund	Police Officers' Pension Trust Fund	Fire- Fighters' Pension Trust Fund	Total
2023	\$ 202,370	\$ 30,342	\$ (200)	\$ 232,512
2024	146,104	25,524	(1,659)	169,969
2025	117,283	23,646	(2,208)	138,721
2026	245,203	52,375	7,331	304,909
2027	5,520	-	(2,051)	3,469
Thereafter	(9,715)	-	(2,714)	(12,429)
	\$ 706,765	\$ 131,887	\$ (1,501)	\$ 837,151

NOTE 12 – PENSION TRUST FUNDS (cont...)

The Statements of Fiduciary Net Position for the City’s pension trust funds as of September 30, 2022 are as follows:

	Pension Trust Funds			Total
	General Employees' Pension Trust Fund	Police Officers' Pension Trust Fund	Firefighters' Pension Trust Fund	
ASSETS				
Receivables, net				
City	\$ 10,509	\$ -	\$ 1,964	\$ 12,473
Investments, at fair value:				
Cash and short-term money market funds	50,581	11,049	3,651	65,281
Fixed income investment pools	1,487,078	324,844	107,343	1,919,265
Equity investment pools	2,685,844	586,709	193,875	3,466,428
Real estate investment pool	834,585	182,311	60,242	1,077,138
Total investments	<u>5,058,088</u>	<u>1,104,913</u>	<u>365,111</u>	<u>6,528,112</u>
Total assets	<u>5,068,597</u>	<u>1,104,913</u>	<u>367,075</u>	<u>6,540,585</u>
NET POSITION				
Restricted for pension benefits	<u>\$ 5,068,597</u>	<u>\$ 1,104,913</u>	<u>\$ 367,075</u>	<u>\$ 6,540,585</u>

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NOTE 12 – PENSION TRUST FUNDS (cont...)

The Statements of Changes in Fiduciary Net Position for the City’s pension trust funds for the year ended September 30, 2022 are as follows:

	Pension Trust Funds			Total
	General Employees' Pension Trust Fund	Police Officers' Pension Trust Fund	Firefighters' Pension Trust Fund	
ADDITIONS				
Contributions:				
City	\$ 177,573	\$ 16,810	\$ 22,610	\$ 216,993
Total contributions	177,573	16,810	22,610	216,993
Investment income				
Investment income	(783,297)	(170,903)	(57,291)	(1,011,491)
Less investment expenses	(11,118)	(4,009)	(2,681)	(17,808)
Net investment income	(794,415)	(174,912)	(59,972)	(1,029,299)
Total additions	(616,842)	(158,102)	(37,362)	(812,306)
DEDUCTIONS				
Administrative expenses:				
Legal	15,884	1,661	4,198	21,743
Actuarial	18,204	14,713	15,028	47,945
Other fees	3,114	-	-	3,114
Total administrative expenses	37,202	16,374	19,226	72,802
Payments to retirees and participants	364,124	60,788	30,161	455,073
Total deductions	401,326	77,162	49,387	527,875
CHANGE IN NET POSITION	(1,018,168)	(235,264)	(86,749)	(1,340,181)
NET POSITION, beginning of year	6,086,765	1,340,177	453,824	7,880,766
NET POSITION, end of year	\$ 5,068,597	\$ 1,104,913	\$ 367,075	\$ 6,540,585

NOTE 13 - EMPLOYEE FLEX BENEFIT PLAN

The City sponsors an unfunded, contributory welfare program which covers all employees meeting a minimum eligibility criterion. The program is intended to qualify for favored tax treatment under Internal Revenue Code Section 125 as a Cafeteria Plan. The plan must comply with various aspects of the Employee Retirement Income Security Act (ERISA) of 1974, as amended, and comply with certain income tax regulations thereunder.

Under the terms of the plan, the City provides each eligible employee with a flexible spending account which may be utilized to purchase certain health insurance and other welfare benefits. Employees may further authorize the voluntary reduction of their taxable payroll to increase the amount of benefits to be purchased on their behalf. Employees so electing may receive their benefits in cash, subjecting such benefits to various employment and income taxes.

NOTE 14 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City is a member of Public Risk Management of Florida (PRM), a local government risk management pool. The PRM program is structured under a self-insured insurance program, whereby PRM pays claims up to a specified amount annually for property and general liability, public officials' liability, automobile liability and workers' compensation. PRM purchases excess insurance or stop loss insurance from commercial carriers to cover losses above the self-insured retention amounts. PRM assesses each member its pro rata share of the estimated amount required to meet current year losses and operating expenses. PRM cannot make additional assessments against members. Insurance coverage has not changed significantly during the current or prior year.

NOTE 15 - COMMITMENT AND CONTINGENCIES

Grants - During the 2022 fiscal year, the City received, and recorded revenues related to various grants. These grants are for specific purposes and are subject to review and audit by the grantor agencies. Such audits could result in requests for reimbursement for expenditures disallowed under the terms of the grants. Based upon prior experience, City management believes such disallowances, if any, will be immaterial.

Legal Proceedings – Any legal actions in which the City may be involved, in the opinion of management, will not have a material effect on the financial statements of the City.

Contract with Polk County Sheriff - The original five-year agreement expired as of September 30, 2013 and automatically renews annually. The total annual cost is approximately \$1,286,000 and is payable quarterly.

NOTE 15 - COMMITMENT AND CONTINGENCIES (cont...)

Power Supply Contracts & Entitlements -

Overview - Currently, all of Fort Meade's power is supplied by the Florida Municipal Power Agency through (1) the All-Requirements Project, (2) Fort Meade's entitlements in the St. Lucie Project, and (3) a 2018 mutual buy-sell commitment to provide supplemental capacity and energy. Fort Meade is included under the Florida Municipal Power Agency NITS agreement with Duke Energy Florida and is within the Florida Municipal Power Pool Balancing Authority Area.

Florida Municipal Power Agency Membership - The Florida Municipal Power Agency ("FMPA") is a wholesale power agency owned by Florida municipal electric utilities. FMPA was created by general law and interlocal agreement to provide a means for the Florida municipal electric utilities to cooperate with each other to access regional transmission facilities and to provide for their present and projected energy needs. As a founding member of the "12-Cities Group," the City had been a member of the FMPA since its inception and occupies one of the seats on the FMPA Board and the FMPA Executive Committee.

St. Lucie Power Entitlement - The City is a participant in the St. Lucie Project, the first power supply project developed by FMPA, consisting of an 8.8% undivided ownership interest in the St. Lucie Unit No. 2 nuclear power plant, otherwise owned and operated by Florida Power & Light Company. FMPA and the City entered into the St. Lucie Project Power Sales Contract and Project Support Contract, dated as of June 1, 1982, as amended (collectively, the "St. Lucie Project Contracts"), pursuant to which FMPA agreed to sell and deliver to the City and the City agreed to purchase and receive a 0.336% share of electric capacity and energy from the St. Lucie Generation, as defined in the St. Lucie Project Contracts (the City's, "St. Lucie Power Entitlement Share").

All Requirements Project Contract - The City is also a participant in the All-Requirements Power Supply Project (the "ARP") pursuant to the All-Requirements Power Supply Project Contract, between the City and Florida Municipal Power Agency ("FMPA"), entered into as of January 11, 2000, as amended (collectively, the "ARP Contract"). The City purchases the majority of its electric power for resale to its customers, under the terms of the ARP Contract. Under terms of the ARP Contract, the City has no direct ownership interest in any of the assets of FMPA, but would be entitled to receive its share of the remaining assets of the FMPA, after all obligations have been paid, in the event the FMPA is ever terminated in the future. The FMPA debt obligations, while not parsed to particular participants or allocated in shares, are the responsibilities of all participating members.

Termination of Contract - On September 30, 2009, the City notified FMPA of its decision not to extend the ARP Contract effective October 1, 2010. The City's position is that the ARP Contract will terminate October 1, 2040, while it is FMPA's position that the ARP Contract terminates October 1, 2041.

City Exercise of Contract Rate of Delivery - On July 14, 2009 the City gave notice to irrevocably limit the maximum amount of electric capacity and energy required to be sold and delivered by FMPA and purchased and received by the City as All-Requirements Services (as defined in the ARP Contract) to a Contract Rate of Delivery ("CROD") pursuant to § 3(a) of the ARP Contract. The City's CROD was established by the FMPA Executive Committee as 10.360 MW, and became effective on January 1, 2015.

NOTE 15 - COMMITMENT AND CONTINGENCIES (cont...)

Power Supply Contracts & Entitlements (cont...)

In the establishment of the City's CROD amount, the FMPA Executive Committee adjusted it upward by 15% as permitted by the ARP Contract. Additional CROD-related matters were addressed by the parties in the Contract Rate of Delivery Responsibility Agreement, between FMPA and the City, dated as of December 11, 2014 (the "CROD Responsibility Agreement"). To deal with the excess energy purchases this determination caused beyond the needs of the City, the City entered into a contract with Duke Energy whereby any excess power required to be taken from FMPA is re-marketed and the City receives a credit for the energy sold.

On March 15, 2018, the City and FMPA entered into a Supplemental Power and Ancillary Services Agreement (the "CROD MOD"). Section 18 of the CROD MOD eliminated the 15% upward adjustment to the City's CROD, previously approved by the FMPA Executive Committee on December 11, 2014. The effect of this provision is that the City's CROD is and will be 9.009 MW for the remaining term of the City's ARP Contract. The CROD MOD terminated the CROD Responsibility Agreement but did not amend the base terms of the ARP Contract.

Supplemental Power and Ancillary Services Purchase - The CROD MOD also provides an FMPA commitment to sell and deliver to the City, and a City commitment to purchase and receive from FMPA, all capacity and energy (including all associated transmission and dispatching services) which the City requires for the operation of its municipal electric system over and above its CROD, over and above its Excluded Power Supply Resources (as defined in the ARP Contract), and over and above Back-up and Support Services (as defined in the ARP Contract).

This mutual buy-sell obligation remains in effect until September 30, 2027, and thereafter is subject to the following automatic extensions: on September 30, 2027, and each fifth anniversary thereafter (i.e., 2032, 2037, etc.), until the termination of the City's ARP Contract. The City or FMPA can terminate this obligation by notifying the other in writing at least one year prior to such an automatic extension date of its decision to not extend this Agreement. If no written notice is sent, then this obligation will automatically extend for an additional five-year period until the expiration of the ARP Contract. If the City elects to terminate this obligation, then the City and FMPA have agreed to negotiate a new CROD Responsibility Agreement.

NOTE 16 – JOINT VENTURE

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

NOTE 16 – JOINT VENTURE (cont...)

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

Membership fees - The terms of the interlocal agreement require each Member Government to contribute their proportionate share of the PRWC's annual working capital needs which are established annually by a resolution of the PRWC's Board of Directors. For the year ended September 30, 2022, the total annual working capital needs of the PRWC was \$198,000 of which the City's proportionate share was \$1,641.

Combined projects background - The Member Governments, except for the City of Frostproof, entered into a combined projects implementation agreement on March 16, 2017. This agreement established three combined projects to be pursued by the PRWC with a total estimated cost of \$23,000,000. The South West Florida Water Management District (SWFWMD) is funding 50% of the total estimated cost and the remainder is funded by the Member Governments based upon their average water use in comparison to the total average water use by all Member Governments.

Combined projects design funding - The PRWC has entered into a state revolving fund (SRF) loan agreement with the State of Florida Department of Environmental Protection (FDEP) to borrow up to \$9,914,390 to assist Member Governments in meeting their local share of the total estimated combined project costs. Member Governments can elect to fund their local share of the project costs from their existing funds or participate in the SRF loan agreement. The City has elected to participate in the SRF loan agreement to fund their estimated local share (\$64,315) of the project costs and as a result has entered into an agreement with FDEP to guarantee the City's payment of their share of the SRF loan debt service requirements. The SRF loan bears interest at 1.89% and principal and interest are due semiannually beginning on December 15, 2024 for a ten-year term to maturity on December 15, 2033.

As of September 30, 2022, \$8,804,576 of SRF funds have been drawn by the PRWC. The City's proportionate share of this liability totaled \$57,115 as of September 30, 2022 and has been recorded as a City liability and as a nonoperating expense in the business-type activities/water enterprise fund. See Note 8 for more detail.

Combined projects implementation – During 2022 the PRWC Board has selected two of the three initial design projects for further design and construction. The member governments were given the option to be a participating member or an associate member, the difference being that an associate member can attend meetings but does not have a voting position on the individual project board nor does the associate member have any financial obligations for further design or construction costs but also is not allowed access to PRWC water supply. If the City ever opts to join either project as a participating member they will be required to pay their proportionate share of the project costs to the date they join and will be obligated to purchase future PRWC water supply.

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

NOTE 17 – GASB STATEMENT NO. 87 - LEASES IMPLEMENTATION

During the fiscal year ended September 30, 2022, the City implemented the provision of GASB Statement No. 87 - *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. It establishes a single model for lease accounting based on the foundational principle that leases are financing of the right to use an underlying asset. Under this Statement, 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.

As lessee – During implementation the City identified certain right-to-use assets that are required to be reported as assets and liabilities under this Statement and that were previously reported as operating leases. Due to the implementation guidance of this Statement, the lease asset and liability are equal at the beginning of the period of implementation (October 1, 2021) and as a result, this implementation did not result in the restatement of previously reported net position but did require the restatement of previously reported balances of capital assets and long-term obligations to reflect the right-to-use leases asset balances and the related leases payable at that date. In addition to the above items, several leases (under the guidance of GASB 87) were previously reported as financed purchases and these are reclassified to right-to-use assets and leases payable. The effects are as follows:

	<u>Capital Assets</u>	<u>Long-term Obligations</u>
	Right to use leased assets	Leases payable
October 1, 2021, previously reported	\$ -	\$ -
Implementation of GASB 87:		
Multifunction copiers	29,329	29,329
October 1, 2021, restated	<u>\$ 29,329</u>	<u>\$ 29,329</u>

NOTE 18 – SUBSEQUENT EVENT

Effective September 9, 2023, the City sold the City mobile home park for \$4,850,000. This transaction included a cash payment and the issuance of a \$3,637,500 mortgage note receivable. The mortgage note receivable bears interest at 4.75% and requires monthly interest-only payments beginning on November 15, 2023 and continuing until maturity which is November 15, 2028 at which time the entire principal balance will be due and payable. The mobile home park activity is reported as a non-major enterprise fund.



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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF FORT MEADE, FLORIDA

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET TO ACTUAL – GENERAL FUND

for the year ended September 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(GAAP</u> <u>basis)</u>	<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
REVENUES:				
Taxes	\$ 2,126,098	\$ 2,281,000	\$ 2,095,308	\$ (185,692)
Licenses and permits	180,032	222,800	222,256	(544)
Intergovernmental revenue	2,414,232	915,800	994,078	78,278
Charges for services	17,000	24,300	24,110	(190)
Fines and forfeitures	103,000	137,000	136,419	(581)
Other	127,687	311,040	322,735	11,695
Total revenues	<u>4,968,049</u>	<u>3,891,940</u>	<u>3,794,906</u>	<u>(97,034)</u>
EXPENDITURES:				
General government:				
Legislative	155,945	82,920	81,559	1,361
Executive	496,236	572,360	471,970	100,390
Finance	182,569	154,210	137,030	17,180
Legal	101,275	46,000	45,282	718
Planning	248,576	221,250	216,310	4,940
Other general government	579,983	548,290	543,995	4,295
Public safety:				
Police	1,372,477	1,378,100	1,376,402	1,698
Inspections	117,345	107,060	103,972	3,088
Transportation - streets	568,479	538,630	536,272	2,358
Culture/recreation:				
Library	266,817	366,020	263,236	102,784
Recreation	143,376	86,860	85,794	1,066
Historic museum	33,004	28,260	27,662	598
Parks	599,049	623,792	610,780	13,012
Total expenditures	<u>4,865,131</u>	<u>4,753,752</u>	<u>4,500,264</u>	<u>253,488</u>
EXCESS (DEFICIENCY) OF REVENUE OVER				
(UNDER) EXPENDITURES				
	<u>102,918</u>	<u>(861,812)</u>	<u>(705,358)</u>	<u>156,454</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	1,066,956	1,061,126	1,069,670	8,544
Transfers out (*)	(839,498)	-	-	-
Loan proceeds	-	-	9,221	9,221
Insurance recoveries	20,000	1,000	929	(71)
Total other financing sources (uses)	<u>247,458</u>	<u>1,062,126</u>	<u>1,079,820</u>	<u>17,694</u>
NET CHANGE IN FUND BALANCE	<u>\$ 350,376</u>	<u>\$ 200,314</u>	<u>\$ 374,462</u>	<u>\$ 174,148</u>

CITY OF FORT MEADE, FLORIDA

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET TO ACTUAL – COMMUNITY REDEVELOPMENT AGENCY FUND

for the year ended September 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes	\$ 317,097	\$ 320,000	\$ 319,058	\$ (942)
Other	-	105	189	84
Total revenues	<u>317,097</u>	<u>320,105</u>	<u>319,247</u>	<u>(858)</u>
EXPENDITURES:				
Economic environment	228,350	280,330	279,161	1,169
Capital outlay	70,900	97,200	96,667	533
Debt service	-	66,515	66,513	2
Total expenditures	<u>299,250</u>	<u>444,045</u>	<u>442,341</u>	<u>1,704</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	17,847	(123,940)	(123,094)	846
OTHER FINANCING SOURCES:				
Transfers (out)	(51,830)	(46,000)	(44,464)	1,536
Loan proceeds	-	1,000,000	1,000,000	-
TOTAL OTHER FINANCING SOURCES	<u>(51,830)</u>	<u>954,000</u>	<u>955,536</u>	<u>1,536</u>
NET CHANGE IN FUND BALANCE	<u>\$ (33,983)</u>	<u>\$ 830,060</u>	<u>\$ 832,442</u>	<u>\$ 2,382</u>

CITY OF FORT MEADE, FLORIDA

**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET TO ACTUAL – AMERICAN
RESCUE PLAN ACT SPECIAL REVENUE FUND
for the year ended September 30, 2022**

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ -	\$ 3,133,841	\$ 599,390	\$ (2,534,451)
Total revenues	-	3,133,841	599,390	(2,534,451)
EXPENDITURES:				
Capital outlay	-	241,000	189,387	51,613
Total expenditures	-	241,000	189,387	51,613
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	2,892,841	410,003	(2,482,838)
OTHER FINANCING SOURCES:				
Transfers (out)	-	(442,500)	(410,003)	32,497
TOTAL OTHER FINANCING SOURCES	-	(442,500)	(410,003)	32,497
NET CHANGE IN FUND BALANCE	\$ -	\$ 2,450,341	\$ -	\$ (2,450,341)

CITY OF FORT MEADE, FLORIDA

NOTE TO THE SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL

A budget-to-actual schedule is required supplementary information for the general fund and all major special revenue funds with legally adopted budgets.

The annual budgets for the governmental fund types are prepared in accordance with the basis of accounting utilized by those funds, which is the modified accrual basis of accounting. Under 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. For this purpose, the City of Fort Meade, Florida (the City) considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

The City Manager is authorized to transfer budgeted amounts within departments; however, any revisions that alter the total expenditures/expenses among departments, or in total, must be approved by the City Commission. During the year and subsequent to year-end, the City Commission may adopt an amended budget approving such additional expenditures. The accompanying schedules show the budget as originally adopted and, as amended. All annual appropriations lapse at fiscal year-end.

CITY OF FORT MEADE, FLORIDA

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - GENERAL EMPLOYEES' PENSION TRUST FUND

	<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>
Total pension liability					
Service cost	\$ 142,780	\$ 109,584	\$ 70,978	\$ 82,796	\$ 94,223
Interest	402,752	397,080	396,911	392,798	382,952
Change in assumptions	-	168,066	(94,057)	-	-
Change in benefit terms	13,566	-	-	-	26,719
Difference between expected and actual experience	(68,007)	(61,417)	(38,807)	(49,622)	(26,337)
Benefit payments, including refunds of employee contributions	(364,124)	(367,757)	(374,697)	(336,094)	(337,146)
Other	-	-	-	-	(4,218)
Net change in total pension liability	126,967	245,556	(39,672)	89,878	136,193
Total pension liability, beginning	<u>5,992,415</u>	<u>5,746,859</u>	<u>5,786,531</u>	<u>5,696,653</u>	<u>5,560,460</u>
Total pension liability, ending (a)	<u>\$ 6,119,382</u>	<u>\$ 5,992,415</u>	<u>\$ 5,746,859</u>	<u>\$ 5,786,531</u>	<u>\$ 5,696,653</u>
Plan fiduciary net position					
Contributions - City	\$ 177,573	\$ 183,188	\$ 212,954	\$ 212,649	\$ 275,513
Net investment income (loss)	(794,415)	998,473	319,816	252,312	342,535
Benefit payments, including refunds of employee contributions	(364,124)	(367,757)	(374,697)	(336,094)	(337,146)
Administrative expenses	(37,202)	(18,654)	(18,147)	(16,105)	(27,180)
Net change in plan fiduciary net position	(1,018,168)	795,250	139,926	112,762	253,722
Plan fiduciary net position, beginning	<u>6,086,765</u>	<u>5,291,515</u>	<u>5,151,589</u>	<u>5,038,827</u>	<u>4,785,105</u>
Plan fiduciary net position, ending (b)	<u>\$ 5,068,597</u>	<u>\$ 6,086,765</u>	<u>\$ 5,291,515</u>	<u>\$ 5,151,589</u>	<u>\$ 5,038,827</u>
Net pension liability (asset) (a)-(b)	<u>\$ 1,050,785</u>	<u>\$ (94,350)</u>	<u>\$ 455,344</u>	<u>\$ 634,942</u>	<u>\$ 657,826</u>
Plan fiduciary net position as a percentage of total pension liability	82.83%	101.57%	92.08%	89.03%	88.45%
Covered payroll	\$ 2,093,630	\$ 1,755,771	\$ 1,557,647	\$ 1,426,810	\$ 1,257,028
Net pension liability as a percentage of covered payroll	50.19%	-5.37%	29.23%	44.50%	52.33%

Continued...

CITY OF FORT MEADE, FLORIDA

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - GENERAL EMPLOYEES' PENSION

TRUST FUND (concluded)

	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Total pension liability				
Service cost	\$ 80,887	\$ 74,627	\$ 120,880	\$ 54,173
Interest	342,263	289,888	352,438	338,837
Change in assumptions	373,615	854,987	-	-
Change in benefit terms	-	-	-	-
Difference between expected and actual experience	95,640	(39,575)	-	-
Benefit payments, including refunds of of employee contributions	(308,763)	(425,529)	(290,965)	(203,762)
Other	5,532	(97)	-	-
Net change in total pension liability	589,174	754,301	182,353	189,248
Total pension liability, beginning	4,971,286	4,216,985	4,034,632	3,845,384
Total pension liability, ending (a)	<u>\$ 5,560,460</u>	<u>\$ 4,971,286</u>	<u>\$ 4,216,985</u>	<u>\$ 4,034,632</u>
Plan fiduciary net position				
Contributions - City	\$ 236,582	194,344	\$ 211,212	\$ 168,984
Net investment income (loss)	559,921	332,639	(6,348)	335,315
Benefit payments, including refunds of employee contributions	(308,763)	(425,529)	(221,451)	(203,762)
Administrative expenses	(28,154)	(26,270)	(21,732)	(37,664)
Net change in plan fiduciary net position	459,586	75,184	(38,319)	262,873
Plan fiduciary net position, beginning	4,325,519	4,250,335	4,288,654	4,025,781
Plan fiduciary net position, ending (b)	<u>\$ 4,785,105</u>	<u>\$ 4,325,519</u>	<u>\$ 4,250,335</u>	<u>\$ 4,288,654</u>
Net pension liability (asset) (a)-(b)	<u>\$ 775,355</u>	<u>\$ 645,767</u>	<u>\$ (33,350)</u>	<u>\$ (254,022)</u>
Plan fiduciary net position as a percentage of total pension liability	86.06%	87.01%	100.79%	106.30%
Covered payroll	\$ 1,064,675	\$ 1,012,380	\$ 1,130,621	\$ 1,045,343
Net pension liability as a percentage of covered payroll	72.83%	63.79%	Not Applicable	Not Applicable

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

CITY OF FORT MEADE, FLORIDA

NOTES TO THE SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - GENERAL EMPLOYEES' PENSION TRUST FUND

Change in Benefit Terms:

For measurement date September 30, 2022:

- Effective January 1, 2022 from Ordinance 21-20, a member earns a non-forfeitable right to benefits after completion of 5 years of credited service.
- Ordinance 2022-08 provided a change in the normal retirement eligibility.

For measurement date September 30, 2018:

- A pre-retirement death benefit was added to the plan in the case of a participant who dies prior to their normal retirement date whereby the participant's spouse will receive a single lump sum payment equal to the actuarially equivalent value of 75% of the participant's vested accrued benefit.

Changes of Assumptions:

For measurement date September 30, 2021:

- The discount rate was decreased from 7.00% per annum to 6.75% per annum.

For measurement date September 30, 2020:

- The assumed rates of mortality were changed to the rates used by the Florida Retirement System's July 1, 2019 actuarial valuation as required by Chapter 2015-157, Laws of Florida.

For measurement date September 30, 2017:

- The mortality assumption for generational improvements was changed from a projection to the valuation date using scale AA to full generation improvements using scale BB.

For measurement date September 30, 2016:

- The discount rate was decreased from 9.08% per annum to 7.00% per annum.

CITY OF FORT MEADE, FLORIDA

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - POLICE OFFICERS' PENSION TRUST FUND

	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Total pension liability					
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	68,242	83,753	86,536	86,653	98,463
Change in benefit terms	-	-	-	-	602
Difference between expected and actual experience	(118,409)	(223,822)	22,473	17,278	(159,735)
Change of assumptions	-	21,992	(62,010)	-	-
Benefit payments, including refunds of employee contributions	(60,788)	(74,005)	(99,519)	(111,675)	(101,324)
Other	-	-	-	-	(1,414)
Net change in total pension liability	(110,955)	(192,082)	(52,520)	(7,744)	(163,408)
Total pension liability, beginning	1,041,386	1,233,468	1,285,988	1,293,732	1,457,140
Total pension liability, ending (a)	\$ 930,431	\$ 1,041,386	\$ 1,233,468	\$ 1,285,988	\$ 1,293,732
Plan fiduciary net position					
Contributions - City	\$ 16,810	\$ 11,426	\$ 32,551	\$ 32,551	\$ 28,866
Net investment income (loss)	(174,912)	222,013	70,432	56,844	84,397
Benefit payments, including refunds of employee contributions	(60,788)	(74,005)	(99,519)	(111,675)	(101,324)
Administrative expenses	(16,374)	(14,288)	(14,052)	(4,352)	(7,927)
Net change in plan fiduciary net position	(235,264)	145,146	(10,588)	(26,632)	4,012
Plan fiduciary net position, beginning	1,340,177	1,195,031	1,205,619	1,232,251	1,228,239
Plan fiduciary net position, ending (b)	\$ 1,104,913	\$ 1,340,177	\$ 1,195,031	\$ 1,205,619	\$ 1,232,251
Net pension liability (asset) (a)-(b)	\$ (174,482)	\$ (298,791)	\$ 38,437	\$ 80,369	\$ 61,481
Plan fiduciary net position as a percentage of total pension liability	118.75%	128.69%	96.88%	93.75%	95.25%
Covered payroll	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Net pension liability as a percentage of covered payroll	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

Continued...

CITY OF FORT MEADE, FLORIDA

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - POLICE OFFICERS' PENSION TRUST FUND (concluded)

	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
Total pension liability				
Service cost	\$ -	\$ -	\$ -	\$ -
Interest	93,323	75,723	98,246	100,802
Change in benefit terms	-	-	-	-
Difference between expected and actual experience	100,344	37,536	-	-
Change of assumptions	62,090	236,518	-	-
Benefit payments, including refunds of employee contributions	(181,252)	(98,915)	(98,293)	(98,915)
Other	1,007	729		
Net change in total pension liability	<u>75,512</u>	<u>251,591</u>	<u>(47)</u>	<u>1,887</u>
Total pension liability, beginning	<u>1,381,628</u>	<u>1,130,037</u>	<u>1,130,084</u>	<u>1,128,197</u>
Total pension liability, ending (a)	<u>\$ 1,457,140</u>	<u>\$ 1,381,628</u>	<u>\$ 1,130,037</u>	<u>\$ 1,130,084</u>
Plan fiduciary net position				
Contributions - City	\$ 23,448	\$ -	\$ 52,583	\$ 31,528
Net investment income (loss)	151,276	94,500	(742)	103,645
Benefit payments, including refunds of employee contributions	(181,252)	(98,915)	(98,915)	(98,915)
Administrative expenses	(8,228)	(10,157)	(6,705)	(12,002)
Net change in plan fiduciary net position	<u>(14,756)</u>	<u>(14,572)</u>	<u>(53,779)</u>	<u>24,256</u>
Plan fiduciary net position, beginning	<u>1,242,995</u>	<u>1,257,567</u>	<u>1,311,346</u>	<u>1,287,090</u>
Plan fiduciary net position, ending (b)	<u>\$ 1,228,239</u>	<u>\$ 1,242,995</u>	<u>\$ 1,257,567</u>	<u>\$ 1,311,346</u>
Net pension liability (asset) (a)-(b)	<u>\$ 228,901</u>	<u>\$ 138,633</u>	<u>\$ (127,530)</u>	<u>\$ (181,262)</u>
Plan fiduciary net position as a percentage of total pension liability	84.29%	89.97%	111.29%	116.04%
Covered payroll	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Net pension liability as a percentage of covered payroll	Not Applicable	Not Applicable	Not Applicable	Not Applicable

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

CITY OF FORT MEADE, FLORIDA

NOTES TO THE SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - POLICE OFFICERS' PENSION TRUST FUND

Changes of Assumptions:

For measurement date September 30, 2021:

- The discount rate was decreased from 7.00% per annum to 6.75% per annum.

For measurement date September 30, 2020:

- The assumed rates of mortality were changed to the rates used by the Florida Retirement System's July 1, 2019 actuarial valuation as required by Chapter 2015-157, Laws of Florida.

For measurement date September 30, 2017:

- The mortality basis was changed from using the sex-distinct rates set forth in the RP-2000 Mortality Table for annuitants with no future generational improvements to the sex-distinct rates set forth in the RP-2000 Blue-Collar Mortality Table with full generational improvements in mortality using scale BB.

For measurement date September 30, 2016:

- The discount rate was decreased from 9.08% per annum to 7.00% per annum.

CITY OF FORT MEADE, FLORIDA

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - FIREFIGHTERS' PENSION TRUST FUND

	<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>
Total pension liability					
Service cost	\$ 8,113	\$ 8,226	\$ 7,193	\$ 7,004	\$ 9,784
Interest	27,757	28,944	28,463	32,333	31,650
Difference between expected and actual experience	(5,301)	(20,427)	16,335	(62,870)	(992)
Change of assumptions	-	9,317	(18,627)	-	-
Change of benefit terms	-	-	-	-	2,766
Benefit payments, including refunds of employee contributions	(30,161)	(26,271)	(28,771)	(35,114)	(26,886)
Other	-	-	-	-	3,659
Net change in total pension liability	408	(211)	4,593	(58,647)	19,981
Total pension liability, beginning	418,188	418,399	413,806	472,453	452,472
Total pension liability, ending (a)	<u>418,596</u>	<u>418,188</u>	<u>418,399</u>	<u>413,806</u>	<u>472,453</u>
Plan fiduciary net position					
Contributions - City	22,610	20,927	20,334	22,190	33,737
Net investment income (loss)	(59,972)	72,791	22,536	16,789	25,057
Benefit payments, including refunds of employee contributions	(30,161)	(26,271)	(28,771)	(35,114)	(26,886)
Administrative expenses	(19,226)	(13,681)	(14,766)	(6,883)	(7,683)
Net change in plan fiduciary net position	(86,749)	53,766	(667)	(3,018)	24,225
Plan fiduciary net position, beginning	453,824	400,058	400,725	403,743	379,518
Plan fiduciary net position, ending (b)	<u>\$ 367,075</u>	<u>\$ 453,824</u>	<u>\$ 400,058</u>	<u>\$ 400,725</u>	<u>\$ 403,743</u>
Net pension liability (asset) (a)-(b)	<u>\$ 51,521</u>	<u>\$ (35,636)</u>	<u>\$ 18,341</u>	<u>\$ 13,081</u>	<u>\$ 68,710</u>
Plan fiduciary net position as a percentage of total pension liability	87.69%	108.52%	95.62%	96.84%	85.46%
Covered payroll	\$ 75,284	\$ 75,284	\$ 89,240	\$ 81,265	\$ 99,642
Net pension liability as a percentage of covered payroll	68.44%	-47.34%	20.55%	16.10%	68.96%

Continued...

CITY OF FORT MEADE, FLORIDA

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - FIREFIGHTERS' PENSION TRUST FUND
(concluded)**

	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
Total pension liability				
Service cost	\$ 7,842	\$ 8,083	\$ 5,064	\$ 4,760
Interest	29,804	23,685	29,647	29,146
Difference between expected and actual experience	1,643	7,462	-	-
Change of assumptions	20,001	76,545	-	-
Change of benefit terms	-	-	-	-
Benefit payments, including refunds of of employee contributions	(36,347)	(26,611)	(25,157)	(31,032)
Other	(3,135)	199	-	-
Net change in total pension liability	<u>19,808</u>	<u>89,363</u>	<u>9,554</u>	<u>2,874</u>
Total pension liability, beginning	<u>432,664</u>	<u>343,301</u>	<u>333,747</u>	<u>330,873</u>
Total pension liability, ending (a)	<u><u>452,472</u></u>	<u><u>432,664</u></u>	<u><u>343,301</u></u>	<u><u>333,747</u></u>
Plan fiduciary net position				
Contributions - City	19,114	21,565	23,025	12,509
Net investment income (loss)	41,560	24,708	(1,241)	28,946
Benefit payments, including refunds of employee contributions	(36,616)	(26,611)	(25,723)	(31,032)
Administrative expenses	(7,639)	(8,491)	(1,841)	(4,773)
Net change in plan fiduciary net position	<u>16,419</u>	<u>11,171</u>	<u>(5,780)</u>	<u>5,650</u>
Plan fiduciary net position, beginning	<u>363,099</u>	<u>351,928</u>	<u>357,708</u>	<u>352,058</u>
Plan fiduciary net position, ending (b)	<u><u>\$ 379,518</u></u>	<u><u>\$ 363,099</u></u>	<u><u>\$ 351,928</u></u>	<u><u>\$ 357,708</u></u>
Net pension liability (asset) (a)-(b)	<u><u>\$ 72,954</u></u>	<u><u>\$ 69,565</u></u>	<u><u>\$ (8,627)</u></u>	<u><u>\$ (23,961)</u></u>
Plan fiduciary net position as a percentage of total pension liability	83.88%	83.92%	102.51%	107.18%
Covered payroll	\$ 86,938	\$ 90,926	\$ 74,908	\$ 65,337
Net pension liability as a percentage of covered payroll	83.91%	76.51%	Not Applicable	Not Applicable

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

CITY OF FORT MEADE, FLORIDA

NOTES TO SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - FIREFIGHTERS' PENSION TRUST FUND

Change in Benefit Terms:

For measurement date September 30, 2018:

- A pre-retirement death benefit was added to the plan in the case of a participant who dies prior to their normal retirement date whereby the participant's spouse will receive a single lump sum payment equal to the actuarially equivalent value of 75% of the participant's vested accrued benefit.
- Disability benefits become effective on the first day of the month following the determination by the City Commission that the participant is disabled.
- The threshold to elect an option lump sum distribution was increased from \$5,000 of actuarially equivalent value to \$10,000.

Changes of Assumptions:

For measurement date September 30, 2021:

- The discount rate was decreased from 7.00% per annum to 6.75% per annum.

For measurement date September 30, 2020:

- The assumed rates of mortality were changed to the rates used by the Florida Retirement System's July 1, 2019 actuarial valuation as required by Chapter 2015-157, Laws of Florida.

For measurement date September 30, 2017:

- The mortality basis was changed from using the sex-distinct rates set forth in the RP-2000 Mortality Table for annuitants with no future generational improvements to the sex-distinct rates set forth in the RP-2000 Blue-Collar Mortality Table with full generational improvements in mortality using scale BB.

For measurement date September 30, 2016:

- The discount rate was decreased from 9.08% per annum to 7.00% per annum.

CITY OF FORT MEADE, FLORIDA
SCHEDULE OF CONTRIBUTIONS – ALL PENSION TRUST FUNDS

Year Ended September 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess (Deficiency)	Covered Payroll	Contributions as a % of Covered Payroll
General Employees' Pension Trust Fund:					
2022	\$ 203,161	\$ 177,573	\$ (25,588)	\$ 2,093,630	8.48%
2021	\$ 192,341	\$ 183,188	\$ (9,153)	\$ 1,755,771	10.43%
2020	\$ 178,708	\$ 212,954	\$ 34,246	\$ 1,557,647	13.67%
2019	\$ 212,649	\$ 212,649	\$ -	\$ 1,426,810	14.90%
2018	\$ 206,094	\$ 275,513	\$ 69,419	\$ 1,257,028	21.92%
2017	\$ 196,391	\$ 236,582	\$ 40,191	\$ 1,064,675	22.22%
2016	\$ 185,943	\$ 194,344	\$ 8,401	\$ 1,012,380	19.20%
2015	\$ 201,031	\$ 211,212	\$ 10,181	\$ 1,130,621	18.68%
2014	\$ 168,984	\$ 168,984	\$ -	\$ 1,045,343	16.17%
2013	\$ 166,886	\$ 166,886	\$ -	\$ 1,186,956	14.06%
Police Officers' Pension Trust Fund:					
2022	\$ 16,810	\$ 16,810	\$ -	Not Applicable	Not Applicable
2021	\$ 11,426	\$ 11,426	\$ -	Not Applicable	Not Applicable
2020	\$ 26,973	\$ 32,551	\$ 5,578	Not Applicable	Not Applicable
2019	\$ 32,551	\$ 32,551	\$ -	Not Applicable	Not Applicable
2018	\$ 28,866	\$ 28,866	\$ -	Not Applicable	Not Applicable
2017	\$ 27,063	\$ 23,448	\$ (3,615)	Not Applicable	Not Applicable
2016	\$ 21,902	\$ -	\$ (21,902)	Not Applicable	Not Applicable
2015	\$ 23,985	\$ 52,583	\$ 28,598	Not Applicable	Not Applicable
2014	\$ 31,528	\$ 31,528	\$ -	Not Applicable	Not Applicable
2013	\$ 35,416	\$ 35,416	\$ -	Not Applicable	Not Applicable
Firefighters' Pension Trust Fund:					
2022	\$ 24,239	\$ 22,610	\$ (1,629)	\$ 80,621	28.04%
2021	\$ 21,561	\$ 20,927	\$ (634)	\$ 75,284	27.80%
2020	\$ 20,334	\$ 20,334	\$ -	\$ 89,240	22.79%
2019	\$ 18,749	\$ 22,190	\$ 3,441	\$ 81,265	27.31%
2018	\$ 29,354	\$ 33,737	\$ 4,383	\$ 99,642	33.86%
2017	\$ 22,972	\$ 19,114	\$ (3,858)	\$ 86,938	21.99%
2016	\$ 21,565	\$ 21,565	\$ -	\$ 90,926	23.72%
2015	\$ 19,944	\$ 23,025	\$ 3,081	\$ 74,908	30.74%
2014	\$ 15,589	\$ 12,509	\$ (3,080)	\$ 65,337	19.15%
2013	\$ 11,048	\$ 11,440	\$ 392	\$ 70,574	16.21%

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

- Valuation Date: October 1, 2021 for fiscal year 2022 contributions.
- Actuarial cost method - General employees’ and firefighters’ retirement plans: Frozen entry age actuarial cost method (General) and Frozen initial liability cost method.
- Actuarial cost method – Police officers’ retirement plan: Entry age normal actuarial cost method.
- Amortization method – Level dollar amount over a period of up to 30 years for the general employees’ and firefighters’ retirement plan and 15 years for the police officers’ retirement plan.
- Asset valuation method: The actuarial value of the assets is equal to the market value of assets, adjusted to reflect a five-year phase-in of the difference between the expected market value for each of the last five years.
- Inflation: no explicit inflation rate was used.
- Salary increases: General employees’ and firefighters’ retirement plans: 3.0%. This assumption is not applicable to the police officers’ retirement plan.
- Investment rate of return: 6.75% (prior year 7.00%).
- Retirement age: 100% retirement is assumed at the earliest of:

General Employees Retirement Plan	Firefighters’ Retirement Plan
(a) any age with 40 years of service	(a) any age with 40 years of service
(b) age 60 with 35 years of service	(b) age 55 with 30 years of service
(c) age 62 with 30 years of service	(c) age 60 with 10 years of service
(d) age 65 with 10 years of service	(d) age 65
(e) age 70	
Police Officers’ Retirement Plan	
(a) any age with 40 years of service	
(b) age 55 with 30 years of service	
(c) age 60 with 10 years of service	
(d) age 65	

- Mortality: Mortality rates were based on the PubG.H-2010 and PubS.H-2010 mortality tables for active, inactive and disabled males or females, as appropriate, with adjustments for mortality improvements based on Scale MP-2018. These mortality tables are from Pub-2010 Public Retirement Plans Mortality Tables Report as published by the Society of Actuaries.
- Disability: The general employees’ retirement plan and the firefighters’ retirement plan have the same disability assumptions as follows:

	Age										
	20	25	30	35	40	45	50	55	60	65	
Male	0.03%	0.04%	0.05%	0.07%	0.12%	0.20%	0.36%	0.72%	1.26%	1.75%	
Female	0.03%	0.05%	0.08%	0.14%	0.21%	0.32%	0.53%	0.95%	1.16%	1.36%	

- Termination - General employees’ retirement plan: The termination rates are age and gender-based ranging from 29.9% at age 20 to 0.0% at age 55 for males and ranging from 49.9% at age 20 to 0.0% at age 60 for females.
- Termination – Firefighters’ retirement plan: The termination rates are age and gender-based ranging from 7.4% at age 20 to 0.0% at age 50 for males and ranging from 12.4% at age 20 to 0.0% at age 55 for females.

CITY OF FORT MEADE, FLORIDA
SCHEDULE OF INVESTMENT RETURNS – PENSION TRUST FUNDS

	Average Money-Weighted Rate of Return, gross of Investment Expenses - Pension Trust Funds		
	General Employees'	Police Officers'	Fire Fighters'
For the year ended September 30:			
2014	8.40%	8.30%	8.50%
2015	0.11%	0.30%	0.11%
2016	8.35%	8.25%	7.97%
2017	13.41%	13.56%	13.14%
2018	7.55%	7.55%	7.42%
2019	5.14%	4.98%	5.12%
2020	6.33%	6.20%	6.24%
2021	19.31%	19.40%	19.31%
2022	-13.29%	-13.27%	-13.17%

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

CITY OF FORT MEADE, FLORIDA

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

Measurement date	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Reporting period ending	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Total OPEB Liability					
Service cost	\$ 26,605	\$ 21,808	\$ 20,816	\$ 9,058	\$ 9,615
Interest	3,912	3,027	4,097	4,262	3,700
Change in assumptions	(5,596)	(4,579)	6,078	8,062	(6,697)
Difference between expected and actual experience	(761)	-	(15,176)	-	-
Benefit payments	(4,731)	(4,878)	(4,984)	(5,992)	(5,523)
Net change in total OPEB liability	19,429	15,378	10,831	15,390	1,095
Total OPEB liability, beginning	137,466	122,088	111,257	95,867	94,772
Total OPEB liability, ending	<u>\$ 156,895</u>	<u>\$ 137,466</u>	<u>\$ 122,088</u>	<u>\$ 111,257</u>	<u>\$ 95,867</u>
Covered-employee payroll	\$ 1,507,070	\$ 1,374,164	\$ 1,340,648	\$ 1,599,888	\$ 1,522,797
Total OPEB liability as a percentage of covered-employee payroll	10.41%	10.00%	9.11%	6.95%	6.30%
Changes in Assumptions:					
Discount rate used	4.77%	2.43%	2.14%	3.58%	4.18%

Notes to Schedule:

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

Changes in Assumptions:

Changes in assumptions reflect the effects of changes in the discount rate of each period.

OTHER SUPPLEMENTARY INFORMATION

CITY OF FORT MEADE, FLORIDA

COMBINING BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS

as of September 30, 2022

	<u>Stormwater Fund</u>	<u>Fire Fund</u>	<u>Total</u>
ASSETS			
Equity in pooled cash and cash equivalents	\$ 405,504	\$ 96,913	\$ 502,417
Receivables, net			
Customer accounts, net	21	-	21
Intergovernmental	1,667	-	1,667
Inventory	-	65	65
TOTAL ASSETS	<u>\$ 407,192</u>	<u>\$ 96,978</u>	<u>\$ 504,170</u>
LIABILITIES			
Accounts payable	7,323	19,747	27,070
Accrued wages and benefits	784	-	784
TOTAL LIABILITIES	<u>8,107</u>	<u>19,747</u>	<u>27,854</u>
FUND BALANCE			
Nonspendable:			
Inventory	-	65	65
Restricted for:			
Stormwater management	399,085	-	399,085
Fire services	-	77,166	77,166
TOTAL FUND BALANCES	<u>399,085</u>	<u>77,231</u>	<u>476,316</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 407,192</u>	<u>\$ 96,978</u>	<u>\$ 504,170</u>

CITY OF FORT MEADE, FLORIDA**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NON-MAJOR
GOVERNMENTAL FUNDS**

for the year ended September 30, 2022

	<u>Stormwater Fund</u>	<u>Fire Fund</u>	<u>Total</u>
REVENUES:			
Licenses, permits and special assessments	\$ 208,680	\$ -	\$ 208,680
Charges for services	-	378,906	378,906
Other	188	-	188
Total revenues	<u>208,868</u>	<u>378,906</u>	<u>587,774</u>
EXPENDITURES:			
Current:			
Public safety	-	285,797	285,797
Physical environment	183,259	-	183,259
Capital outlay	38,453	31,114	69,567
Debt service			
Interest	1,077	12,550	13,627
Principal	12,759	23,644	36,403
Total expenditures	<u>235,548</u>	<u>353,105</u>	<u>588,653</u>
NET CHANGE IN FUND BALANCE	(26,680)	25,801	(879)
FUND BALANCE, beginning of year	<u>425,765</u>	<u>51,430</u>	<u>477,195</u>
FUND BALANCE, end of year	<u>\$ 399,085</u>	<u>\$ 77,231</u>	<u>\$ 476,316</u>

CITY OF FORT MEADE, FLORIDA

COMBINING STATEMENT OF NET POSITION – NON-MAJOR ENTERPRISE FUNDS

as of September 30, 2022

	Business Type Activities - Non-Major Enterprise Funds		
	Mobile Home Park Fund	Solid Waste Fund	Total
ASSETS			
Current assets:			
Equity in pooled cash and cash equivalents	\$ 300,763	\$ 53,262	\$ 354,025
Receivables:			
Customers, net	-	50,705	50,705
Total current assets	<u>300,763</u>	<u>103,967</u>	<u>404,730</u>
Noncurrent assets:			
Capital assets:			
Non-depreciable	21,475	-	21,475
Depreciable, net	252,825	-	252,825
Total noncurrent assets	<u>274,300</u>	<u>-</u>	<u>274,300</u>
Total assets	<u>575,063</u>	<u>103,967</u>	<u>679,030</u>
LIABILITIES			
Current liabilities:			
Accounts payable	6,471	46,501	52,972
Accrued wages	77	-	77
Unearned revenue	4,370	-	4,370
Total current liabilities	<u>10,918</u>	<u>46,501</u>	<u>57,419</u>
Total liabilities	<u>10,918</u>	<u>46,501</u>	<u>57,419</u>
NET POSITION			
Net investment in capital assets	274,300	-	274,300
Unrestricted	289,845	57,466	347,311
Total net position	<u>\$ 564,145</u>	<u>\$ 57,466</u>	<u>\$ 621,611</u>

CITY OF FORT MEADE, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – NON-MAJOR ENTERPRISE FUNDS

for the year ended September 30, 2022

	Business Type Activities - Non-Major Enterprise Funds		
	Mobile Home Park Fund	Solid Waste Fund	Total
OPERATING REVENUES:			
Charges for services	\$ 366,729	\$ 571,083	\$ 937,812
Total operating revenue	<u>366,729</u>	<u>571,083</u>	<u>937,812</u>
OPERATING EXPENSES:			
Personnel services	25,064	-	25,064
Operating expenses	281,330	552,934	834,264
Depreciation	24,536	-	24,536
Total operating expenses	<u>330,930</u>	<u>552,934</u>	<u>883,864</u>
OPERATING INCOME	<u>35,799</u>	<u>18,149</u>	<u>53,948</u>
NONOPERATING REVENUE (EXPENSE):			
Other, net	6,850	7	6,857
Total nonoperating revenues (expense)	<u>6,850</u>	<u>7</u>	<u>6,857</u>
INCOME BEFORE TRANSFERS	<u>42,649</u>	<u>18,156</u>	<u>60,805</u>
TRANSFERS OUT	<u>(55,000)</u>	<u>(10,000)</u>	<u>(65,000)</u>
CHANGE IN NET POSITION	<u>(12,351)</u>	<u>8,156</u>	<u>(4,195)</u>
NET POSITION, beginning of year	<u>576,496</u>	<u>49,310</u>	<u>625,806</u>
NET POSITION, end of year	<u>\$ 564,145</u>	<u>\$ 57,466</u>	<u>\$ 621,611</u>

CITY OF FORT MEADE, FLORIDA
COMBINING STATEMENT OF CASH FLOWS– NON-MAJOR ENTERPRISE FUNDS
for the year ended September 30, 2022

	Business Type Activities - Non-Major Enterprise Funds		
	Mobile Home Park Fund	Solid Waste Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	\$ 363,394	\$ 588,764	\$ 952,158
Payments to suppliers	(280,351)	(550,303)	(830,654)
Payments for salaries and benefits	(24,987)	-	(24,987)
Net cash flows from operating activities	<u>58,056</u>	<u>38,461</u>	<u>96,517</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers to other funds	(55,000)	(10,000)	(65,000)
Net cash flows from noncapital financing activities	<u>(55,000)</u>	<u>(10,000)</u>	<u>(65,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets, net of related payables	(15,465)	-	(15,465)
Net cash flows from capital and related financing activities	<u>(15,465)</u>	<u>-</u>	<u>(15,465)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Other income	6,850	7	6,857
Net cash flows from investing activities	<u>6,850</u>	<u>7</u>	<u>6,857</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(5,559)	28,468	22,909
CASH AND CASH EQUIVALENTS, beginning of year	306,322	24,794	331,116
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 300,763</u>	<u>\$ 53,262</u>	<u>\$ 354,025</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 35,799	\$ 18,149	\$ 53,948
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	24,536	-	24,536
(Increase) decrease in accounts receivable	-	17,681	17,681
Increase (decrease) in accounts payable	979	2,631	3,610
Increase (decrease) in accrued wages	77	-	77
Increase (decrease) in unearned revenue	(3,335)	-	(3,335)
Net cash flows from operating activities	<u>58,056</u>	<u>38,461</u>	<u>96,517</u>
As shown in the Accompanying Financial Statements			
Equity in cash and investments	\$ 300,763	\$ 53,262	\$ 354,025
Restricted equity in cash and investments	-	-	-
Total cash and cash equivalents	<u>\$ 300,763</u>	<u>\$ 53,262</u>	<u>\$ 354,025</u>
Noncash financing and investing activities:			
None	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF FORT MEADE, FLORIDA**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET TO ACTUAL –
STORMWATER SPECIAL REVENUE FUND
for the year ended September 30, 2022**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES:				
Licenses and permits	\$ 205,335	\$ 208,700	\$ 208,680	\$ (20)
Intergovernmental revenue	1,000,000	-	-	-
Other	-	190	188	(2)
Total revenues	<u>1,205,335</u>	<u>208,890</u>	<u>208,868</u>	<u>(22)</u>
EXPENDITURES:				
Physical environment	229,187	184,655	183,259	1,396
Capital outlay	1,009,690	38,500	38,453	47
Debt service	18,132	13,836	13,836	-
Total expenditures	<u>1,257,009</u>	<u>236,991</u>	<u>235,548</u>	<u>1,443</u>
NET CHANGE IN FUND BALANCE	<u>\$ (51,674)</u>	<u>\$ (28,101)</u>	<u>\$ (26,680)</u>	<u>\$ 1,421</u>

CITY OF FORT MEADE, FLORIDA**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET TO ACTUAL – FIRE SPECIAL REVENUE FUND**

for the year ended September 30, 2022

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES:				
Charges for services	\$ 377,300	\$ 379,105	\$ 378,906	\$ (199)
Total revenues	<u>377,300</u>	<u>379,105</u>	<u>378,906</u>	<u>(199)</u>
EXPENDITURES:				
Public safety	264,019	347,170	285,797	61,373
Capital outlay	113,755	32,400	31,114	1,286
Debt service	36,026	36,026	36,194	(168)
Total expenditures	<u>413,800</u>	<u>415,596</u>	<u>353,105</u>	<u>62,491</u>
NET CHANGE IN FUND BALANCE	<u>\$ (36,500)</u>	<u>\$ (36,491)</u>	<u>\$ 25,801</u>	<u>\$ 62,292</u>

GOVERNMENT AUDITING SECTION

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

Honorable Mayor and City Commissioners
City of Fort Meade
Fort Meade, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fort Meade, Florida (the 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 September 22, 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 City'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.

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Honorable Mayor and City Commissioners
City of Fort Meade
Fort Meade, Florida

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

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, non-compliance 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 non-compliance 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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



September 22, 2023
Sarasota, Florida

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH FLORIDA STATUTES SECTION 218.415 – INVESTMENTS OF PUBLIC FUNDS

Honorable Mayor and City Commissioners
City of Fort Meade
Fort Meade, Florida

We have examined the City of Fort Meade's (the City) compliance with Section 218.415, Florida Statutes, during the fiscal year ended September 30, 2022. City management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the 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 non-compliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

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

In our opinion, the City complied, in all material respects, with the aforementioned requirements of Section 218.415, *Local Government Investment Policies*, during the fiscal year ended September 30, 2022.

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



September 22, 2023
Sarasota, Florida

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MANAGEMENT LETTER

Honorable Mayor and City Commissioners
City of Fort Meade
Fort Meade, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Fort Meade, Florida (the City) as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated September 22, 2023.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's Report on an examination conducted in accordance with American Institute of Certified Public Accountants *Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated September 22, 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 action has been taken to address recommendation 2021-1, Community Center Rental Agreement Fee Processing, from the preceding financial audit report. Finding 2021-2, Budget Tracking and Amendment Process, has not been corrected and has been included as 2022-01 below.

Official Title and Legal Authority

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

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Honorable Mayor and City Commissioners
City of Fort Meade
Fort Meade, Florida

MANAGEMENT LETTER

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the City 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 Sections 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 the review of financial information provided by 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 have the following recommendations:

■ 2022-01 Budget Amendment Process

Florida Statute Section 166.241(7) requires budget amendments to be approved by the City Commission within 60 days after year-end. The City amended its budget 74 days after September 30, 2022. We recommend that the City implement additional controls to ensure that budget amendments are approved in accordance with Florida Statutes.

■ 2022-02 Bank Reconciliation Controls

During the audit we identified an error in the bank reconciliation caused by a duplicate payroll accrual. The error resulted in an understatement of cash and an overstatement of payroll expense, which was subsequently corrected by management. We recommend that the City review its bank reconciliation process to ensure that review of significant reconciling items is being performed prior to the approval of the bank reconciliation.

■ 2022-03 Inventory Management Controls

During the audit we noted that the City's inventory balances in the general ledger did not agree to subsidiary records. Management conducted a physical inventory count but did not adjust the general ledger to agree to the results of the count, resulting in a material adjustment to reconcile the balance. We recommend that the City review its inventory management process for implementation of inventory reconciliation to ensure these details are in agreement with the general ledger.

Special District Component Unit

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, and 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 unit

Honorable Mayor and City Commissioners
City of Fort Meade
Fort Meade, Florida

MANAGEMENT LETTER

that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes. Specific information required by Section 218.39(3)(c), F.S. and Section 10.554(1)(i)(6), *Rules of the Auditor General*, for the City's Community Redevelopment Agency (CRA) is reported in the CRA's separately issued financial statements.

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate non-compliance 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 Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, the City Commission, and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of our audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.



September 22, 2023
Sarasota, Florida



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OTHER INFORMATION



City of Fort Meade

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September 22, 2023

City of Fort Meade
Attentions: Mayor Watts and City Commissioners
8 West Broadway St.
Fort Meade, FL 33841

Subject: Fiscal Year 2022 Audit Findings

Dear Mayor Watts and City Commissioners,

Please see below the City's response to Fiscal Year (FY) 2022 audit findings as identified by Purvis Gray & Company.

- **2022-01 Budget Amendment Process**
Florida Statute Section 166.241(7) requires budget amendments to be approved by the City Commission within 60 days after year end. The City amended its budget 102 days after September 30, 2022. We recommend that the City implement additional controls to ensure that budget amendments are approved in accordance with Florida Statutes.

RESPONSE: The City acknowledges the late filing of the budget amendment. The main factor in the late submission was the multiple staff changes in the Accounting Department. An additional factor is the City's requirement for two meetings to approve an ordinance coupled by the standard of only one Commission meeting a month. A special Commission meeting will be requested in order to meet the 60 day deadline.

- **2022-02 Bank Reconciliation Controls**
During the audit we identified an error in the bank reconciliation caused by a duplicate payroll accrual. The error resulted in an understatement of cash and an overstatement of payroll expense which was subsequently corrected by management. We recommend that the City review its bank reconciliation process to ensure that review of significant reconciling items is being performed prior to the approval of the bank reconciliation.

RESPONSE: The duplicate payroll accrual was caused by miscommunication between the City's Comptroller and the City's contracted CPA. Both City staff and the CPA accrued the payroll. Future accrual entries will be clearly communicated to avoid duplication.

- **2022-03 Inventory Management Controls**
During the audit we noted that the City's inventory balances in the general ledger did not agree to subsidiary records. Management conducted a physical inventory count but did not adjust the general ledger to agree to the results of the count, resulting in a material adjustment to reconcile the balance. We recommend that the City review its inventory management process for implementation of inventory reconciliation to ensure these details are in agreement with the general ledger.

RESPONSE: There was a perfect storm situation that resulted in the inventory audit finding. In the summer of 2022, both the Warehouse Clerk and an Accounting Specialist, who is backup for the Warehouse Clerk, were on

maternity leave. Additionally, Hurricane Ian impacted the City three days before fiscal year end. Both of these factors resulted in inventory items not being handled properly. It is highly unlikely that this situation of vacancies combined with a hurricane will reoccur. However, the City will continue to improve controls and processes.

We appreciate the opportunity to review these matters with the auditors, City Commission, and staff. Thank you for your continued support!

Sincerely,



Mary Dimitroff
Comptroller