

# CITY OF FORT MEADE, FLORIDA



## FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORTS SEPTEMBER 30, 2019

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

**AS OF SEPTEMBER 30, 2019**

**CITY COMMISSION**

**Mayor, Commissioner**  
Robert Elliott

**Vice Mayor, Commissioner**  
James Watts

**Commissioner**  
Richard Cochrane

**Commissioner**  
Samuel Berrien

**Commissioner**  
Petrina McCutchen

**APPOINTED OFFICIALS**

**City Manager**  
Danielle J. Judd

**City Attorney**  
Gray Robinson

# City of Fort Meade, Florida

## TABLE OF CONTENTS

### FINANCIAL SECTION

<b>INDEPENDENT AUDITOR'S REPORT .....</b>	<b>1</b>
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS .....</b>	<b>4</b>
<b>BASIC FINANCIAL STATEMENTS:</b>	
<b>GOVERNMENT-WIDE FINANCIAL STATEMENTS:</b>	
STATEMENT OF NET POSITION.....	19
STATEMENT OF ACTIVITIES .....	20
<b>FUND FINANCIAL STATEMENTS:</b>	
BALANCE SHEET – GOVERNMENTAL FUNDS.....	22
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION .....	23
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS.....	24
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES.....	25
STATEMENT OF NET POSITION – PROPRIETARY FUNDS .....	26
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION – PROPRIETARY FUNDS .....	27
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS.....	28
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS.....	30
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS.....	31
NOTES TO FINANCIAL STATEMENTS .....	32
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET TO ACTUAL – GENERAL FUND .....	71
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET TO ACTUAL – COMMUNITY REDEVELOPMENT AGENCY FUND .....	72
NOTE TO THE SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL .....	73
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - GENERAL EMPLOYEES' PENSION TRUST FUND .....	74
NOTES TO THE SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS GENERAL EMPLOYEES' PENSION TRUST FUND .....	76
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS POLICE OFFICERS' PENSION TRUST FUND .....	77
NOTES TO THE SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS POLICE OFFICERS' PENSION TRUST FUND.....	79

# City of Fort Meade, Florida

## TABLE OF CONTENTS (concluded)

### **REQUIRED SUPPLEMENTARY INFORMATION (cont...)**

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS FIREFIGHTERS' PENSION TRUST FUND .....	80
NOTES TO SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS FIREFIGHTERS' PENSION TRUST FUND .....	82
SCHEDULE OF CONTRIBUTIONS – ALL PENSION TRUST FUNDS .....	83
NOTES TO SCHEDULE OF CONTRIBUTIONS – ALL PENSION TRUST FUNDS .....	84
SCHEDULE OF INVESTMENT RETURNS – PENSION TRUST FUNDS.....	85
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS .....	86

### **OTHER SUPPLEMENTARY INFORMATION**

COMBINING BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS.....	87
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS .....	88
COMBINING STATEMENT OF NET POSITION – NON-MAJOR ENTERPRISE FUNDS.....	89
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – NON-MAJOR ENTERPRISE FUNDS .....	90
COMBINING STATEMENT OF CASH FLOWS– NON-MAJOR ENTERPRISE FUNDS .....	91
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET TO ACTUAL – STORMWATER SPECIAL REVENUE FUND.....	92
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET TO ACTUAL – FIRE SPECIAL REVENUE FUND .....	93

### **GOVERNMENT AUDITING SECTION**

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i> .....	94
INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH FLORIDA STATUTES SECTION 218.415 – INVESTMENTS OF PUBLIC FUNDS.....	96
MANAGEMENT LETTER .....	97

### **OTHER INFORMATION**

MANAGEMENT'S AFFIDAVIT OF COMPLIANCE WITH SECTION 163.31801, FLORIDA STATUTES .....	99
LETTER OF MANAGEMENT'S RESPONSE.....	100



**(This page intentionally left blank)**

## **FINANCIAL SECTION**

## INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fort Meade, Florida (the City) as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

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

CERTIFIED PUBLIC ACCOUNTANTS

*Gainesville | Ocala | Tallahassee | Sarasota | Orlando*

purvisgray.com

*Members of American and Florida Institutes of Certified Public Accountants  
An Independent Member of the BDO Alliance USA.*

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

## INDEPENDENT AUDITOR'S REPORT

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Subsequent Event

As more fully described in Note 16 to the financial statements, the City may be negatively impacted by the outbreak of a novel coronavirus (COVID-19), which was declared a global pandemic by the World Health Organization in March 2020. Our opinion is not modified with respect to that matter.

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, as listed in the table of contents, schedules of changes in net pension liabilities, schedule of contributions, and related notes to schedules, schedule of investment returns, and schedule of changes in the total OPEB liability and related ratios (collectively, the required supplementary information) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining financial statements and budgetary comparison schedule, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining financial statements and budgetary comparison schedule, as listed in the table of contents, are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements, or to the basic financial

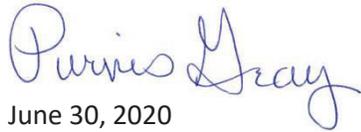
Honorable Mayor and City Commissioners  
City of Fort Meade  
Fort Meade, Florida

### INDEPENDENT AUDITOR'S REPORT

statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements and budgetary comparison schedule 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 June 30, 2020, 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.



June 30, 2020  
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 2019 by \$14,904,208 (net position). Of this amount, \$3,667,649 (unrestricted net position) may be used to meet the City's ongoing obligations.
- The City's total net position increased by \$995,803 or 7% during the year. The net position for governmental activities decreased by \$2,066 or <1%, while the business-type activities' net position increased by \$997,869 or 12%.
- Total combined revenues resulting from governmental activities and business-type activities increased \$1,351,230 or 12% when compared to the prior year.
- Total combined expenses resulting from governmental activities and business-type activities increased \$165,216 or 1% 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 \$2,668,252 compared to \$2,591,083 as of the prior year. Unassigned fund balance totaled \$1,050,442 as of September 30, 2019 which is 23% of total governmental fund expenditures for the year ended September 30, 2019.

### **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, law enforcement, fire control, building inspections, stormwater, roads and streets, library, recreation, 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. Fiduciary funds, such as pension trust funds, are excluded from the government-wide financial statements as they represent funds legally set aside for use by the employee groups they benefit. Florida law requires municipalities to fund pension plans on an actuarially sound basis, making it important for the user to study the fund financial statements as well as the related notes.

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 four separate governmental funds – the general fund, the community redevelopment agency (CRA) special revenue fund, the fire special revenue fund and the stormwater special revenue fund. The first two are considered major funds. Information is presented separately for the general fund and the community redevelopment agency special revenue fund 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 statements 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. 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 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 \$14,904,208.

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,

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Current and other assets	\$ 2,884,985	\$ 2,920,498	\$ 4,580,022	\$ 3,775,240	\$ 7,465,007	\$ 6,695,738
Capital assets	5,019,824	4,668,549	9,888,612	9,629,045	14,908,436	14,297,594
<b>Total assets</b>	<b>7,904,809</b>	<b>7,589,047</b>	<b>14,468,634</b>	<b>13,404,285</b>	<b>22,373,443</b>	<b>20,993,332</b>
Deferred outflows	370,733	525,528	225,928	311,668	596,661	837,196
Current liabilities	219,861	332,824	1,199,696	1,115,336	1,419,557	1,448,160
Non-current liabilities	2,023,017	1,757,726	4,406,575	4,496,227	6,429,592	6,253,953
<b>Total liabilities</b>	<b>2,242,878</b>	<b>2,090,550</b>	<b>5,606,271</b>	<b>5,611,563</b>	<b>7,849,149</b>	<b>7,702,113</b>
Deferred inflows	160,183	149,478	56,564	70,532	216,747	220,010
Net position:						
Net investment in capital assets	4,083,393	3,677,501	5,669,983	5,465,414	9,753,376	9,142,915
Restricted	1,005,996	759,255	477,187	477,613	1,483,183	1,236,868
Unrestricted	783,092	1,437,791	2,884,557	2,090,831	3,667,649	3,528,622
<b>Total net position</b>	<b>\$ 5,872,481</b>	<b>\$ 5,874,547</b>	<b>\$ 9,031,727</b>	<b>\$ 8,033,858</b>	<b>\$ 14,904,208</b>	<b>\$ 13,908,405</b>

At September 30, 2019 and 2018, approximately 65% 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 10% of the City's net position represents resources that are subject to external restrictions on how they may be used. That compares to 9% in the prior year. The remaining balance of unrestricted net position, \$3,667,649 or 25% of the City's net position in 2019 may be used to meet the City's ongoing obligations to citizens and creditors. This is an increase in unrestricted net position of \$139,027 or 4% for the year.

**CITY OF FORT MEADE, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
September 30, 2019

**Statement of Activities.** The 2019 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,**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>
<b>Revenues:</b>						
<i>Program Revenues:</i>						
Charges for services	\$ 687,182	\$ 419,820	\$ 8,086,186	\$ 7,636,023	\$ 8,773,368	\$ 8,055,843
Operating grants/contrib.	117,030	73,220	-	-	117,030	73,220
Capital grants/contrib.	140,830	67,095	525,328	12,713	666,158	79,808
<i>General revenues:</i>						
Property taxes - General	702,718	664,111	-	-	702,718	664,111
Property taxes - CRA	74,488	29,304	-	-	74,488	29,304
Pub svc tax/franchise fees	691,262	700,316	-	-	691,262	700,316
Transportation fuel taxes	368,722	360,605	-	-	368,722	360,605
State shared revenue	756,119	728,218	-	-	756,119	728,218
Other	53,536	41,168	16,580	136,158	70,116	177,326
<b>Total revenues</b>	<b><u>3,591,887</u></b>	<b><u>3,083,857</u></b>	<b><u>8,628,094</u></b>	<b><u>7,784,894</u></b>	<b><u>12,219,981</u></b>	<b><u>10,868,751</u></b>
<b>Expenses:</b>						
<i>Governmental activities:</i>						
General government	1,100,073	1,081,515	-	-	1,100,073	1,081,515
Law enforcement	1,369,613	1,111,076	-	-	1,369,613	1,111,076
Fire control	288,651	255,657	-	-	288,651	255,657
Building inspections	119,557	109,840	-	-	119,557	109,840
Stormwater	184,103	147,748	-	-	184,103	147,748
Roads and streets	280,635	296,129	-	-	280,635	296,129
Library	237,236	231,243	-	-	237,236	231,243
Recreation	186,387	168,008	-	-	186,387	168,008
Parks	503,403	482,828	-	-	503,403	482,828
Community redevelopment	11,620	544	-	-	11,620	544
Interest on long-term debt	46,628	45,290	-	-	46,628	45,290
<i>Business-type activities:</i>						
Electric	-	-	4,475,946	4,499,165	4,475,946	4,499,165
Water	-	-	667,455	665,009	667,455	665,009
Sewer	-	-	1,098,934	1,109,078	1,098,934	1,109,078
Solid waste	-	-	378,901	597,447	378,901	597,447
Mobile home park	-	-	275,036	258,385	275,036	258,385
<b>Total expenses</b>	<b><u>4,327,906</u></b>	<b><u>3,929,878</u></b>	<b><u>6,896,272</u></b>	<b><u>7,129,084</u></b>	<b><u>11,224,178</u></b>	<b><u>11,058,962</u></b>
Increase (decrease) in net position before transfers	<u>(736,019)</u>	<u>(846,021)</u>	<u>1,731,822</u>	<u>655,810</u>	<u>995,803</u>	<u>(190,211)</u>
<b>Transfers in (out)</b>	<b><u>733,953</u></b>	<b><u>1,162,693</u></b>	<b><u>(733,953)</u></b>	<b><u>(1,162,693)</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
Change in Net Position	(2,066)	316,672	997,869	(506,883)	995,803	(190,211)
Net position - Beginning	5,874,547	6,021,825	8,033,858	8,577,177	13,908,405	14,599,002
Restatement	-	(463,950)	-	(36,436)	-	(500,386)
Net position - Ending	<b><u>\$ 5,872,481</u></b>	<b><u>\$ 5,874,547</u></b>	<b><u>\$ 9,031,727</u></b>	<b><u>\$ 8,033,858</u></b>	<b><u>\$ 14,904,208</u></b>	<b><u>\$ 13,908,405</u></b>

**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 in place fees and charges that are designed to recover in part or in whole the cost of providing services.

During 2019, governmental activities' net position decreased by \$2,066 as a result of operations compared to an overall decrease of \$147,278 (\$516,780 decrease related to a change in accounting principle and an increase of \$316,672 due to the results of operations) in the prior year.

The main reason for the decline in the results of operations from 2018 to 2019 was an increase in total revenue of \$508,030 (16%) partially offset by an increase in expenses of \$398,028 (10%) and a \$428,740 decrease in the net transfer from the business-type activities. The main cause of the decrease in the net transfers to the governmental activities is due to \$400,000 of loan forgiveness by the governmental activities of prior years' advances to the business-type activities, which reduced the net transfer to the governmental activities. When the loan forgiveness is excluded, the transfer was in line with the prior year. Other significant year-over-year changes are noted below.

Overall, total revenues-governmental activities were up \$508,030 or 16%, total expenses were up \$398,028 or 10%. Following are key changes in the statement of activities from 2018 to 2019:

- Charges for service increased \$267,362 or 64% in 2019 compared to 2018 mainly due to the adoption of a fire control assessment of \$237,861 for 2019.
- Operating grants and contributions increased \$43,810 or 60% in 2019 compared to 2018 mainly due to increased insurance proceeds and donations.
- Capital grants and contributions were up \$73,735 or 110% in 2019 compared to 2018 which is mainly due to increased grant revenues and donations of fire equipment.
- Property taxes are up \$83,791 or 12% in 2019 compared to 2018. The City's millage rate was the same in 2018 and 2019 at 6.8704 but property valuations were up in the City due to the continued improvement in the economy.
- Remaining program and general revenues were up \$39,332 or 2% for various reasons.

On the expense side:

- General government expenses increased by \$18,558 or 2% in 2019 compared to 2018.
- Law enforcement expenses increased by \$258,537 or 23% compared to 2018 mainly because the prior year law enforcement pension expense was unusually low due to an actuarial adjustment to the pension related deferred outflows in the prior year. The current year law enforcement pension expense has returned to a more reasonable level which is in line with long term trends and expectations.
- Stormwater expenses increased by \$36,355 or 25% compared to 2018 mainly due to increased repair and maintenance expenses.
- Remaining program expenses increased by \$84,578 in 2019 compared to 2018.

### **Business-type activities**

Business-type activities experienced an increase in net position of \$997,869 compared to an overall decrease of \$543,319 (\$36,436 decrease related to a change in accounting principle and a \$506,883 decrease due to the results of operations) in the prior year.

The main reasons for the improvement in the results of operations from 2018 to 2019 were as follows:

- Total revenue increased \$843,200 or 11% from 2018 to 2019, and total expenses and net transfers decreased by \$661,552 or 8%.
- Charges for services revenue increased by \$450,163 or 6%.
- Expenses decreased by \$232,812 or 3%.
- The transfer to the governmental activities decreased from \$1,162,693 in 2018 to \$736,019 in 2019. The main cause of the decrease in the net transfers to the governmental activities is due to \$400,000 of loan forgiveness by the governmental activities of prior years' advances to the business-type activities, which reduced the net transfer to the governmental activities. When the loan forgiveness is excluded, the transfer was in line with the prior year.

### **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 and the community redevelopment agency special revenue fund as major governmental funds.

At the end of the current fiscal year, the City's governmental funds reported a combined fund balance of \$2,668,252. Of this amount, \$608,686 or 23% is non-spendable, \$1,009,124 or 38% is legally restricted for specific purposes, and \$1,050,442 or 39% 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 \$1,050,442, and total fund balance was \$1,809,775. This represents 26% (22% in prior year) and 44% (51% in prior year) respectively, of total general fund expenditures for the year ended September 30, 2019.

In the General Fund, the change in fund balance for the year declined from an increase of \$373,568 in 2018 to a decrease of \$85,367, a decline of \$458,935. Following is a summary of the changes from 2018 to 2019:

- Revenues increased by \$200,642 or 7%. Taxes revenue in 2019 increased by 28,911 or 2% compared to 2018. Intergovernmental revenue increased by \$127,396 or 16% due to increased grant revenue.
- Expenditures increased by \$388,690 or 11%. Capital outlay expenditures increased by \$570,492 or 562% due to increased capital projects and equipment purchases and public safety expenditures decreased by \$187,904 due to the moving of the fire department to the fire special revenue fund.

- Other financing sources, net of other financing uses, declined by \$270,887 mainly due to a \$520,875 decrease in net transfers which was caused by the general fund's forgiveness of \$400,000 of prior years' advances to the City's sewer fund which resulted in a transfer out of the general fund and into the sewer fund.

*The Community Redevelopment Agency.* The Community Redevelopment Agency (CRA) was created by City Ordinance No. 1547 pursuant to Florida Statutes Chapter 163. To satisfy the requirements of Section 163.387(8) of the Florida Statutes, the CRA is included in the primary government's report 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 seven citizens appointed by the City Commission.

At year end, total fund balance in the CRA Fund totaled \$107,526 compared to \$64,221 at the end of the prior year.

- Revenues were \$29,304 in 2018 and \$74,488 in 2019. 2018 was the first year the CRA has received tax-increment revenues.
- Expenditures were \$31,611 in 2019 compared to \$545 in 2018.

**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 is 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 2018 to 2019, by major fund:

- In the electric fund, the change in net position improved from a decrease of \$201,996 in 2018 to a decrease of \$92,568 in 2019, an improvement of \$109,428. The improvement was attributable to a 3% increase in operating revenues and a <1% decrease in operating expenses. The electric fund transferred \$961,556 to the general fund and \$89,454 to the fire fund in 2019 compared to a transfer of \$1,062,693 to the general fund in 2018.
- In the water fund, the change in net position improved from a decrease of \$85,896 in 2018 to a decrease of \$65,901 in 2019, an increase of \$19,995. Charges for services increased by \$29,675 or 5% and operating expenses decreased by \$18,701 or 3%. The water fund received a \$5,750 transfer from the general fund in 2019 and did not make or receive any transfers in 2018.
- In the sewer fund, the change in net position improved from a decrease of \$64,967 in 2018 to an increase of \$1,045,514 in 2019, an improvement of \$1,110,481. Charges for services increased by \$191,777 or 19% and operating expenses decreased \$6,872 or 1%. The sewer fund received a \$409,700 transfer from the City's general fund of which, \$400,000 represents loan forgiveness of prior year advances made to the sewer fund.
- In the combined non-major funds, the change in net position experienced a decrease of \$154,024 in 2018 compared to a increase of \$110,824 in 2019, an improvement of \$264,848. Operating revenues increased by \$60,212 or 8%, and operating expenses decreased \$201,895 or 24%. The combined non-major funds transferred \$100,000 to the general fund in 2018 and \$98,393 in 2019. 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. 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 \$6,757,933 of net position restricted for pension benefits at September 30, 2019. This is an increase of \$83,112 or 1% for the year. The combined funds reported net investment income of \$325,945 for 2019 compared to \$451,989 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 2019 general fund budget anticipated a decline in fund balance of \$100,250 as budgeted expenditures exceeded budgeted revenues and other financing sources. Amendments to the original budget during 2019 increased anticipated revenues by \$2,981 and decreased anticipated expenditures of \$266,842 and included the following:

- Total budgeted revenue was increased by \$2,981 as a result of budget amendments which included increased budgeted tax revenue of \$42,483 and licenses and permit revenue of \$69,513 partially offset by decreased budgeted intergovernmental revenue of \$37,694 and other revenue of \$92,588.
- Total budgeted expenditures were decreased by \$266,842 as a result of budget amendments.
- The budget for other financing sources, net of other financing uses, was decreased by \$387,266, mainly to reflect the \$400,000 loan forgiveness transfer to the sewer fund.
- The final amended budget anticipated a decrease in fund balance of \$217,693 for 2019.

Actual results for 2019 decreased fund balance by \$85,367 which was \$132,326 better than the anticipated change in fund balance of \$217,693 discussed above. Actual revenues came in \$41,368 or 1% lower than the final amended budget. Expenditures came in \$159,542 or 4% lower than the final amended budget, spread across all departments. Other financing sources, net with other financing uses, came in \$14,152 or 1% higher than the final amended budget.

**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, 2019, totals \$14,908,436 (net of accumulated depreciation), an increase of \$610,842 (4%) for the current year. Governmental net additions were \$642,051, book value of disposed assets was \$1,500, and depreciation expense was \$289,276 for a net increase of \$351,275 (8%). Business-type net additions were \$849,430, book value of disposed assets was \$-0-, and depreciation expense was \$589,863 for a net increase of \$259,567 (3%). 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>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land	\$ 839,765	\$ 839,765	\$ 345,838	\$ 345,838	\$ 1,185,603	\$ 1,185,603
Buildings and improvements	1,280,583	968,189	8,470,089	8,788,455	9,750,672	9,756,644
Equipment	516,085	462,092	445,248	423,971	961,333	886,063
Infrastructure	2,285,621	2,313,003	-	-	2,285,621	2,313,003
Construction in progress	<u>97,770</u>	<u>85,500</u>	<u>627,437</u>	<u>70,781</u>	<u>725,207</u>	<u>156,281</u>
Total	<u>\$ 5,019,824</u>	<u>\$ 4,668,549</u>	<u>\$ 9,888,612</u>	<u>\$ 9,629,045</u>	<u>\$ 14,908,436</u>	<u>\$ 14,297,594</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 \$5,462,912 (excluding accrued compensated absences, other postemployment liability and net pension liabilities) compared to \$5,272,293 at the previous year end, an increase of \$190,619 due to \$461,928 of new borrowing partially offset by regular principal payments of \$271,309. 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>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenue notes	\$ 895,555	\$ 976,145	\$ 3,999,844	\$ 4,091,488	\$ 4,895,399	\$ 5,067,633
Other long-term debt	<u>492,735</u>	<u>132,517</u>	<u>74,778</u>	<u>72,143</u>	<u>567,513</u>	<u>204,660</u>
Total	<u>\$ 1,388,290</u>	<u>\$ 1,108,662</u>	<u>\$ 4,074,622</u>	<u>\$ 4,163,631</u>	<u>\$ 5,462,912</u>	<u>\$ 5,272,293</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**

#### Introduction

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.

#### Hurricane Irma

On September 10, 2017, Hurricane Irma was a Category 2 Hurricane when hit the City of Fort Meade at approximately 11:30 PM. The storm wreaked havoc not only in Fort Meade, but across Florida. Fort Meade was heavily impacted with high winds, wind-driven rain, and associated destruction.

Before, during, and after the storm, the City was represented by several City staff members at the Polk County Emergency Operations Center (EOC) as Hurricane Irma threatened Fort Meade. All critical functions of the City were on-call and ready to assist. After the storm passed, all hands were on-deck as the City staff pulled together to pick up the pieces in the aftermath of Irma. The City of Fort Meade also received mutual aid assistance from several contractors that were eager to assist.

The City of Fort Meade sustained substantial damages to facilities during the storm. The City staff began working with Polk County Emergency Management, FEMA, and the City's insurance company immediately after the storm in order to repair the damages sustained.

The City finished restoration efforts related to Hurricane Irma in fiscal year 2019. The City also began seeing significant progress with FEMA projects late in fiscal year 2019 and into fiscal year 2020.

#### JDC Progress

As phosphate mining moves south, previously mined areas holding low grade phosphate are being evaluated for potential re-mining. JDC Phosphate, Inc., located west of the City, is leading in this effort. JDC employs an experimental recovery process that addresses two environmental issues created by the existing ore extraction process in the region. The JDC process eliminates the creation of gypsum and creates an aggregate to be used as stone in construction. Additionally, JDC will be addressing the reclamation of previous sites that were not subject to reclamation regulations when mined. JDC completed the experimental phase of the operation and anticipates adding 25 new jobs, for total employment of 95 people.

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

**Economic Factors** (cont...)

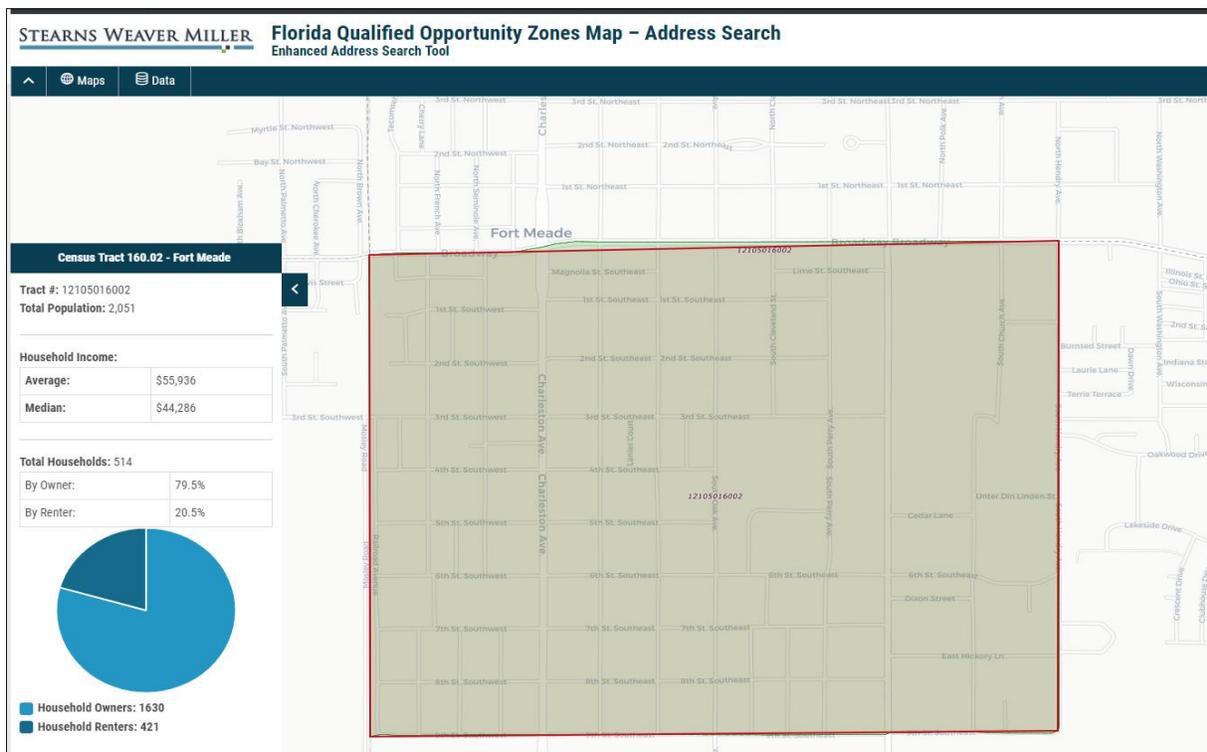
**Valmont Progress**

In August 2018, Valmont purchased 13 acres of property located on the west side of US Highway 17 North. One of the reasons Valmont is interested in this area, is that they will have the opportunity to employ skilled workers as mining is projected to decrease in the area. Valmont will be investing \$13 million dollars to produce concrete electric distribution poles (power poles). These poles are considered more sustainable in the Florida climate and will better withstand strong winds received from storms. Their original estimate is to employ 50-employees with an average wage of \$40,000 per year. This will allow the company to produce about 100 poles per day. Their ultimate goal is to produce 200 power poles per day, with 100-employees. These jobs will be permanent jobs within the City of Fort Meade's CRA District. Valmont began operations in May 2019 and is still in the process of hiring employees. Additionally, the company also has plans to expand their current site.

**Retail and Food Services Interest**

Continuing with commercial interest in the area, the City has been working with several businesses to serve the area. O'Reilly's Auto Parts opened a facility on US Highway 17, just north of Greenwood Chevrolet in fiscal year 2019. Burger King also opened a restaurant across the street from City Hall in April 2019. The Dollar General recently expanded their cold foods section of the store to provide more grocery options for residents. In addition, the Fresh Choice Market grocery store recently opened just south of City Hall on US Highway 17. They are a full-service grocery store, which the City has not had in many years. This will remove the designation as a food desert in our community. We are considering all of these new opportunities as positive indicators of future development and a better way of life in our historic community.

**Qualified Opportunity Zone**

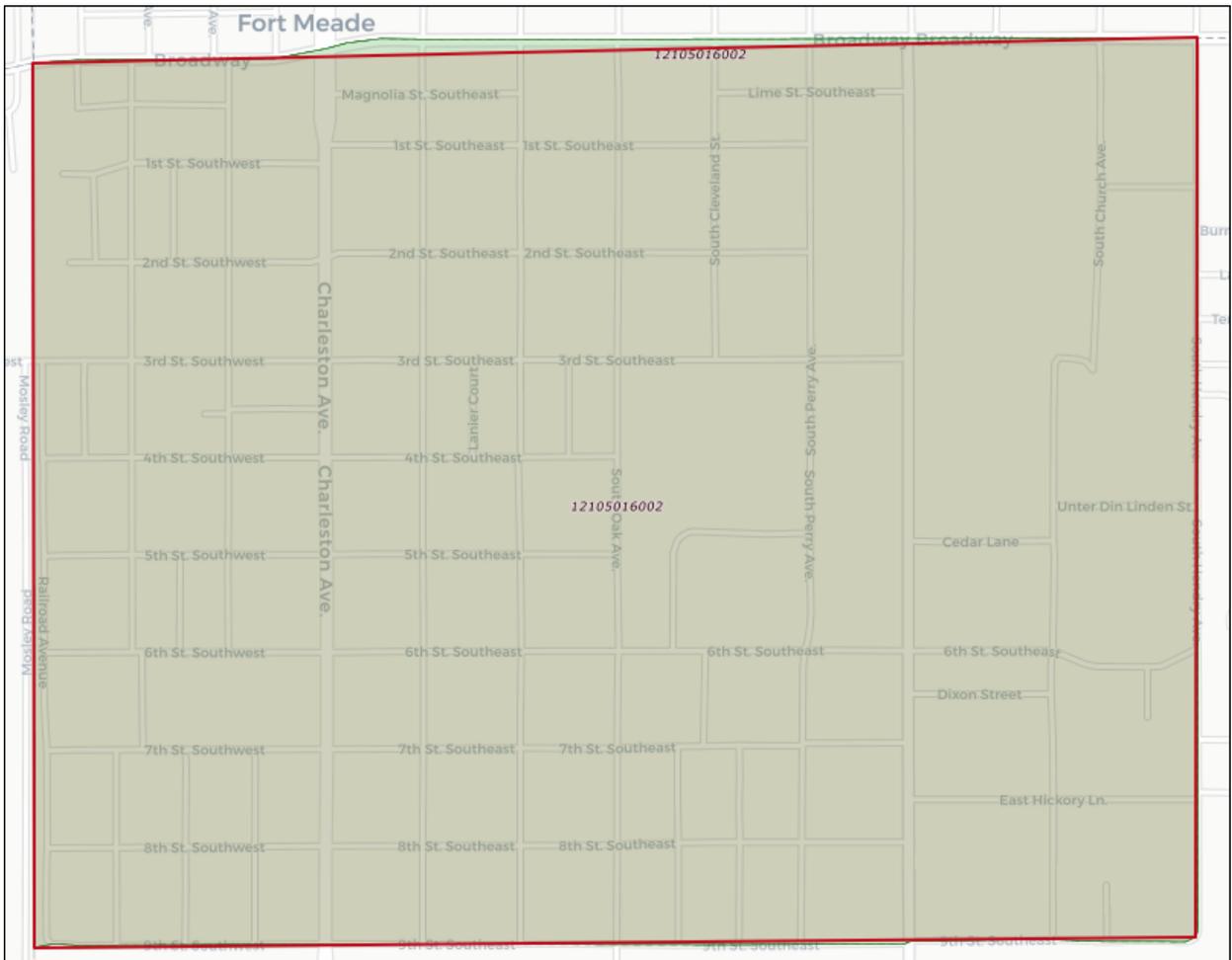


**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES (cont...)**

**Economic Factors** (cont...)

Qualified Opportunity Zone (cont...)

The City of Fort Meade is listed as a Qualified Opportunity Zone, which means the community has been designated as an economically distressed community. Communities that qualify as Opportunity Zones must be nominated for the designation by the State and the nomination must be certified by the Secretary of the US Treasury. This means that new investments that meet certain conditions, may be eligible for preferential tax treatments. This designation is very important to the community because it is meant to spur economic development by providing tax benefits to investors.



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

### **Economic Factors** (cont...)

#### **Conclusion**

In August 2018, The Ledger reported that Florida is excelling in job and population growth. This shows a tremendous move in the right direction from the Great Recession. It is projected that the Florida economy, as well as our local economy, will become more diversified due to increases in our population and job growth.

As interest in our region grows, available land, utilities, and transportation systems will be key factors in our community's future development. As we embrace this interest in our region, the City will be required to address a wide-range of issues regarding infrastructure, land use regulations, and annexations. To prepare, the community must be active and strive to maintain the old Florida character. Balancing the old with the new objectives will require a planned approach to finance, construction, and implementing changes, while maintaining and serving the community.

### **Budget Highlights**

The budget highlights from the budget message and economic outlook report from the City Manager for fiscal year 2019-2020 are as follows:

- During the building of this year's budget, the City focused on maintaining the current service levels. While the City was unable to fund each and every request, it did make progress in many areas.
- The budget maintains the current employment level with no reductions in the workforce.
- Capital projects are investments in the City's infrastructure, financial health and generate capital wealth. Priority was given to those improvements that are tied to safety, level of service standards, quality of life, and contractual agreements.
- The City did not budget for the use of reserves to fund recurring general government operations.
- The adopted millage rate for the 2019-2020 fiscal year is 7.8899 as our final millage and is tied directly to investing in capital infrastructure from our Capital Improvement Plan (CIP), striving for organizational excellence, maintaining fiscal stability, and creating the right business climate for industry and local businesses. The City strives to be responsive to its workforce, tax and ratepayers.

#### **Summary**

The City experienced financial strains over the last several years due to ongoing litigation with Biosolids Distribution and Hurricane Irma. The City reached a settlement agreement with Biosolids Distribution in April of 2020 and is actively working to improve the health of the Sewer Fund. The City is also actively working with FEMA for reimbursements on Hurricane Irma damages. The General and Fire Funds are repaying debt service associated with Hurricane Irma repairs to City Hall, the Police Station, and Fire Station.

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

### **Budget Highlights** (cont...)

#### **Summary** (cont...)

The storm also brought many items to light that can help the City improve operations going forward. The City plans to focus on increasing unrestricted reserves in all funds, based on our experience with these issues. The budget allows for the City to set aside reserves as feasible to offset future unexpected expenditures, to fund capital projects, and to mitigate future operational increases.

Demand for commercial development in Fort Meade is increasing. The City Manager and Building Dept. are working with property and business owners to develop plans for serious development within the next year. The Community Redevelopment Agency is gaining momentum with the receipt of Tax Increment Funding, which will allow the City to start pursuing projects within the CRA District as well.

Overall, the City has stable operations, strong investments in capital, and has positive indicators for development going forward. The FY 2019-20 budget maintains service levels and provides for a large investment in City operations by fully funding capital projects included in the Capital Improvement Plan. Increasing revenue projections and the recent uptick in commercial development inquiries, show the City is looking at a favorable future.

### **COVID-19**

The COVID-19 pandemic has created economic disruptions throughout the country as of the date of this report causing significant declines in the financial markets and economic activity overall. The City expects to experience losses of various local and state shared revenues, declines in user fees, declines in investment values for both the government and in pension plans which could result in increased pension contributions and declines in financial reserves as a result. Depending upon the length and severity of the economic disruption the City may also not be able to meet all debt covenants. The ultimate effects of these items are expected to be significant but is not quantifiable at this time.

### **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, 2019**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Equity in pooled cash and cash equivalents	\$ 1,048,150	\$ 2,544,188	\$ 3,592,338
Receivables, current:			
Customer accounts, net	49,716	1,189,340	1,239,056
Intergovernmental	90,378	130,150	220,528
Franchise and public service taxes	68,887	-	68,887
Other	146	-	146
Inventory and prepaids	16,449	379,304	395,753
Internal balances	592,237	(592,237)	-
Restricted assets:			
Equity in pooled cash and cash equivalents	1,019,022	929,277	1,948,299
Capital assets:			
Non-depreciable	937,535	973,275	1,910,810
Depreciable, net	4,082,289	8,915,337	12,997,626
<b>TOTAL ASSETS</b>	<b>7,904,809</b>	<b>14,468,634</b>	<b>22,373,443</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	370,733	225,928	596,661
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	179,486	576,963	756,449
Construction costs payable	-	144,007	144,007
Accrued wages	35,607	18,821	54,428
Due to other governments	1,640	-	1,640
Unearned revenue	-	7,815	7,815
Accrued interest payable	3,128	14,259	17,387
Customer deposits	-	437,831	437,831
Long-term obligations:			
Due within one year	137,745	123,511	261,256
Due in more than one year	1,885,272	4,283,064	6,168,336
<b>TOTAL LIABILITIES</b>	<b>2,242,878</b>	<b>5,606,271</b>	<b>7,849,149</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	160,183	56,564	216,747
<b>NET POSITION</b>			
Net investment in capital assets	4,083,393	5,669,983	9,753,376
Restricted for:			
Debt service	6,996	275,086	282,082
Transportation expenditures	132,022	-	132,022
Law enforcement purposes	8,758	-	8,758
Community redevelopment	107,526	-	107,526
Stormwater management	673,790	-	673,790
Fire services	76,904	-	76,904
Water and sewer system improvements	-	202,101	202,101
Unrestricted	783,092	2,884,557	3,667,649
<b>TOTAL NET POSITION</b>	<b>\$ 5,872,481</b>	<b>\$ 9,031,727</b>	<b>\$ 14,904,208</b>

*The accompanying notes are an integral part of these financial statements*

**CITY OF FORT MEADE, FLORIDA**  
**STATEMENT OF ACTIVITIES**  
For the year ended September 30, 2019

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grant and Contributions	Capital Grant and Contributions
<b>PRIMARY GOVERNMENT:</b>				
<b>Governmental activities:</b>				
General government	\$ 1,100,073	\$ 53,526	\$ 68,508	\$ 1,468
Law enforcement	1,369,613	71,776	-	-
Fire control	288,651	238,036	200	31,450
Building inspections	119,557	123,096	-	-
Stormwater	184,103	187,284	-	14,065
Roads and streets	280,635	-	14,096	-
Library	237,236	7,536	34,226	-
Recreation	186,387	3,603	-	93,847
Parks	503,403	2,325	-	-
Community redevelopment	11,620	-	-	-
Interest on long-term debt	46,628	-	-	-
<b>Total governmental activities</b>	<b>4,327,906</b>	<b>687,182</b>	<b>117,030</b>	<b>140,830</b>
<b>Business-type activities</b>				
Electric	4,475,946	5,422,124	-	737
Water	667,455	595,845	-	2,737
Sewer	1,098,934	1,212,836	-	521,854
Mobile home park	275,036	374,440	-	-
Solid waste	378,901	480,941	-	-
<b>Total business-type activities</b>	<b>6,896,272</b>	<b>8,086,186</b>	<b>-</b>	<b>525,328</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 11,224,178</b>	<b>\$ 8,773,368</b>	<b>\$ 117,030</b>	<b>\$ 666,158</b>

**GENERAL REVENUES**

Taxes:

- Property taxes, levied for general purposes
- Property taxes, levied for community redevelopment purposes
- Public service taxes and franchise fees
- Fuel taxes levied for transportation purposes

State shared revenue

Investment earnings

Miscellaneous

Gain on disposal of capital assets

**TRANSFERS**

Total general revenues and transfers

**CHANGE IN NET POSITION**

**NET POSITION, beginning of year**

**NET POSITION, end of year**

*The accompanying notes are an integral part of these financial statements*

**Net (Expense) Revenue and  
Changes in Net Position**

<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (976,571)	\$ -	\$ (976,571)
(1,297,837)	-	(1,297,837)
(18,965)	-	(18,965)
3,539	-	3,539
17,246	-	17,246
(266,539)	-	(266,539)
(195,474)	-	(195,474)
(88,937)	-	(88,937)
(501,078)	-	(501,078)
(11,620)	-	(11,620)
(46,628)	-	(46,628)
<u>(3,382,864)</u>	<u>-</u>	<u>(3,382,864)</u>
-	946,915	946,915
-	(68,873)	(68,873)
-	635,756	635,756
-	99,404	99,404
-	102,040	102,040
-	<u>1,715,242</u>	<u>1,715,242</u>
(3,382,864)	1,715,242	(1,667,622)
702,718	-	702,718
74,488	-	74,488
691,262	-	691,262
368,722	-	368,722
756,119	-	756,119
975	321	1,296
52,380	16,259	68,639
181	-	181
<u>733,953</u>	<u>(733,953)</u>	<u>-</u>
<u>3,380,798</u>	<u>(717,373)</u>	<u>2,663,425</u>
(2,066)	997,869	995,803
<u>5,874,547</u>	<u>8,033,858</u>	<u>13,908,405</u>
<u>\$ 5,872,481</u>	<u>\$ 9,031,727</u>	<u>\$ 14,904,208</u>

*The accompanying notes are an integral part of these financial statements*

**CITY OF FORT MEADE, FLORIDA**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
September 30, 2019

	<u>General Fund</u>	<u>Community Redevelopment Agency</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>ASSETS</b>				
Equity in pooled cash and cash equivalents	\$ 1,048,150	\$ 109,918	\$ 758,200	\$ 1,916,268
Receivables, net:				
Customer accounts, net	49,195	-	521	49,716
Intergovernmental	82,978	-	7,400	90,378
Franchise and public service taxes	68,887	-	-	68,887
Other	-	-	146	146
Inventory	16,192	-	257	16,449
Advances to other funds	592,237	-	-	592,237
Restricted assets:				
Equity in pooled cash and cash equivalents	150,904	-	-	150,904
<b>TOTAL ASSETS</b>	<u>\$ 2,008,543</u>	<u>\$ 109,918</u>	<u>\$ 766,524</u>	<u>\$ 2,884,985</u>
<b>LIABILITIES</b>				
Accounts payable	163,876	2,392	13,218	179,486
Accrued wages and benefits	33,252	-	2,355	35,607
Due to other governments	1,640	-	-	1,640
<b>TOTAL LIABILITIES</b>	<u>198,768</u>	<u>2,392</u>	<u>15,573</u>	<u>216,733</u>
<b>FUND BALANCE</b>				
Nonspendable:				
Inventory	16,192	-	257	16,449
Interfund balances	592,237	-	-	592,237
Restricted for:				
Law enforcement trust fund	8,758	-	-	8,758
Debt service	10,124	-	-	10,124
Transportation expenditures	132,022	-	-	132,022
Community redevelopment	-	107,526	-	107,526
Stormwater management	-	-	673,790	673,790
Fire services	-	-	76,904	76,904
Unassigned	1,050,442	-	-	1,050,442
<b>TOTAL FUND BALANCES</b>	<u>1,809,775</u>	<u>107,526</u>	<u>750,951</u>	<u>2,668,252</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 2,008,543</u>	<u>\$ 109,918</u>	<u>\$ 766,524</u>	<u>\$ 2,884,985</u>

*The accompanying notes are an integral part of these financial statements*

**CITY OF FORT MEADE, FLORIDA**

**RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION**

September 30, 2019

---

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

<b>FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>	\$ 2,668,252
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	5,019,824
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.	370,733
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.	(160,183)
Interest payable on long-term debt does not require current financial resources and therefore, is not reported as a liability in the governmental funds.	(3,128)
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.	(2,023,017)
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<u>\$ 5,872,481</u>

---

*The accompanying notes are an integral part of these financial statements*

**CITY OF FORT MEADE, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –**  
**GOVERNMENTAL FUNDS**  
For the year ended September 30, 2019

	<u>General Fund</u>	<u>Community Redevelopment Agency</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>REVENUES:</b>				
Taxes	\$ 1,663,256	\$ 74,488	\$ -	\$ 1,737,744
Licenses, permits and special assessments	236,781	-	187,284	424,065
Intergovernmental revenue	903,469	-	14,065	917,534
Charges for services	13,463	-	238,036	251,499
Fines and forfeitures	94,501	-	-	94,501
Other	72,841	-	1,051	73,892
Total revenues	<u>2,984,311</u>	<u>74,488</u>	<u>440,436</u>	<u>3,499,235</u>
<b>EXPENDITURES:</b>				
Current:				
General government	998,200	-	-	998,200
Public safety	1,380,023	-	191,320	1,571,343
Physical environment	-	-	119,677	119,677
Economic environment	-	4,420	-	4,420
Transportation	144,501	-	-	144,501
Culture/recreation	743,950	-	-	743,950
Capital outlay	672,009	27,191	168,649	867,849
Debt service				
Interest	32,893	-	14,017	46,910
Principal	107,522	-	-	107,522
Total expenditures	<u>4,079,098</u>	<u>31,611</u>	<u>493,663</u>	<u>4,604,372</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(1,094,787)</u>	<u>42,877</u>	<u>(53,227)</u>	<u>(1,105,137)</u>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	1,059,949	-	92,135	1,152,084
Transfers (out)	(418,131)	-	-	(418,131)
Loan proceeds	319,819	-	67,330	387,149
Insurance recoveries	47,783	428	12,993	61,204
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>1,009,420</u>	<u>428</u>	<u>172,458</u>	<u>1,182,306</u>
<b>NET CHANGE IN FUND BALANCE</b>	(85,367)	43,305	119,231	77,169
<b>FUND BALANCE, beginning of year</b>	<u>1,895,142</u>	<u>64,221</u>	<u>631,720</u>	<u>2,591,083</u>
<b>FUND BALANCE, end of year</b>	<u>\$ 1,809,775</u>	<u>\$ 107,526</u>	<u>\$ 750,951</u>	<u>\$ 2,668,252</u>

*The accompanying notes are an integral part of these financial statements*

**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, 2019

---

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

**NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS** \$ 77,169

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.	642,051
This is the amount of depreciation recorded in the current period.	(289,276)
This is the book value of dispositions recorded in the current period.	(1,500)

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.	107,522
This is the proceeds from borrowing.	(387,150)
This is the change in accrued interest payable on long-term debt.	281
This is the change in accrued compensated absences during the year.	(26,493)
This is the change in the total OPEB liability during the year.	(13,801)

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.	(10,705)
This amount represents the change in deferred outflows related to pensions.	(154,795)
This amount represents the change in the net pension liability.	54,631

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES** \$ (2,066)

**CITY OF FORT MEADE, FLORIDA**  
**STATEMENT OF NET POSITION – PROPRIETARY FUNDS**  
September 30, 2019

	<b>Business Type Activities - Enterprise Funds</b>				<b>Total</b>
	<b>Electric Fund</b>	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Non-major Funds</b>	
<b>ASSETS</b>					
Current assets:					
Equity in pooled cash and cash equivalents	\$ 1,692,168	\$ 337,084	\$ 148,848	\$ 366,088	\$ 2,544,188
Receivables:					
Customers, net	717,211	88,986	321,383	61,760	1,189,340
Intergovernmental and other	-	-	130,150	-	130,150
Inventory and prepaids	<u>299,902</u>	<u>73,393</u>	<u>6,009</u>	<u>-</u>	<u>379,304</u>
Total current assets	<u>2,709,281</u>	<u>499,463</u>	<u>606,390</u>	<u>427,848</u>	<u>4,242,982</u>
Noncurrent assets:					
Restricted assets:					
Equity in pooled cash and cash equivalents	318,286	222,717	388,274	-	929,277
Capital assets:					
Non-depreciable	-	167,487	794,923	10,865	973,275
Depreciable, net	<u>3,107,274</u>	<u>1,503,780</u>	<u>4,059,737</u>	<u>244,546</u>	<u>8,915,337</u>
Total noncurrent assets	<u>3,425,560</u>	<u>1,893,984</u>	<u>5,242,934</u>	<u>255,411</u>	<u>10,817,889</u>
Total assets	<u>6,134,841</u>	<u>2,393,447</u>	<u>5,849,324</u>	<u>683,259</u>	<u>15,060,871</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflows related to pensions	<u>106,706</u>	<u>54,677</u>	<u>64,545</u>	<u>-</u>	<u>225,928</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	338,906	31,520	49,420	157,117	576,963
Construction costs payable	-	-	144,007	-	144,007
Accrued wages	11,707	4,796	2,318	-	18,821
Other postemployment benefit liability	960	376	620	-	1,956
Bonds and notes payable, current	<u>-</u>	<u>18,651</u>	<u>102,904</u>	<u>-</u>	<u>121,555</u>
Total current liabilities	<u>351,573</u>	<u>55,343</u>	<u>299,269</u>	<u>164,932</u>	<u>871,117</u>
Noncurrent liabilities:					
Liabilities payable from restricted assets:					
Customer deposits	318,286	78,929	40,616	-	437,831
Interest payable	-	3,825	10,434	-	14,259
Advances from other funds	-	166,316	425,921	-	592,237
Compensated absences	18,695	5,843	9,886	-	34,424
Other postemployment benefit liability	18,247	7,135	11,782	-	37,164
Net pension liability	122,047	62,537	73,825	-	258,409
Bonds and notes payable, noncurrent portion	<u>-</u>	<u>1,053,146</u>	<u>2,899,921</u>	<u>-</u>	<u>3,953,067</u>
Total noncurrent liabilities	<u>477,275</u>	<u>1,377,731</u>	<u>3,472,385</u>	<u>-</u>	<u>5,327,391</u>
Total liabilities	<u>828,848</u>	<u>1,433,074</u>	<u>3,771,654</u>	<u>164,932</u>	<u>6,198,508</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows related to pensions	<u>26,715</u>	<u>13,689</u>	<u>16,160</u>	<u>-</u>	<u>56,564</u>
<b>NET POSITION</b>					
Net investment in capital assets	3,107,274	599,470	1,707,828	255,411	5,669,983
Restricted for:					
Debt retirement	-	66,107	208,979	-	275,086
Utility system improvements (expendable)	-	73,856	128,245	-	202,101
Unrestricted	<u>2,278,710</u>	<u>261,928</u>	<u>81,003</u>	<u>262,916</u>	<u>2,884,557</u>
Total net position	<u>\$ 5,385,984</u>	<u>\$ 1,001,361</u>	<u>\$ 2,126,055</u>	<u>\$ 518,327</u>	<u>\$ 9,031,727</u>

*The accompanying notes are an integral part of these financial statements*

**CITY OF FORT MEADE, FLORIDA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION –**  
**PROPRIETARY FUNDS**  
For the year ended September 30, 2019

	<b>Business-type Activities - Enterprise Funds</b>				<b>Total</b>
	<b>Electric Fund</b>	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Non-major Funds</b>	
<b>OPERATING REVENUES:</b>					
Charges for services	\$ 5,422,124	\$ 595,845	\$ 1,212,836	\$ 855,381	\$ 8,086,186
Total operating revenue	5,422,124	595,845	1,212,836	855,381	8,086,186
<b>OPERATING EXPENSES:</b>					
Personnel services	443,324	227,781	257,163	22,807	951,075
Purchased power	3,360,149	-	-	-	3,360,149
Operating expenses	465,093	259,943	452,616	616,605	1,794,257
Depreciation	204,928	109,826	260,584	14,525	589,863
Total operating expenses	4,473,494	597,550	970,363	653,937	6,695,344
<b>OPERATING INCOME (LOSS)</b>	948,630	(1,705)	242,473	201,444	1,390,842
<b>NONOPERATING REVENUE (EXPENSE)</b>					
Investment revenue	263	-	58	-	321
Interest expense	(2,452)	(47,320)	(128,571)	-	(178,343)
Contribution to joint venture	-	(22,585)	-	-	(22,585)
Other, net	11,264	(2,778)	-	7,773	16,259
Total nonoperating revenues (expense)	9,075	(72,683)	(128,513)	7,773	(184,348)
<b>INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</b>	957,705	(74,388)	113,960	209,217	1,206,494
<b>CAPITAL CONTRIBUTIONS</b>					
Capital grants and contributions	737	737	517,854	-	519,328
Impact fees	-	2,000	4,000	-	6,000
Total capital contributions	737	2,737	521,854	-	525,328
<b>TRANSFERS IN (OUT)</b>	(1,051,010)	5,750	409,700	(98,393)	(733,953)
<b>CHANGE IN NET POSITION</b>	(92,568)	(65,901)	1,045,514	110,824	997,869
<b>NET POSITION, beginning of year</b>	5,478,552	1,067,262	1,080,541	407,503	8,033,858
<b>NET POSITION, end of year</b>	\$ 5,385,984	\$ 1,001,361	\$ 2,126,055	\$ 518,327	\$ 9,031,727

*The accompanying notes are an integral part of these financial statements*

**CITY OF FORT MEADE, FLORIDA**  
**STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS**  
For the year ended September 30, 2019

	<b>Business Type Activities - Enterprise Funds</b>				<b>Total</b>
	<b>Electric Fund</b>	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Non-major Funds</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Receipts from customers	\$ 5,493,734	\$ 583,804	\$ 1,051,052	\$ 864,835	\$ 7,993,425
Payments to suppliers	(3,898,232)	(298,034)	(441,402)	(692,946)	(5,330,614)
Payments for salaries and benefits	(405,045)	(212,407)	(240,819)	(22,807)	(881,078)
Net cash flows from operating activities	<u>1,190,457</u>	<u>73,363</u>	<u>368,831</u>	<u>149,082</u>	<u>1,781,733</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Transfers (to) from other funds	(1,051,010)	5,750	9,700	(98,393)	(1,133,953)
Increase (decrease) in deposits	11,731	670	2,622	-	15,023
Net cash flows from noncapital financing activities	<u>(1,039,279)</u>	<u>6,420</u>	<u>12,322</u>	<u>(98,393)</u>	<u>(1,118,930)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Acquisition and construction of capital assets, net of related payables	(31,101)	(57,445)	(576,712)	(40,165)	(705,423)
Loan proceeds	-	-	52,193	-	52,193
Principal paid on notes, bonds and lease obligations	(54,875)	(33,233)	(75,679)	-	(163,787)
Interest paid on borrowings and other debt costs	(2,452)	(47,385)	(128,844)	-	(178,681)
Capital contributions received, including impact fees, net of change in related receivables	737	2,737	391,704	-	395,178
Net cash flows from capital and related financing activities	<u>(87,691)</u>	<u>(135,326)</u>	<u>(337,338)</u>	<u>(40,165)</u>	<u>(600,520)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest on invested funds	263	-	58	-	321
Other income	11,264	(2,778)	-	7,773	16,259
Net cash flows from investing activities	<u>11,527</u>	<u>(2,778)</u>	<u>58</u>	<u>7,773</u>	<u>16,580</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>75,014</u>	<u>(58,321)</u>	<u>43,873</u>	<u>18,297</u>	<u>78,863</u>
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>1,935,440</u>	<u>618,122</u>	<u>493,249</u>	<u>347,791</u>	<u>3,394,602</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 2,010,454</u>	<u>\$ 559,801</u>	<u>\$ 537,122</u>	<u>\$ 366,088</u>	<u>\$ 3,473,465</u>

Continued...

*The accompanying notes are an integral part of these financial statements*

**CITY OF FORT MEADE, FLORIDA**  
**STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (concluded)**  
For the year ended September 30, 2019

	<b>Business Type Activities - Enterprise Funds</b>				<b>Total</b>
	<b>Electric Fund</b>	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Non-major Funds</b>	
<b>As shown in the Accompanying Financial Statements</b>					
Equity in pooled cash and cash equivalents	\$ 1,692,168	\$ 337,084	\$ 148,848	\$ 366,088	\$ 2,544,188
Restricted equity in pooled cash and cash equivalents	318,286	222,717	388,274	-	929,277
<b>Total cash and cash equivalents</b>	<b>\$ 2,010,454</b>	<b>\$ 559,801</b>	<b>\$ 537,122</b>	<b>\$ 366,088</b>	<b>\$ 3,473,465</b>
<b>Noncash financing and investing activities:</b>					
Joint venture loan guarantee / contribution	\$ -	\$ 22,585	\$ -	\$ -	\$ -
Financed purchase of equipment	\$ -	\$ -	\$ 52,193	\$ -	\$ -
Forgiveness of interfund borrowing	\$ -	\$ -	\$ 400,000	\$ -	\$ -
<b>Reconciliation of operating income (loss) to net cash flows from operating activities:</b>					
Operating income (loss)	\$ 948,630	\$ (1,705)	\$ 242,473	\$ 201,444	\$ 1,390,842
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:					
Depreciation expense	204,928	109,826	260,584	14,525	589,863
(Increase) decrease in inventory and prepaids	(71,538)	(21,799)	(1,856)	-	(95,193)
(Increase) decrease in accounts receivable	71,610	(12,041)	(161,784)	1,639	(100,576)
Increase (decrease) in accounts payable	(1,452)	(16,292)	13,070	(76,341)	(81,015)
Increase (decrease) in unearned revenue	-	-	-	7,815	7,815
Increase (decrease) in accrued wages and compensated absences	6,797	(3,124)	(2,043)	-	1,630
(Increase) decrease in deferred outflows related to pensions	42,005	17,196	26,539	-	85,740
Increase (decrease) in deferred inflows related to pensions	(6,939)	(2,576)	(4,453)	-	(13,968)
Increase (decrease) in net pension liability	(3,634)	1,794	(3,154)	-	(4,994)
Increase (decrease) in other postemployment benefit liability	50	2,084	(545)	-	1,589
Net cash flows from operating activities	<b>\$ 1,190,457</b>	<b>\$ 73,363</b>	<b>\$ 368,831</b>	<b>\$ 149,082</b>	<b>\$ 1,781,733</b>

*The accompanying notes are an integral part of these financial statements*

**CITY OF FORT MEADE, FLORIDA**  
**STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS**  
September 30, 2019

---

	<b>Pension Trust Funds</b>
<b>ASSETS</b>	
Investments, at fair value:	
Cash and short-term money market funds	\$ 60,848
Fixed income investment pools	1,940,375
Equity investment pools	4,103,855
Real estate investment pool	<u>655,803</u>
Total investments	<u>6,760,881</u>
Total assets	<u>6,760,881</u>
<b>LIABILITIES</b>	
Accounts payable	1,812
Accrued benefits payable	<u>1,136</u>
Total Liabilities	<u>2,948</u>
<b>NET POSITION</b>	
Restricted for pension benefits	<u><u>\$ 6,757,933</u></u>

---

*The accompanying notes are an integral part of these financial statements*

**CITY OF FORT MEADE, FLORIDA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS**  
For the year ended September 30, 2019

---

	<b>Pension Trust Funds</b>
<b>ADDITIONS</b>	
Contributions:	
City	\$ 267,390
Total contributions	<u>267,390</u>
Investment income:	
Investment income	348,204
Less investment expenses	<u>(22,259)</u>
Net investment income	<u>325,945</u>
Total additions	<u>593,335</u>
<b>DEDUCTIONS</b>	
Administrative expenses:	
Legal	5,858
Actuarial	18,676
Travel, training and other	<u>2,806</u>
Total administrative expenses	27,340
Payments to retirees and participants	<u>482,883</u>
Total deductions	<u>510,223</u>
<b>CHANGE IN NET POSITION</b>	83,112
<b>NET POSITION, beginning of year</b>	<u>6,674,821</u>
<b>NET POSITION, end of year</b>	<u>\$ 6,757,933</u>

---

*The accompanying notes are an integral part of these financial statements*

**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 entities, which do not satisfy the definition of component units because they are not legally separate from the City:

- 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 (pension trust funds only) 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. In order to comply with the audit requirements of 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.

**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.

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

**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. Pension trust funds are the only fiduciary fund type of the City.

- 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.

**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, 2019, the allowance for doubtful accounts totaled \$21,694 for the governmental activities and \$129,978 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 \$491,099 as of September 30, 2019.

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 are capitalized when incurred on debt when the proceeds of which were used to finance the construction of enterprise fund capital assets. Interest earned on proceeds of tax-exempt borrowing arrangements restricted to the acquisition of qualifying assets is offset against interest costs in determining the amount to be capitalized. No interest cost was capitalized for the year ended September 30, 2019.

**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 applied 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 and sick 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.

**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. Also, the positive fund balance of the CRA is reported as restricted in accordance with applicable State Statute requirements.

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

*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, 2019.

*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.

*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, 2019 was 6.8704.

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, except the pension trust 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 and the community redevelopment agency 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, 2019, 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, 2019, no budgetary fund had an excess of expenditures over appropriations.

**NOTE 5 - DEPOSITS AND INVESTMENTS**

At September 30, 2019, the carrying amount of the City's deposits and investments (excluding pension trust funds) is summarized below:

<b>Equity in pooled cash and cash equivalents:</b>	
Cash on hand	\$ 1,040
Cash deposits in financial institutions:	
Insured or fully collateralized bank deposits	<u>5,539,597</u>
Total equity in pooled cash and cash equivalents	<u>\$ 5,540,637</u>
<b>Investments:</b>	
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** - The types of investments in which the City may invest is governed by its investment policy. There are no other legal or contractual requirements. Other than the broad criteria contained in the investment policy, the City does not have any additional policy for dealing with interest rate, custodial or concentration risks.

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, 2019. 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.

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

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.

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
<b>City of Fort Meade:</b>				
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%		
<b>Pension Plans (FMPTF investment policy):</b>				
Repurchase agreements	Not Limited	180 days		
Direct obligations of the U.S. Treasury	Not Limited			
State Board of Administration or State Treasurer authorized investments	Not Limited			
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, 2019, the fair value of the City's pension plan investments with the FMIvT were as follows:

**General Employees Pension Trust Fund:**

FMIvT Cash Fund	\$ 46,377
FMIvT Broad Market High Quality Bond Fund	742,028
FMIvT Core Plus Fixed Income Fund	736,875
FMIvT Diversified Large Cap Equity Fund	1,788,080
FMIvT Diversified Small to Mid Cap Equity Fund	592,592
FMIvT International Equity Fund	747,181
FMIvT Core Real Estate Fund	499,837
Total	<u>\$ 5,152,970</u>

**Police Officers' Pension Trust Fund:**

FMIvT Cash Fund	\$ 10,853
FMIvT Broad Market High Quality Bond Fund	173,656
FMIvT Core Plus Fixed Income Fund	172,450
FMIvT Diversified Large Cap Equity Fund	418,462
FMIvT Diversified Small to Mid Cap Equity Fund	138,683
FMIvT International Equity Fund	174,862
FMIvT Core Real Estate Fund	116,976
Total	<u>\$ 1,205,942</u>

**Firefighters' Pension Trust Fund:**

FMIvT Cash Fund	\$ 3,618
FMIvT Broad Market High Quality Bond Fund	57,884
FMIvT Core Plus Fixed Income Fund	57,482
FMIvT Diversified Large Cap Equity Fund	139,483
FMIvT Diversified Small to Mid Cap Equity Fund	46,226
FMIvT International Equity Fund	58,286
FMIvT Core Real Estate Fund	38,990
Total	<u>\$ 401,969</u>

The City categorizes 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 and; 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** (cont...)

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
<b>General Employees Pension Trust Fund:</b>				
Cash and short-term money market	Not Rated	\$ 46,377	0.00	0.00
FMIvT Broad Market High Quality Bond Fund	AAf/S4	742,028	5.31	6.43
FMIvT Core Plus Fixed Income Fund	Not Rated	736,875	1.40	5.16
		<u>\$ 1,525,280</u>		
<b>Police Officers' Pension Trust Fund:</b>				
Cash and short-term money market	Not Rated	\$ 10,853	0.00	0.00
FMIvT Broad Market High Quality Bond Fund	AAf/S4	173,656	5.31	6.43
FMIvT Core Plus Fixed Income Fund	Not Rated	172,450	1.40	5.16
		<u>\$ 356,959</u>		
<b>Firefighters' Pension Trust Fund:</b>				
Cash and short-term money market	Not Rated	\$ 3,618	0.00	0.00
FMIvT Broad Market High Quality Bond Fund	AAf/S4	57,884	5.31	6.43
FMIvT Core Plus Fixed Income Fund	Not Rated	57,482	1.40	5.16
		<u>\$ 118,984</u>		

**CITY OF FORT MEADE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2019

**NOTE 6 - CAPITAL ASSETS**

Capital assets activity for the year ended September 30, 2019, was as follows:

	Balance October 1, 2018	Transfers	Increases	Decreases	Balance September 30, 2019
<b>Governmental Activities:</b>					
<b>Capital assets, not being depreciated:</b>					
Land	\$ 839,765	\$ -	\$ -	\$ -	\$ 839,765
Construction in process	85,500	(4,000)	17,770	(1,500)	97,770
Total capital assets, not being depreciated	<u>925,265</u>	<u>(4,000)</u>	<u>17,770</u>	<u>(1,500)</u>	<u>937,535</u>
<b>Capital assets, being depreciated:</b>					
Buildings and improvements	3,161,214	4,000	406,429	-	3,571,643
Equipment	1,959,469	-	138,205	-	2,097,674
Infrastructure	10,295,546	-	79,647	-	10,375,193
Total capital assets, being depreciated	<u>15,416,229</u>	<u>4,000</u>	<u>624,281</u>	<u>-</u>	<u>16,044,510</u>
Less accumulated depreciation for:					
Buildings and improvements	(2,193,025)	-	(98,035)	-	(2,291,060)
Equipment	(1,497,377)	-	(84,212)	-	(1,581,589)
Infrastructure	(7,982,543)	-	(107,029)	-	(8,089,572)
Total accumulated depreciation	<u>(11,672,945)</u>	<u>-</u>	<u>(289,276)</u>	<u>-</u>	<u>(11,962,221)</u>
Total capital assets being depreciated, net	<u>3,743,284</u>	<u>4,000</u>	<u>335,005</u>	<u>-</u>	<u>4,082,289</u>
Governmental activities capital assets, net	<u>\$ 4,668,549</u>	<u>\$ -</u>	<u>\$ 352,775</u>	<u>\$ (1,500)</u>	<u>\$ 5,019,824</u>
<b>Business-type activities:</b>					
<b>Capital assets, not being depreciated:</b>					
Land	\$ 345,838	\$ -	\$ -	\$ -	\$ 345,838
Construction-in-progress	70,781	-	556,656	-	627,437
Total capital assets, not being depreciated	<u>416,619</u>	<u>-</u>	<u>556,656</u>	<u>-</u>	<u>973,275</u>
<b>Capital assets, being depreciated:</b>					
Buildings, utility plant and improvements	19,308,885	-	207,179	-	19,516,064
Equipment	1,602,154	-	85,595	-	1,687,749
Total capital assets, being depreciated	<u>20,911,039</u>	<u>-</u>	<u>292,774</u>	<u>-</u>	<u>21,203,813</u>
Less accumulated depreciation for:					
Buildings, utility plant and improvements	(10,520,430)	-	(525,545)	-	(11,045,975)
Equipment	(1,178,183)	-	(64,318)	-	(1,242,501)
Total accumulated depreciation	<u>(11,698,613)</u>	<u>-</u>	<u>(589,863)</u>	<u>-</u>	<u>(12,288,476)</u>
Total capital assets being depreciated, net	<u>9,212,426</u>	<u>-</u>	<u>(297,089)</u>	<u>-</u>	<u>8,915,337</u>
Business-type activities capital assets, net	<u>\$ 9,629,045</u>	<u>\$ -</u>	<u>\$ 259,567</u>	<u>\$ -</u>	<u>\$ 9,888,612</u>

**NOTE 6 - CAPITAL ASSETS** (cont...)

Depreciation expense was charged to the following programs and functions:

Governmental Activities:

General government	\$	52,397
Law enforcement		3,983
Fire control		27,702
Building inspections		4,460
Stormwater		37,700
Community redevelopment		965
Roads and streets		106,354
Library		5,027
Recreation		18,284
Parks		32,404
Total depreciation expense - governmental activities	\$	<u>289,276</u>

Business-type Activities:

Electric	\$	204,928
Water		109,826
Sewer		260,584
Mobile home park		14,525
Total depreciation expense - business-type activities	\$	<u>589,863</u>

**NOTE 7 - LONG-TERM OBLIGATIONS**

The following is a summary of changes in long-term obligations for the year ended September 30, 2019:

	Balance October 1, 2018	Increases	Decreases	Balance September 30, 2019	Amounts Due within One Year
<b><u>Governmental Activities:</u></b>					
<b>Long-term debt:</b>					
5th Cent Local Option Fuel Tax					
Revenue Notes, Series 2011	\$ 976,145	\$ -	\$ (80,590)	\$ 895,555	\$ 83,967
Promissory note, 2018	117,614	346,275	(12,030)	451,859	37,185
Installment notes and leases payable	14,903	40,875	(14,902)	40,876	12,986
Total long-term debt	<u>1,108,662</u>	<u>387,150</u>	<u>(107,522)</u>	<u>1,388,290</u>	<u>134,138</u>
<b>Other liabilities:</b>					
Net pension liability	524,614	-	(54,631)	469,983	-
Other postemployment benefits liability	58,336	13,801	-	72,137	3,607
Compensated absences	66,114	26,493	-	92,607	-
Total other liabilities	<u>649,064</u>	<u>40,294</u>	<u>(54,631)</u>	<u>634,727</u>	<u>3,607</u>
Total long-term obligations	<u>\$ 1,757,726</u>	<u>\$ 427,444</u>	<u>\$ (162,153)</u>	<u>2,023,017</u>	<u>\$ 137,745</u>
Less amounts due in one year				<u>(137,745)</u>	
Total noncurrent obligations due in more than one year				<u>\$ 1,885,272</u>	
<b><u>Business-type Activities:</u></b>					
<b>Long-term debt:</b>					
Revenue bonds and certificates:					
Water and Sewer, Series 1982	\$ 41,445	\$ -	\$ (13,815)	\$ 27,630	\$ 13,816
Water and Sewer, Series 2005A	2,343,000	-	(47,000)	2,296,000	49,910
Water and Sewer, Series 2005B	640,000	-	(13,000)	627,000	13,607
Water System, Series 2009	1,067,043	-	(17,829)	1,049,214	18,651
Other long-term debt					
Joint venture loan guarantee	-	22,585	-	22,585	-
Installment notes and leases payable	72,143	52,193	(72,143)	52,193	25,571
Total long-term debt	<u>4,163,631</u>	<u>74,778</u>	<u>(163,787)</u>	<u>4,074,622</u>	<u>121,555</u>
<b>Other liabilities:</b>					
Net pension liability	263,403	-	(4,994)	258,409	-
Other postemployment benefits liability	37,531	1,589	-	39,120	1,956
Compensated absences	31,662	2,762	-	34,424	-
Total other liabilities	<u>332,596</u>	<u>4,351</u>	<u>(4,994)</u>	<u>331,953</u>	<u>1,956</u>
Total long-term obligations	<u>\$ 4,496,227</u>	<u>\$ 79,129</u>	<u>\$ (168,781)</u>	<u>4,406,575</u>	<u>\$ 123,511</u>
Less amounts due in one year				<u>(123,511)</u>	
Total noncurrent obligations due in more than one year				<u>\$ 4,283,064</u>	

**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 7 - LONG-TERM OBLIGATIONS** (cont...)

Bonds and notes outstanding at September 30, 2019, consisted of the following for governmental and business-type activities:

<b><u>Governmental activities</u></b>	<u>Purpose</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Outstanding Amount</u>
<b>Long-term debt:</b>					
5th Cent Local Option Fuel Tax Revenue Notes, Series 2011					
	1	2028	4.190%	\$1,450,000	\$ 895,555
	9	2024	3.400%	117,614	451,859
<b>Installment notes and leases payable:</b>					
	2	2019	4.950%	71,161	<u>40,876</u>
Total governmental activities					<u><u>\$1,388,290</u></u>
<b><u>Business-type activities</u></b>					
<b>Long-term debt:</b>					
Revenue bonds and certificates:					
	3	2021	5.000%	\$ 525,000	\$ 27,630
	4	2045	4.250%	2,751,000	2,296,000
	5	2045	4.250%	750,000	627,000
	6	2048	4.375%	1,209,309	1,049,214
<b>Other long-term debt:</b>					
Installment notes and leases payable:					
	7	2021	3.990%	52,193	52,193
	8	2034	1.890%	22,585	<u>22,585</u>
Total business-type activities					<u><u>\$4,074,622</u></u>

1. Resurface City streets, loan is secured by 5th Cent fuel taxes.
2. Lease purchase of self-contained breathing apparatus equipment for the fire department, loan is secured by the equipment.
3. Water and sewer system improvements secured by water & sewer systems revenues.
4. Sewer treatment system improvements secured by water & sewer systems revenues.
5. Sewer treatment system improvements secured by water & sewer systems revenues.
6. Construction loan for water system improvements secured by water system revenues.
7. Purchase of equipment to be used in sewer operations and secured by the equipment financed.
8. 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 15 for more information.
9. Repairs and improvements to City facilities due to damage caused by Hurricane Irma.

The revenue bonds listed above are generally payable with principal due annually and interest due semiannually and are secured by a pledge of the revenue source in the fund in which the bond is reported. The payment of the principal and interest on the Series 2011 fuel tax revenue note is secured by a pledge of and lien upon the City's fifth-cent local option fuel taxes.

**NOTE 7 - LONG-TERM OBLIGATIONS** (cont...)

All revenue bonds may be prepaid in whole or in part without penalty. Most of the bonds contain mandatory redemption provisions and require premium payments upon early redemption. In addition, some of the bonds require the establishment and maintenance of various "funds" or accounts on the books of the City, as follows:

- **Revenue Fund** - To receive the gross revenues of the utility system (except investment income) and disburse the proceeds, as appropriate.
- **Operations and Maintenance Fund** - To receive monthly transfers from the revenue fund to pay costs of operations and maintenance.
- **Sinking Fund** - To accumulate and disburse the debt service requirement through the maintenance of an interest account, principal account, debt service reserve account and bond amortization account.
- **Construction Fund** - To receive and disburse bond proceeds for the initial specified capital projects.

**Joint Venture Loan Guarantee** – The City has entered into an agreement with the Florida Department of Environmental Protection 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, 2019, the Polk Regional Water Cooperative has borrowed \$3,481,602 through this SRF funding of which, \$22,585 has been guaranteed by the City and has been recorded as a liability in the City's water enterprise fund. See Note 15 for more information on the Polk Regional Water Cooperative and the 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.
- Capital lease/ 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 lease/purchase.

**NOTE 7 - LONG-TERM OBLIGATIONS** (cont...)

**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:

<u>Pledged Revenue</u>	<u>Revenue Pledged Through</u>	<u>Total Principal and Interest Outstanding</u>	<u>Current Year Principal and Interest Paid</u>	<u>Current Year Net Revenue</u>	<u>Percentage of Net Revenues to Principal and Interest Paid</u>
Water and sewer revenues combined	9/1/2045	\$ 4,907,598	\$ 202,299	\$ 611,178	302.12%
Water system revenue only	9/1/2048	\$ 1,871,764	\$ 64,513	\$ 108,121	167.60%
5th Cent local option gas tax revenue	9/1/2028	\$ 1,093,418	\$ 121,491	\$ 128,463	105.74%
Communications services tax, solid waste franchise fee and half-cent sales tax	6/1/2024	\$ 510,369	\$ 21,711	\$ 561,330	2585.46%

**Maturities** - Annual debt service requirements as of September 30, 2019, are as follows:

<u>Fiscal Year Ending</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 134,138	\$ 54,288	\$ 121,555	\$ 172,985
2021	139,569	48,857	126,122	167,704
2022	145,223	43,203	89,350	162,541
2023	136,142	37,318	93,173	158,719
2024	394,185	29,799	97,160	154,732
2025-2029	439,033	46,932	561,485	711,583
2030-2034	-	-	693,342	579,724
2035-2039	-	-	838,988	420,471
2040-2044	-	-	1,034,512	224,943
2045-2049	-	-	418,935	33,436
<b>Total</b>	<b>\$ 1,388,290</b>	<b>\$ 260,397</b>	<b>\$ 4,074,622</b>	<b>\$ 2,786,838</b>

Interest expense for the governmental activities totaled \$46,628 for the year ended September 30, 2019. Interest and other debt service expenses incurred in the business-type activities totaled \$178,343 for the same period, none of which was capitalized.

**NOTE 8 – RESTRICTED FUND BALANCE/NET POSITION**

The general fund, water fund and sewer fund, each had revenue bonds outstanding at September 30, 2019. 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, 2019:

<b>Governmental Funds/Activities</b>	Restricted Fund Balance	Restricted Net Position
Law enforcement	\$ 8,758	\$ 8,758
Community redevelopment	107,526	107,526
5th Cent revenue bond debt service	10,124	6,996
Transportation expenditures	132,022	132,022
Stormwater management	673,790	673,790
Fire services	76,904	76,904
Total	\$ 1,009,124	\$ 1,005,996
<b><u>Enterprise Funds/Business-type Activities</u></b>		
<b>Water Fund:</b>		
2009 sinking fund		\$ 1,554
2009 bond reserve		64,553
Restricted for debt service		66,107
Water impact fees restricted for system improvements		73,856
Total		\$ 139,963
<b>Sewer Fund:</b>		
1982 sinking fund		\$ 1,151
1982 bond reserve		15,197
2005A and 2005B sinking fund		5,293
2005A and 2005B reserve		187,338
Restricted for debt service		208,979
Sewer impact fees restricted for system improvements		128,245
Total		\$ 337,224

**NOTE 9 – 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. At September 30, 2019, the balance in due to/from and advances to other funds consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Water fund	\$ 166,316
General fund	Sewer fund	425,921
		<u>\$ 592,237</u>

Effective May 14, 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 debt forgiveness of \$400,000 with the remaining \$425,921 payable in 20 annual payments of \$21,296. The forgiveness of the \$400,000 was recorded in 2019 as a transfer between the general fund to the sewer fund.

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, 2019 consisted of:

	<u>Transfers in:</u>				<u>Total</u>
	<u>General Fund</u>	<u>Fire Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	
Transfers out:					
Electric Fund	\$ 961,556	\$ 89,454	\$ -	\$ -	\$ 1,051,010
Mobile Home Park Fund	83,393	-	-	-	83,393
Solid Waste Fund	15,000	-	-	-	15,000
General Fund	-	2,681	5,750	409,700	418,131
Total	<u>\$ 1,059,949</u>	<u>\$ 92,135</u>	<u>\$ 5,750</u>	<u>\$ 409,700</u>	<u>\$ 1,567,534</u>

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 \$303,948 to user departments in certain enterprise funds for indirect services provided by general fund finance department. These charges are reported as operating expenses of the enterprise funds and are netted against general government expenditures in the general fund.

**NOTE 10 - 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.

There are currently 42 active plan members and no inactive plan members.

**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, 2019 (the measurement date) was determined by an actuarial valuation as of October 1, 2017. The actuarial assumptions used in the October 1, 2017 valuation were as follows:

Inflation	2.50%
Salary Increases	2.50%
Discount Rate	3.58%
Initial Trend Rate	8.50%
Ultimate Trend Rate	4.00%
Year to Ultimate Trend Rate	55

For all lives, mortality rates were RP-2000 Combined Healthy Mortality Tables projected to the valuation date using projection scale AA.

The OPEB Plan qualifies for the alternative measurement method in determining the City’s total OPEB liability because the OPEB Plan has fewer than one hundred participants. The City has elected to calculate the total OPEB liability using the alternative measurement method. Under the alternative measurement method, the City’s annual OPEB expense is based on the change in the total OPEB liability.

**NOTE 10 - OTHER POST EMPLOYMENT BENEFITS** (cont...)

**Discount Rate** – The discount rate was based on a high-quality municipal bond rate of 3.58%. 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 Down 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, 2019, the City recognized OPEB expense of \$22,382.

**Changes in Total OPEB Liability:**

	<b>Total OPEB Liability</b>
<b>Reporting period ending September 30, 2018</b>	\$ 95,867
<b>Changes for the year:</b>	
Service cost	9,058
Interest	4,262
Changes of assumptions	8,062
Benefit payments	<u>(5,992)</u>
<b>Net changes</b>	<u>15,390</u>
<b>Reporting period ending September 30, 2019</b>	<u>\$ 111,257</u>

**NOTE 10 - 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:

	<b>1% Decrease (2.58%)</b>	<b>Discount Rate (3.58%)</b>	<b>1% Increase (4.58%)</b>
Total OPEB liability	\$ 126,737	\$ 111,257	\$ 98,259

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:

	<b>1% Decrease (3.00% to 7.50%)</b>	<b>Healthcare Cost Trend Rates (4.00% to 8.50%)</b>	<b>1% Increase (5.00% to 9.50%)</b>
Total OPEB liability	\$ 94,411	\$ 111,257	\$ 132,113

**NOTE 11 – 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, 2018		
	General Employees' Pension Trust Fund	Police Officers' Pension Trust Fund	Fire- Fighters' Pension Trust Fund
Inactive plan members or beneficiaries currently receiving benefits	25	7	9
Inactive plan members entitled to but not yet receiving benefits	16	4	8
Active plan members	42	-	15
Total	<u>83</u>	<u>11</u>	<u>32</u>

**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
70	Any	65	Any
65	10 years	60	10 years
62	30 years	55	30 years
60	35 years	Any	40 years
Any	40 years		

**NOTE 11 – 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, 2018, 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	14.9%	N/A	27.3%
Plan members	0.0%	0.0%	0.0%
Actuarially determined contribution	\$ 212,649	\$ 32,551	\$ 18,749
Contributions made	\$ 212,649	\$ 32,551	\$ 22,190

**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, 2019, 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	5.14%	4.98%	5.12%

**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, 2019 were as follows:

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

**NOTE 11 – 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, 2019 are shown below. The net pension liability as of September 30, 2019 for financial reporting purposes was determined by actuarial valuations as of October 1, 2018 updated to September 30, 2019 (the measurement date).

**General Employees' Pension Plan:**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a)-(b)
Balances at September 30, 2018	\$ 5,696,653	\$ 5,038,827	\$ 657,826
Changes for the year:			
Service cost	82,796	-	82,796
Interest	392,798	-	392,798
Difference between actual and expected experience	(49,622)	-	(49,622)
Change in benefit terms	-	-	-
Contributions - City	-	212,649	(212,649)
Net investment income	-	252,312	(252,312)
Benefit payments, including refunds of employee contributions	(336,094)	(336,094)	-
Administrative expense	-	(16,105)	16,105
Net changes	89,878	112,762	(22,884)
Balances at September 30, 2019	<u>\$ 5,786,531</u>	<u>\$ 5,151,589</u>	<u>\$ 634,942</u>

**Police Officers' Pension Plan:**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a)-(b)
Balances at September 30, 2018	\$ 1,293,732	\$ 1,232,251	\$ 61,481
Changes for the year:			
Interest	86,653	-	86,653
Difference between actual and expected experience	17,278	-	17,278
Contributions - City	-	32,551	(32,551)
Net investment income	-	56,844	(56,844)
Benefit payments, including refunds of employee contributions	(111,675)	(111,675)	-
Administrative expense	-	(4,352)	4,352
Net changes	(7,744)	(26,632)	18,888
Balances at September 30, 2019	<u>\$ 1,285,988</u>	<u>\$ 1,205,619</u>	<u>\$ 80,369</u>

**NOTE 11 – PENSION TRUST FUNDS (cont...)**

**Firefighters’ Pension Plan:**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset) Liability
	(a)	(b)	(a)-(b)
Balances at September 30, 2018	\$ 472,453	\$ 403,743	\$ 68,710
Changes for the year:			
Service cost	7,004	-	7,004
Interest	32,333	-	32,333
Difference between actual and expected experience	(62,870)	-	(62,870)
Contributions - City	-	22,190	(22,190)
Net investment income	-	16,789	(16,789)
Benefit payments, including refunds of employee contributions	(35,114)	(35,114)	-
Administrative expense	-	(6,883)	6,883
Net changes	(58,647)	(3,018)	(55,629)
Balances at September 30, 2019	<u>\$ 413,806</u>	<u>\$ 400,725</u>	<u>\$ 13,081</u>

**Net Pension Liability** - The components of the net pension liability for each of the plans as of September 30, 2019, were as follows:

**General Employees’ Pension Plan:**

Total pension liability	\$ 5,786,531
Plan fiduciary net position	<u>(5,151,589)</u>
Net pension liability (asset)	<u>\$ 634,942</u>
Plan fiduciary net position as a percentage of the total pension liability	89%

**Police Officers’ Pension Plan:**

Total pension liability	\$ 1,285,988
Plan fiduciary net position	<u>(1,205,619)</u>
Net pension liability (asset)	<u>\$ 80,369</u>
Plan fiduciary net position as a percentage of the total pension liability	94%

**Firefighters’ Pension Plan:**

Total pension liability	\$ 413,806
Plan fiduciary net position	<u>(400,725)</u>
Net pension liability (asset)	<u>\$ 13,081</u>
Plan fiduciary net position as a percentage of the total pension liability	97%

**NOTE 11 – PENSION TRUST FUNDS (cont...)**

**Actuarial Assumptions** - The significant actuarial assumptions used in the October 1, 2018 valuation as updated to September 30, 2019 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	7.00%	7.00%	7.00%
Discount rate	7.00%	7.00%	7.00%
Mortality rates	RP 2000	RP 2000	RP 2000
Date of actuarial experience study	Unknown	NA	Unknown

Mortality rates were based on the RP-2000 mortality tables for active, inactive and disabled males or females, as appropriate, with adjustments for mortality improvements based on Scale BB.

**Discount Rate** - 7.00% 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 7.00% 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, 2019 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.

<b>Asset Class</b>	<b>Targeted Asset Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Core bonds	15.00%	1.60%
Core plus	15.00%	2.10%
U.S. large cap equity	34.00%	4.60%
U.S. small cap equity	11.00%	5.50%
Non-U.S. equity	15.00%	6.70%
Real estate	10.00%	5.00%
Total weighted arithmetic average		4.23%

**NOTE 11 – 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 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

	Current Discount Rate	Net Pension Liability (Asset)		
		1% Decrease	Current Discount	1% Increase
General Employees'	7.00%	\$ 1,251,277	\$ 634,942	\$ 116,717
Police Officers'	7.00%	200,659	80,369	(22,684)
Firefighters'	7.00%	58,543	13,081	(25,184)
City's Net Pension Liability		<u>\$ 1,510,479</u>	<u>\$ 728,392</u>	<u>\$ 68,849</u>

**Pension Expense and Deferred Outflows and Inflows of Resources Related to Pension** - For the year ended September 30, 2019, the City recognized pension expense of \$445,037 consisting of pension expense for the general employees' pension plan of \$375,833, the firefighters' pension plan of \$33,911 and the police officers' pension plan pension of \$35,293. At September 30, 2019, 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	\$ 23,540	\$ 131,706
Change in assumptions	573,121	-
Difference between projected and actual earnings on Plan investments	-	85,041
Total	<u>\$ 596,661</u>	<u>\$ 216,747</u>

**General Employees' Pension Trust Fund:**

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 19,936	\$ 76,192
Change in assumptions	535,197	-
Difference between projected and actual earnings on Plan investments	-	62,791
Total	<u>\$ 555,133</u>	<u>\$ 138,983</u>

**NOTE 11 – 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	\$ -	\$ 17,882
Total	<u>\$ -</u>	<u>\$ 17,882</u>

**Firefighters' Pension Trust Fund:**

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,604	\$ 55,514
Change in assumptions	37,924	-
Difference between projected and actual earnings on Plan investments	-	4,368
Total	<u>\$ 41,528</u>	<u>\$ 59,882</u>

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
2020	\$ 125,368	\$ (14,606)	\$ 5,380	\$ 116,142
2021	38,619	(11,624)	2,227	29,222
2022	98,653	3,530	4,016	106,199
2023	104,888	4,818	(6,400)	103,306
2024	48,622	-	(7,859)	40,763
Thereafter	-	-	(15,718)	(15,718)
	<u>\$ 416,150</u>	<u>\$ (17,882)</u>	<u>\$ (18,354)</u>	<u>\$ 379,914</u>

**NOTE 11 – PENSION TRUST FUNDS (cont...)**

The Statements of Fiduciary Net Position for the City's pension trust funds as of September 30, 2019 are as follows:

	<b>Pension Trust Funds</b>			<b>Total</b>
	<b>General Employees' Pension Trust Fund</b>	<b>Police Officers' Pension Trust Fund</b>	<b>Firefighters' Pension Trust Fund</b>	
<b>ASSETS</b>				
Investments, at fair value:				
Cash and short-term money market funds	\$ 46,377	\$ 10,853	\$ 3,618	\$ 60,848
Fixed income investment pools	1,478,903	346,106	115,366	1,940,375
Equity investment pools	3,127,853	732,007	243,995	4,103,855
Real estate investment pool	499,837	116,976	38,990	655,803
Total investments	<u>5,152,970</u>	<u>1,205,942</u>	<u>401,969</u>	<u>6,760,881</u>
Total assets	<u>5,152,970</u>	<u>1,205,942</u>	<u>401,969</u>	<u>6,760,881</u>
<b>LIABILITIES</b>				
Accounts payable	1,381	323	108	1,812
Accrued benefits payable	-	-	1,136	1,136
Total Liabilities	<u>1,381</u>	<u>323</u>	<u>1,244</u>	<u>2,948</u>
<b>NET POSITION</b>				
Restricted for pension benefits	<u>\$5,151,589</u>	<u>\$1,205,619</u>	<u>\$ 400,725</u>	<u>\$6,757,933</u>

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

**NOTE 11 – 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, 2019 are as follows:

	<b>Pension Trust Funds</b>			<b>Total</b>
	<b>General Employees' Pension Trust Fund</b>	<b>Police Officers' Pension Trust Fund</b>	<b>Firefighters' Pension Trust Fund</b>	
<b>ADDITIONS</b>				
Contributions:				
City	\$ 212,649	\$ 32,551	\$ 22,190	\$ 267,390
Total contributions	212,649	32,551	22,190	267,390
Investment income				
Investment income	265,897	61,538	20,769	348,204
Less investment expenses	(13,585)	(4,694)	(3,980)	(22,259)
Net investment income	252,312	56,844	16,789	325,945
Total additions	464,961	89,395	38,979	593,335
<b>DEDUCTIONS</b>				
Administrative expenses:				
Legal	4,485	1,033	340	5,858
Actuarial	9,488	2,813	6,375	18,676
Other fees	2,132	506	168	2,806
Total administrative expenses	16,105	4,352	6,883	27,340
Payments to retirees and participants	336,094	111,675	35,114	482,883
Total deductions	352,199	116,027	41,997	510,223
<b>CHANGE IN NET POSITION</b>	112,762	(26,632)	(3,018)	83,112
<b>NET POSITION, beginning of year</b>	5,038,827	1,232,251	403,743	6,674,821
<b>NET POSITION, end of year</b>	<u>\$5,151,589</u>	<u>\$1,205,619</u>	<u>\$ 400,725</u>	<u>\$6,757,933</u>

**NOTE 12 - 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 13 - 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 14 - COMMITMENT AND CONTINGENCIES**

**Grants** - During the 2019 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** - The City entered into a stipulated agreement effective June 12, 2015 with Biosolids Distribution Services, LLC., a Minnesota Limited Liability Corporation (Biosolids), which operated a biosolids recycling facility in the City. In prior years, the City had alleged that the facility was a source of odor pollution, was operated without valid permits or licenses, and had not paid the City required impact fees. Biosolids argued that the odor was being managed, their permits were valid, and that the City had approved their operation of the facility. The stipulated agreement required Biosolids to cease all business at their facility and to remove any equipment within eighteen months of the effective date of the agreement. During that time, Biosolids is required to pay the City the appropriate monthly sewer charges as outlined in the stipulated agreement. In November 2016, the City filed a second lawsuit against Biosolids which sought to recover unpaid electricity and sewer charges. Biosolids filed a counterclaim asking the Court to rule that the City's sewer rates were invalid. The counterclaim was dismissed with prejudice. A final summary judgement was issued in the City's favor on September 28, 2018 which was affirmed by the Second District Court of Appeal on January 22, 2020. The City collected \$300,000 on April 24, 2020 in final settlement of this lawsuit.

Other 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.

**Leases** - The City is obligated under certain leases accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations and, therefore, liabilities from these lease agreements are not reflected in the City's account groups. Remaining minimum lease payments are not significant.

**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 \$1.2 million and is payable quarterly.

**NOTE 14 - 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 14 - 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 15 – 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 15 – 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, 2019, the total annual working capital needs of the PRWC was \$198,000 of which the City's proportionate share was \$1,564.

**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 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, 2019, \$3,481,602 of SRF funds have been drawn by the PRWC. The City's proportionate share of this liability totaled \$22,585 as of September 30, 2019 and has been recorded as a City liability and as a nonoperating expense in the business-type activities/water enterprise fund. See Note 7 for more detail.

**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 16 – SUBSEQUENT EVENT**

The COVID-19 pandemic has created economic disruptions throughout the country as of the date of this report causing significant declines in the financial markets and economic activity overall. The City expects to experience losses of various local and state shared revenues, declines in user fees, declines in investment values for both the government and in pension plans which could result in increased pension contributions and declines in financial reserves as a result. Depending upon the length and severity of the economic disruption the City may also not be able to meet all debt covenants. The ultimate effects of these items are expected to be significant but is not quantifiable at this time.

## **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, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts (GAAP basis)</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Taxes	\$ 1,644,414	\$ 1,686,897	\$ 1,663,256	\$ (23,641)
Licenses and permits	179,552	249,065	236,781	(12,284)
Intergovernmental revenue	944,076	906,382	903,469	(2,913)
Charges for services	14,285	13,895	13,463	(432)
Fines and forfeitures	74,742	96,399	94,501	(1,898)
Other	165,629	73,041	72,841	(200)
Total revenues	<u>3,022,698</u>	<u>3,025,679</u>	<u>2,984,311</u>	<u>(41,368)</u>
<b>EXPENDITURES:</b>				
General government:				
Legislative	101,661	95,810	91,944	3,866
Executive	369,959	372,258	358,866	13,392
Finance	193,253	208,698	186,898	21,800
Planning	137,891	130,023	113,947	16,076
Other general government	663,363	532,605	506,679	25,926
Public safety:				
Police	1,347,589	1,436,765	1,433,033	3,732
Inspections	114,358	118,862	121,391	(2,529)
Transportation - streets	358,100	320,320	298,830	21,490
Culture/recreation:				
Library	229,365	226,924	219,442	7,482
Recreation	274,002	235,771	222,122	13,649
Historic museum	-	26,730	19,012	7,718
Parks	715,941	533,874	506,934	26,940
Total expenditures	<u>4,505,482</u>	<u>4,238,640</u>	<u>4,079,098</u>	<u>159,542</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>				
	<u>(1,482,784)</u>	<u>(1,212,961)</u>	<u>(1,094,787)</u>	<u>118,174</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	1,059,949	1,059,949	1,059,949	-
Transfers out (*)	-	(432,681)	(418,131)	14,550
Loan proceeds	322,585	320,000	319,819	(181)
Insurance recoveries	-	48,000	47,783	(217)
Total other financing sources (uses)	<u>1,382,534</u>	<u>995,268</u>	<u>1,009,420</u>	<u>14,152</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (100,250)</u>	<u>\$ (217,693)</u>	<u>\$ (85,367)</u>	<u>\$ 132,326</u>

(\*) – the final budget above includes the \$400,000 loan forgiveness of amounts that had been advanced to the sewer fund in prior years. This loan forgiveness was approved by the City Commission through the adoption of resolution 19-06 on June 11, 2019 and is reported above as a transfer out of the general fund.

**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, 2019

---

	<u>Budgeted Amounts</u>			<b>Variance with</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>REVENUES:</b>				
Taxes	\$ 27,977	\$ 76,755	\$ 74,488	\$ (2,267)
Total revenues	<u>27,977</u>	<u>76,755</u>	<u>74,488</u>	<u>(2,267)</u>
<b>EXPENDITURES:</b>				
Economic environment	16,607	4,568	4,420	148
Capital outlay	22,370	28,695	27,191	1,504
Total expenditures	<u>38,977</u>	<u>33,263</u>	<u>31,611</u>	<u>1,652</u>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>				
<b>OVER EXPENDITURES</b>	(11,000)	43,492	42,877	(615)
<b>OTHER FINANCING SOURCES:</b>				
Insurance recoveries	-	430	428	2
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (11,000)</u>	<u>\$ 43,922</u>	<u>\$ 43,305</u>	<u>\$ (613)</u>

**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>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>
Total pension liability			
Service cost	\$ 82,796	\$ 94,223	\$ 80,887
Interest	392,798	382,952	342,263
Change in assumptions	-	-	373,615
Change in benefit terms	-	26,719	-
Difference between expected and actual experience	(49,622)	(26,337)	95,640
Benefit payments, including refunds of employee contributions	(336,094)	(337,146)	(308,763)
Other	-	(4,218)	5,532
Net change in total pension liability	89,878	136,193	589,174
Total pension liability, beginning	<u>5,696,653</u>	<u>5,560,460</u>	<u>4,971,286</u>
Total pension liability, ending (a)	<u>\$ 5,786,531</u>	<u>\$ 5,696,653</u>	<u>\$ 5,560,460</u>
Plan fiduciary net position			
Contributions - City	\$ 212,649	\$ 275,513	\$ 236,582
Net investment income (loss)	252,312	342,535	559,921
Benefit payments, including refunds Of employee contributions	(336,094)	(337,146)	(308,763)
Administrative expenses	(16,105)	(27,180)	(28,154)
Net change in plan fiduciary net position	112,762	253,722	459,586
Plan fiduciary net position, beginning	<u>5,038,827</u>	<u>4,785,105</u>	<u>4,325,519</u>
Plan fiduciary net position, ending (b)	<u>\$ 5,151,589</u>	<u>\$ 5,038,827</u>	<u>\$ 4,785,105</u>
Net pension liability (asset) (a)-(b)	<u>\$ 634,942</u>	<u>\$ 657,826</u>	<u>\$ 775,355</u>
Plan fiduciary net position as a percentage of total pension liability	89.03%	88.45%	86.06%
Covered payroll	\$ 1,426,810	\$ 1,257,028	\$ 1,064,675
Net pension liability as a percentage of covered payroll	44.50%	52.33%	72.83%

Continued...

**CITY OF FORT MEADE, FLORIDA**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - GENERAL**  
**EMPLOYEES' PENSION TRUST FUND (concluded)**

	9/30/2016	9/30/2015	9/30/2014
Total pension liability			
Service cost	\$ 74,627	\$ 120,880	\$ 54,173
Interest	289,888	352,438	338,837
Change in assumptions	854,987	-	-
Change in benefit terms	-	-	-
Difference between expected and actual experience	(39,575)	-	-
Benefit payments, including refunds of employee contributions	(425,529)	(290,965)	(203,762)
Other	(97)	-	-
Net change in total pension liability	754,301	182,353	189,248
Total pension liability, beginning	4,216,985	4,034,632	3,845,384
Total pension liability, ending (a)	<u>\$4,971,286</u>	<u>\$ 4,216,985</u>	<u>\$ 4,034,632</u>
Plan fiduciary net position			
Contributions - City	194,344	\$ 211,212	\$ 168,984
Net investment income (loss)	332,639	(6,348)	335,315
Benefit payments, including refunds Of employee contributions	(425,529)	(221,451)	(203,762)
Administrative expenses	(26,270)	(21,732)	(37,664)
Net change in plan fiduciary net position	75,184	(38,319)	262,873
Plan fiduciary net position, beginning	4,250,335	4,288,654	4,025,781
Plan fiduciary net position, ending (b)	<u>\$4,325,519</u>	<u>\$ 4,250,335</u>	<u>\$ 4,288,654</u>
Net pension liability (asset) (a)-(b)	<u>\$ 645,767</u>	<u>\$ (33,350)</u>	<u>\$ (254,022)</u>
Plan fiduciary net position as a percentage of total pension liability	87.01%	100.79%	106.30%
Covered payroll	\$1,012,380	\$ 1,130,621	\$ 1,045,343
Net pension liability as a percentage of covered payroll	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, 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, 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**

	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>
Total pension liability			
Service cost	\$ -	\$ -	\$ -
Interest	86,653	98,463	93,323
Change in benefit terms	-	602	-
Difference between expected and actual experience	17,278	(159,735)	100,344
Change of assumptions	-	-	62,090
Benefit payments, including refunds of employee contributions	(111,675)	(101,324)	(181,252)
Other	-	(1,414)	1,007
Net change in total pension liability	<u>(7,744)</u>	<u>(163,408)</u>	<u>75,512</u>
Total pension liability, beginning	<u>1,293,732</u>	<u>1,457,140</u>	<u>1,381,628</u>
Total pension liability, ending (a)	<u>\$ 1,285,988</u>	<u>\$ 1,293,732</u>	<u>\$ 1,457,140</u>
Plan fiduciary net position			
Contributions - City	\$ 32,551	\$ 28,866	\$ 23,448
Net investment income (loss)	56,844	84,397	151,276
Benefit payments, including refunds of employee contributions	(111,675)	(101,324)	(181,252)
Administrative expenses	(4,352)	(7,927)	(8,228)
Net change in plan fiduciary net position	<u>(26,632)</u>	<u>4,012</u>	<u>(14,756)</u>
Plan fiduciary net position, beginning	<u>1,232,251</u>	<u>1,228,239</u>	<u>1,242,995</u>
Plan fiduciary net position, ending (b)	<u>\$ 1,205,619</u>	<u>\$ 1,232,251</u>	<u>\$ 1,228,239</u>
Net pension liability (asset) (a)-(b)	<u>\$ 80,369</u>	<u>\$ 61,481</u>	<u>\$ 228,901</u>
Plan fiduciary net position as a percentage of total pension liability	93.75%	95.25%	84.29%
Covered payroll	Not Applicable	Not Applicable	Not Applicable
Net pension liability as a percentage of covered payroll	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>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
Total pension liability			
Service cost	\$ -	\$ -	\$ -
Interest	75,723	98,246	100,802
Change in benefit terms	-	-	-
Difference between expected and actual experience	37,536	-	-
Change of assumptions	236,518	-	-
Benefit payments, including refunds of employee contributions	(98,915)	(98,293)	(98,915)
Other	729	-	-
Net change in total pension liability	<u>251,591</u>	<u>(47)</u>	<u>1,887</u>
Total pension liability, beginning	<u>1,130,037</u>	<u>1,130,084</u>	<u>1,128,197</u>
Total pension liability, ending (a)	<u>\$1,381,628</u>	<u>\$1,130,037</u>	<u>\$1,130,084</u>
Plan fiduciary net position			
Contributions - City	\$ -	\$ 52,583	\$ 31,528
Net investment income (loss)	94,500	(742)	103,645
Benefit payments, including refunds of employee contributions	(98,915)	(98,915)	(98,915)
Administrative expenses	(10,157)	(6,705)	(12,002)
Net change in plan fiduciary net position	<u>(14,572)</u>	<u>(53,779)</u>	<u>24,256</u>
Plan fiduciary net position, beginning	<u>1,257,567</u>	<u>1,311,346</u>	<u>1,287,090</u>
Plan fiduciary net position, ending (b)	<u>\$1,242,995</u>	<u>\$1,257,567</u>	<u>\$1,311,346</u>
Net pension liability (asset) (a)-(b)	<u>\$ 138,633</u>	<u>\$ (127,530)</u>	<u>\$ (181,262)</u>
Plan fiduciary net position as a percentage of total pension liability	89.97%	111.29%	116.04%
Covered payroll	Not Applicable	Not Applicable	Not Applicable
Net pension liability as a percentage of covered payroll	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, 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>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>
Total pension liability			
Service cost	\$ 7,004	\$ 9,784	\$ 7,842
Interest	32,333	31,650	29,804
Difference between expected and actual experience	(62,870)	(992)	1,643
Change of assumptions	-	-	20,001
Change of benefit terms	-	2,766	-
Benefit payments, including refunds of employee contributions	(35,114)	(26,886)	(36,347)
Other	-	3,659	(3,135)
Net change in total pension liability	<u>(58,647)</u>	<u>19,981</u>	<u>19,808</u>
Total pension liability, beginning	<u>472,453</u>	<u>452,472</u>	<u>432,664</u>
Total pension liability, ending (a)	<u>\$ 413,806</u>	<u>\$ 472,453</u>	<u>\$ 452,472</u>
Plan fiduciary net position			
Contributions - City	\$ 22,190	\$ 33,737	\$ 19,114
Net investment income (loss)	16,789	25,057	41,560
Benefit payments, including refunds of employee contributions	(35,114)	(26,886)	(36,616)
Administrative expenses	(6,883)	(7,683)	(7,639)
Net change in plan fiduciary net position	<u>(3,018)</u>	<u>24,225</u>	<u>16,419</u>
Plan fiduciary net position, beginning	<u>403,743</u>	<u>379,518</u>	<u>363,099</u>
Plan fiduciary net position, ending (b)	<u>\$ 400,725</u>	<u>\$ 403,743</u>	<u>\$ 379,518</u>
Net pension liability (asset) (a)-(b)	<u>\$ 13,081</u>	<u>\$ 68,710</u>	<u>\$ 72,954</u>
Plan fiduciary net position as a percentage of total pension liability	96.84%	85.46%	83.88%
Covered payroll	\$ 81,265	\$ 99,642	\$ 86,938
Net pension liability as a percentage of covered payroll	16.10%	68.96%	83.91%

Continued...

**CITY OF FORT MEADE, FLORIDA**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS FIREFIGHTERS'**  
**PENSION TRUST FUND (concluded)**

	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
Total pension liability			
Service cost	\$ 8,083	\$ 5,064	\$ 4,760
Interest	23,685	29,647	29,146
Difference between expected and actual experience	7,462	-	-
Change of assumptions	76,545	-	-
Change of benefit terms	-	-	-
Benefit payments, including refunds of of employee contributions	(26,611)	(25,157)	(31,032)
Other	199	-	-
Net change in total pension liability	<u>89,363</u>	<u>9,554</u>	<u>2,874</u>
Total pension liability, beginning	<u>343,301</u>	<u>333,747</u>	<u>330,873</u>
Total pension liability, ending (a)	<u>\$ 432,664</u>	<u>\$ 343,301</u>	<u>\$333,747</u>
 Plan fiduciary net position			
Contributions - City	\$ 21,565	\$ 23,025	\$ 12,509
Net investment income (loss)	24,708	(1,241)	28,946
Benefit payments, including refunds of employee contributions	(26,611)	(25,723)	(31,032)
Administrative expenses	(8,491)	(1,841)	(4,773)
Net change in plan fiduciary net position	<u>11,171</u>	<u>(5,780)</u>	<u>5,650</u>
Plan fiduciary net position, beginning	<u>351,928</u>	<u>357,708</u>	<u>352,058</u>
Plan fiduciary net position, ending (b)	<u>\$ 363,099</u>	<u>\$ 351,928</u>	<u>\$357,708</u>
Net pension liability (asset) (a)-(b)	<u>\$ 69,565</u>	<u>\$ (8,627)</u>	<u>\$ (23,961)</u>
 Plan fiduciary net position as a percentage of total pension liability	83.92%	102.51%	107.18%
 Covered payroll	\$ 90,926	\$ 74,908	\$ 65,337
 Net pension liability as a percentage of covered payroll	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, 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**

<u>Year Ended September 30,</u>	<u>Actuarially Determined Contribution</u>	<u>Contributions in Relation to the Actuarially Determined Contribution</u>	<u>Contribution Excess (Deficiency)</u>	<u>Covered Payroll</u>	<u>Contributions as a % of Covered Payroll</u>
<b>General Employees' Pension Trust Fund:</b>					
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%
2012	\$ 195,849	\$ 195,849	\$ -	\$ 1,441,126	13.59%
2011	\$ 162,888	\$ 162,888	\$ -	\$ 1,532,342	10.63%
2010	\$ 149,901	\$ 150,077	\$ 176	\$ 1,693,871	8.86%
<b>Police Officers' Pension Trust Fund:</b>					
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
2012	\$ 31,899	\$ 31,899	\$ -	Not Applicable	Not Applicable
2011	\$ 21,803	\$ 21,803	\$ -	Not Applicable	Not Applicable
2010	\$ -	\$ -	\$ -	Not Applicable	Not Applicable
<b>Firefighters' Pension Trust Fund:</b>					
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%
2012	\$ 13,123	\$ 16,378	\$ 3,255	\$ 99,381	16.48%
2011	\$ 14,783	\$ 14,783	\$ -	\$ 70,496	20.97%
2010	\$ 7,414	\$ 7,418	\$ 4	\$ 92,957	7.98%

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

- Valuation Date: October 1, 2018 for fiscal year 2019 contributions.
- Actuarial cost method - General employees' and firefighters' retirement plans: Frozen initial liability cost method.
- Actuarial cost method – Police officers' retirement plan: Unit cost method (nominally).
- 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: 7.0%.
- 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						
<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; border-bottom: 1px solid black; width: 50%;">Police Officers' Retirement Plan</th> </tr> </thead> <tbody> <tr> <td style="padding-left: 20px;">(a) any age with 40 years of service</td> </tr> <tr> <td style="padding-left: 20px;">(b) age 55 with 30 years of service</td> </tr> <tr> <td style="padding-left: 20px;">(c) age 60 with 10 years of service</td> </tr> <tr> <td style="padding-left: 20px;">(d) age 65</td> </tr> </tbody> </table>		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
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 RP-2000 mortality tables for active, inactive and disabled males or females, as appropriate, with adjustments for mortality improvements based on Scale BB.
- Disability: Sex-distinct rates set forth in Wyatt 1985 Disability Study (Class 1)
- 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**

---

	<b>Average Money-Weighted Rate of Return, gross of Investment Expenses - Pension Trust Funds</b>		
	<b>General Employees'</b>	<b>Police Officers'</b>	<b>Fire Fighters'</b>
<b>For the year ended September 30:</b>			
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%

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	9/30/2019	9/30/2018
Reporting period ending	<u>9/30/2019</u>	<u>9/30/2018</u>
<b>Total OPEB Liability</b>		
Service cost	\$ 9,058	\$ 9,615
Interest	4,262	3,700
Change in assumptions	8,062	(6,697)
Benefit payments	<u>(5,992)</u>	<u>(5,523)</u>
Net change in total OPEB liability	15,390	1,095
Total OPEB liability, beginning	<u>95,867</u>	<u>94,772</u>
Total OPEB liability, ending	<u>\$ 111,257</u>	<u>\$ 95,867</u>
Covered-employee payroll	\$ 1,599,888	\$1,522,797
Total OPEB liability as a percentage of covered-employee payroll	6.95%	6.30%

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. The following are the discount rates used for each measurement date.

<u>Measurement Date</u>	<u>Discount Rate</u>
September 30, 2019	3.58%
September 30, 2018	4.18%
September 30, 2017	3.64%

## **OTHER SUPPLEMENTARY INFORMATION**

**CITY OF FORT MEADE, FLORIDA**  
**COMBINING BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS**  
as of September 30, 2019

	<u>Stormwater Fund</u>	<u>Fire Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Equity in pooled cash and cash equivalents	\$ 675,235	\$ 82,965	\$ 758,200
Receivables, net			
Customer accounts, net	521	-	521
Intergovernmental	7,400	-	7,400
Other	-	146	146
Inventory	192	65	257
<b>TOTAL ASSETS</b>	<u>\$ 683,348</u>	<u>\$ 83,176</u>	<u>\$ 766,524</u>
<b>LIABILITIES</b>			
Accounts payable	7,011	6,207	13,218
Accrued wages and benefits	2,355	-	2,355
<b>TOTAL LIABILITIES</b>	<u>9,366</u>	<u>6,207</u>	<u>15,573</u>
<b>FUND BALANCE</b>			
Nonspendable:			
Inventory	192	65	257
Restricted for:			
Stormwater management	673,790	-	673,790
Fire services	-	76,904	76,904
<b>TOTAL FUND BALANCES</b>	<u>673,982</u>	<u>76,969</u>	<u>750,951</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 683,348</u>	<u>\$ 83,176</u>	<u>\$ 766,524</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, 2019

	<b>Stormwater Fund</b>	<b>Fire Fund</b>	<b>Total</b>
<b>REVENUES:</b>			
Licenses, permits and special assessments	\$ 187,284	\$ -	\$ 187,284
Intergovernmental revenue	14,065	-	14,065
Charges for services	-	238,036	238,036
Other	778	273	1,051
Total revenues	<u>202,127</u>	<u>238,309</u>	<u>440,436</u>
<b>EXPENDITURES:</b>			
Current:			
Public safety	-	191,320	191,320
Physical environment	119,677	-	119,677
Capital outlay	40,188	128,461	168,649
Debt service			
Interest	-	14,017	14,017
Principal	-	-	-
Total expenditures	<u>159,865</u>	<u>333,798</u>	<u>493,663</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>42,262</u>	<u>(95,489)</u>	<u>(53,227)</u>
<b>OTHER FINANCING SOURCES:</b>			
Transfers in	-	92,135	92,135
Loan proceeds	-	67,330	67,330
Insurance recoveries	-	12,993	12,993
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>-</u>	<u>172,458</u>	<u>172,458</u>
<b>NET CHANGE IN FUND BALANCE</b>	42,262	76,969	119,231
<b>FUND BALANCE, beginning of year</b>	<u>631,720</u>	<u>-</u>	<u>631,720</u>
<b>FUND BALANCE, end of year</b>	<u>\$ 673,982</u>	<u>\$ 76,969</u>	<u>\$ 750,951</u>

**CITY OF FORT MEADE, FLORIDA**  
**COMBINING STATEMENT OF NET POSITION – NON-MAJOR ENTERPRISE FUNDS**  
as of September 30, 2019

	<b>Business Type Activities - Non-Major Enterprise Funds</b>		
	<b>Mobile Home Park Fund</b>	<b>Solid Waste Fund</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets:			
Equity in pooled cash and cash equivalents	\$ 254,360	\$ 111,728	\$ 366,088
Receivables:			
Customers, net	-	61,760	61,760
Total current assets	<u>254,360</u>	<u>173,488</u>	<u>427,848</u>
Noncurrent assets:			
Capital assets:			
Non-depreciable	10,865	-	10,865
Depreciable, net	244,546	-	244,546
Total noncurrent assets	<u>255,411</u>	<u>-</u>	<u>255,411</u>
Total assets	<u>509,771</u>	<u>173,488</u>	<u>683,259</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	10,068	147,049	157,117
Unearned revenue	7,815	-	7,815
Total current liabilities	<u>17,883</u>	<u>147,049</u>	<u>164,932</u>
Total liabilities	<u>17,883</u>	<u>147,049</u>	<u>164,932</u>
<b>NET POSITION</b>			
Net investment in capital assets	255,411	-	255,411
Unrestricted	<u>236,477</u>	<u>26,439</u>	<u>262,916</u>
Total net position	<u>\$ 491,888</u>	<u>\$ 26,439</u>	<u>\$ 518,327</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, 2019

	<b>Business Type Activities - Non-Major Enterprise Funds</b>		
	<b>Mobile Home Park Fund</b>	<b>Solid Waste Fund</b>	<b>Total</b>
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 374,440	\$ 480,941	\$ 855,381
Total operating revenue	374,440	480,941	855,381
<b>OPERATING EXPENSES:</b>			
Personnel services	22,807	-	22,807
Operating expenses	237,704	378,901	616,605
Depreciation	14,525	-	14,525
Total operating expenses	275,036	378,901	653,937
<b>OPERATING INCOME</b>	<b>99,404</b>	<b>102,040</b>	<b>201,444</b>
<b>NONOPERATING REVENUE (EXPENSE)</b>			
Other, net	7,773	-	7,773
<b>INCOME BEFORE TRANSFERS</b>	<b>107,177</b>	<b>102,040</b>	<b>209,217</b>
<b>TRANSFERS OUT</b>	<b>(83,393)</b>	<b>(15,000)</b>	<b>(98,393)</b>
<b>CHANGE IN NET POSITION</b>	<b>23,784</b>	<b>87,040</b>	<b>110,824</b>
<b>NET POSITION, beginning of year</b>	<b>468,104</b>	<b>(60,601)</b>	<b>407,503</b>
<b>NET POSITION, end of year</b>	<b>\$ 491,888</b>	<b>\$ 26,439</b>	<b>\$ 518,327</b>

**CITY OF FORT MEADE, FLORIDA**  
**COMBINING STATEMENT OF CASH FLOWS– NON-MAJOR ENTERPRISE FUNDS**  
for the year ended September 30, 2019

	<b>Business Type Activities - Non-Major Enterprise Funds</b>		
	<b>Mobile Home Park Fund</b>	<b>Solid Waste Fund</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from customers	\$ 383,578	\$ 481,257	\$ 864,835
Payments to suppliers	(235,215)	(457,731)	(692,946)
Payments for salaries and benefits	(22,807)	-	(22,807)
Net cash flows from operating activities	<u>125,556</u>	<u>23,526</u>	<u>149,082</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfers to other funds	(83,393)	(15,000)	(98,393)
Net cash flows from noncapital financing activities	<u>(83,393)</u>	<u>(15,000)</u>	<u>(98,393)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Acquisition and construction of capital assets, net of related payables	(40,165)	-	(40,165)
Net cash flows from capital and related financing activities	<u>(40,165)</u>	<u>-</u>	<u>(40,165)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Other income	7,773	-	7,773
Net cash flows from investing activities	<u>7,773</u>	<u>-</u>	<u>7,773</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	9,771	8,526	18,297
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	244,589	103,202	347,791
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 254,360</u>	<u>\$ 111,728</u>	<u>\$ 366,088</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ 99,404	\$ 102,040	\$ 201,444
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	14,525	-	14,525
(Increase) decrease in accounts receivable	1,323	316	1,639
Increase (decrease) in accounts payable	2,489	(78,830)	(76,341)
Increase (decrease) in unearned revenue	7,815	-	7,815
Net cash flows from operating activities	<u>125,556</u>	<u>23,526</u>	<u>149,082</u>
<b>As shown in the Accompanying Financial Statements</b>			
Equity in cash and investments	\$ 254,360	\$ 111,728	\$ 366,088
Restricted equity in cash and investments	-	-	-
<b>Total cash and cash equivalents</b>	<u>\$ 254,360</u>	<u>\$ 111,728</u>	<u>\$ 366,088</u>
<b>Noncash financing and investing activities:</b>			
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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with</b>
	<u>Original</u>	<u>Final</u>		<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>REVENUES:</b>				
Licenses and permits	\$ 192,166	\$ 192,166	\$ 187,284	\$ (4,882)
Intergovernmental revenue	60,000	60,000	14,065	(45,935)
Other	-	-	778	778
Total revenues	<u>252,166</u>	<u>252,166</u>	<u>202,127</u>	<u>(50,039)</u>
<b>EXPENDITURES:</b>				
Physical environment	154,848	154,848	119,677	35,171
Capital outlay	212,351	212,351	40,188	172,163
Total expenditures	<u>367,199</u>	<u>367,199</u>	<u>159,865</u>	<u>207,334</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (115,033)</u>	<u>\$ (115,033)</u>	<u>\$ 42,262</u>	<u>\$ 157,295</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, 2019

	<u>Budgeted Amounts</u>			<b>Variance with</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>REVENUES:</b>				
Charges for service	\$ 242,255	\$ 242,000	\$ 238,036	\$ (3,964)
Other	-	200	273	73
Total revenues	<u>242,255</u>	<u>242,200</u>	<u>238,309</u>	<u>(3,891)</u>
<b>EXPENDITURES:</b>				
Public safety	222,979	210,576	191,320	19,256
Capital outlay	111,400	89,137	128,461	(39,324)
Debt service	22,501	15,373	14,017	1,356
Total expenditures	<u>356,880</u>	<u>315,086</u>	<u>333,798</u>	<u>(18,712)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>				
<b>OVER (UNDER) EXPENDITURES</b>	<u>(114,625)</u>	<u>(72,886)</u>	<u>(95,489)</u>	<u>(22,603)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	114,625	92,135	92,135	-
Loan proceeds	-	27,000	67,330	40,330
Insurance recoveries	-	13,000	12,993	(7)
Total other financing sources	<u>114,625</u>	<u>132,135</u>	<u>172,458</u>	<u>40,323</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ 59,249</u>	<u>\$ 76,969</u>	<u>\$ 17,720</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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 30, 2020.

**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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 may exist that have not been identified.

CERTIFIED PUBLIC ACCOUNTANTS

*Gainesville | Ocala | Tallahassee | Sarasota | Orlando*

purvisgray.com

Members of American and Florida Institutes of Certified Public Accountants  
An Independent Member of the BDO Alliance USA.

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***

**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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of 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.



June 30, 2020  
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

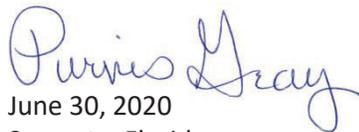
We have examined the City of Fort Meade’s (the City) compliance with Section 218.415, *Florida Statutes*, during the fiscal year ended September 30, 2019. City management is responsible for the City’s compliance with those requirements. Our responsibility is to express an opinion on the City’s compliance 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.

In our opinion, the City complied, in all material respects, with the aforementioned requirements during the fiscal year ended September 30, 2019.

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

  
June 30, 2020  
Sarasota, Florida

CERTIFIED PUBLIC ACCOUNTANTS

*Gainesville | Ocala | Tallahassee | Sarasota | Orlando*

purvisgray.com

*Members of American and Florida Institutes of Certified Public Accountants  
An Independent Member of the BDO Alliance USA.*

## 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, 2019, and have issued our report thereon dated June 30, 2020.

### 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 June 30, 2020, 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. There were no findings or recommendations made in the preceding financial audit report.

### Official Title and Legal Authority

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

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando

purvisgray.com

*Members of American and Florida Institutes of Certified Public Accountants  
An Independent Member of the BDO Alliance USA.*

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 one recommendation:

#### ■ 2019-1 Inventory Controls

Due to a vacancy in the warehouse clerk position as of September 30, 2019, the City was not able to conduct a physical inventory count at year-end. The finance department did maintain perpetual inventory records during the year, continuously tracking items added to and withdrawn from inventory, which assisted in regularly updating the inventory records. However, a year-end physical inventory count serves as a key control intended to validate the inventory records at that time, and to help identify any high value inventory items that may be unaccounted for. We recommend that the City perform a physical inventory count of all items and units in order to validate the perpetual inventory records at year-end.

### 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 the 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.



June 30, 2020  
Sarasota, Florida

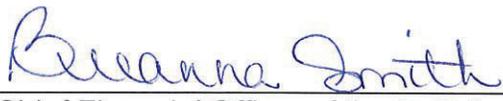
## **OTHER INFORMATION**

**AFFIDAVIT OF CHIEF FINANCIAL OFFICER ATTESTING TO  
COMPLIANCE WITH § 163.31801, FLORIDA STATUTES**

BEFORE ME, the undersigned authority, personally appeared Breanna Smith, Finance Director of Fort Meade, Florida, who being duly sworn, deposes and says on oath that:

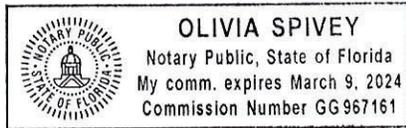
1. I am the Chief Financial Officer of the City of Fort Meade which is a municipality of the State of Florida.
2. Fort Meade has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

FURTHER AFFIANT SAYETH NAUGHT.

  
\_\_\_\_\_  
(Chief Financial Officer of the Entity)

STATE OF FLORIDA  
COUNTY OF POLK

SWORN TO AND SUBSCRIBED before me this 29<sup>th</sup> day of June, 2020.



  
\_\_\_\_\_  
NOTARY PUBLIC  
Print Name Olivia Spivey

Personally known X or produced identification \_\_\_\_\_

Type of identification produced: \_\_\_\_\_

My Commission Expires:

GG967161 March 9, 2024



June 30, 2020

City of Fort Meade  
Attention: Mayor Watts and City Commissioners  
8 West Broadway Street  
Fort Meade, FL 33841

***Subject: Fiscal Year 2019 Audit Findings***

Dear Mayor Watts and City Commissioners,

Please see below the City's response to Fiscal Year 2019 audit findings as identified by Purvis Gray & Company.

▪ **2019-1 Inventory Controls**

Due to a vacancy in the warehouse clerk position as of September 30, 2019, the City was not able to conduct a physical inventory count at year-end. The finance department did maintain perpetual inventory records during the year, continuously tracking items added to and withdrawn from inventory, which assisted in regularly updating the inventory records. However, a year-end physical inventory count serves as a key control intended to validate the inventory records at that time, and to help identify any high value inventory items that may be unaccounted for. We recommend that the City perform a physical inventory count of all items and units in order to validate the perpetual inventory records at year-end.

RESPONSE: The City filled the position vacancy in January 2020 and is moving forward in a positive direction. The City agrees with the auditors' comments, and intends to complete the physical inventory count.

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

Sincerely,

Breanna Smith, MBA CFE CAMS CECFE  
Finance Director