

# **CITY OF FORT MEADE, FLORIDA**



## **FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORTS SEPTEMBER 30, 2020**

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

**AS OF SEPTEMBER 30, 2020**

**CITY COMMISSION**

**Mayor, Commissioner**  
James Watts

**Vice Mayor, Commissioner**  
Richard Cochrane

**Commissioner**  
Robert Elliott

**Commissioner**  
Samuel Berrien

**Commissioner**  
Petrina McCutchen

**APPOINTED OFFICIALS**

**City Manager**  
Danielle J. Judd

**City Attorney**  
Thomas A. Cloud

# City of Fort Meade, Florida

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## **FINANCIAL SECTION**

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the 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, 2020, 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

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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, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, as listed in the table of contents, schedules of changes in net pension liabilities and related ratios, 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.

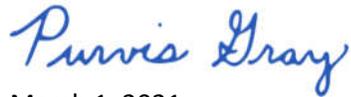
The combining financial statements and budgetary comparison schedule, are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures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

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

## INDEPENDENT AUDITOR'S REPORT

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2021, 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.



March 1, 2021  
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 2020 by \$15,683,909 (net position). Of this amount, \$4,581,292 (unrestricted net position) may be used to meet the City's ongoing obligations.
- The City's total net position increased by \$779,701 or 5% during the year. The net position for governmental activities increased by \$409,162 or 7%, while the business-type activities' net position increased by \$370,539 or 4%.
- Total combined revenues resulting from governmental activities and business-type activities increased \$83,706 or 1% when compared to the prior year.
- Total combined expenses resulting from governmental activities and business-type activities increased \$299,808 or 3% 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 \$2,998,186 compared to \$2,668,252 as of the prior year. Unassigned fund balance totaled \$1,310,812 as of September 30, 2020 which is 29% of total governmental fund expenditures for the year ended September 30, 2020.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

### **Government-wide Financial Statements**

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

The City's Community Redevelopment Agency is shown as a "blended" component unit of the City, which is a governmental unit over which the City can exercise influence and/or may be obligated to provide financial subsidy. Blending refers to the fact that the component unit's funds and balances are combined with those of the primary government for financial reporting. 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 \$15,683,909. 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>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Current and other assets	\$ 3,230,932	\$ 2,884,985	\$ 5,111,079	\$ 4,580,022	\$ 8,342,011	\$ 7,465,007
Capital assets	5,052,170	5,019,824	9,849,467	9,888,612	14,901,637	14,908,436
<b>Total assets</b>	<b>8,283,102</b>	<b>7,904,809</b>	<b>14,960,546</b>	<b>14,468,634</b>	<b>23,243,648</b>	<b>22,373,443</b>
Deferred outflows	278,787	370,733	140,179	225,928	418,966	596,661
Current liabilities	238,681	219,861	1,113,430	1,199,696	1,352,111	1,419,557
Non-current liabilities	1,875,972	2,023,017	4,523,971	4,406,575	6,399,943	6,429,592
<b>Total liabilities</b>	<b>2,114,653</b>	<b>2,242,878</b>	<b>5,637,401</b>	<b>5,606,271</b>	<b>7,752,054</b>	<b>7,849,149</b>
Deferred inflows	165,593	160,183	61,058	56,564	226,651	216,747
Net position:						
Net investment in capital assets	4,119,598	4,083,393	5,578,453	5,669,983	9,698,051	9,753,376
Restricted	1,100,465	1,005,996	304,101	477,187	1,404,566	1,483,183
Unrestricted	1,061,580	783,092	3,519,712	2,884,557	4,581,292	3,667,649
<b>Total net position</b>	<b>\$ 6,281,643</b>	<b>\$ 5,872,481</b>	<b>\$ 9,402,266</b>	<b>\$ 9,031,727</b>	<b>\$ 15,683,909</b>	<b>\$ 14,904,208</b>

On September 30, 2020 approximately 62% (65% as of September 30, 2019) 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 9% of the City's net position represents resources that are subject to external restrictions on how they may be used. That compares to 10% in the prior year. The remaining balance of unrestricted net position, \$4,581,292 or 29% of the City's net position in 2020 may be used to meet the City's ongoing obligations to citizens and creditors. This is an increase in unrestricted net position of \$913,643 or 25% for the year.

**CITY OF FORT MEADE, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
September 30, 2020

**Statement of Activities.** The 2020 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.

<b>Statement of Activities (Summary)</b>						
<b>For the year ended September 30,</b>						
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b>Revenues:</b>						
<i>Program Revenues:</i>						
Charges for services	\$ 678,635	\$ 687,182	\$ 7,750,275	\$ 8,086,186	\$ 8,428,910	\$ 8,773,368
Operating grants/contrib.	326,380	117,030	438,309	-	764,689	117,030
Capital grants/contrib.	121,267	140,830	201,186	525,328	322,453	666,158
<i>General revenues:</i>						
Property taxes - General	812,742	702,718	-	-	812,742	702,718
Property taxes - CRA	133,633	74,488	-	-	133,633	74,488
Pub svc tax/franchise fees	628,260	691,262	-	-	628,260	691,262
Transportation fuel taxes	355,957	368,722	-	-	355,957	368,722
State shared revenue	739,499	756,119	-	-	739,499	756,119
Other	39,997	53,536	77,547	16,580	117,544	70,116
<b>Total revenues</b>	<b>3,836,370</b>	<b>3,591,887</b>	<b>8,467,317</b>	<b>8,628,094</b>	<b>12,303,687</b>	<b>12,219,981</b>
<b>Expenses:</b>						
<i>Governmental activities:</i>						
General government	1,193,681	1,100,073	-	-	1,193,681	1,100,073
Law enforcement	1,232,387	1,369,613	-	-	1,232,387	1,369,613
Fire control	285,814	288,651	-	-	285,814	288,651
Building inspections	86,574	119,557	-	-	86,574	119,557
Stormwater	222,049	184,103	-	-	222,049	184,103
Roads and streets	317,658	280,635	-	-	317,658	280,635
Library	219,135	237,236	-	-	219,135	237,236
Recreation	226,166	186,387	-	-	226,166	186,387
Parks	530,717	503,403	-	-	530,717	503,403
Community redevelopment	55,709	11,620	-	-	55,709	11,620
Interest on long-term debt	57,524	46,628	-	-	57,524	46,628
<i>Business-type activities:</i>						
Electric	-	-	4,531,206	4,475,946	4,531,206	4,475,946
Water	-	-	661,616	667,455	661,616	667,455
Sewer	-	-	1,117,826	1,098,934	1,117,826	1,098,934
Solid waste	-	-	500,664	378,901	500,664	378,901
Mobile home park	-	-	285,260	275,036	285,260	275,036
<b>Total expenses</b>	<b>4,427,414</b>	<b>4,327,906</b>	<b>7,096,572</b>	<b>6,896,272</b>	<b>11,523,986</b>	<b>11,224,178</b>
Increase (decrease) in net position before transfers	(591,044)	(736,019)	1,370,745	1,731,822	779,701	995,803
<b>Transfers in (out)</b>	<b>1,000,206</b>	<b>733,953</b>	<b>(1,000,206)</b>	<b>(733,953)</b>	<b>-</b>	<b>-</b>
Change in Net Position	409,162	(2,066)	370,539	997,869	779,701	995,803
Net position - Beginning	5,872,481	5,874,547	9,031,727	8,033,858	14,904,208	13,908,405
Net position - Ending	<b>\$ 6,281,643</b>	<b>\$ 5,872,481</b>	<b>\$ 9,402,266</b>	<b>\$ 9,031,727</b>	<b>\$ 15,683,909</b>	<b>\$ 14,904,208</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 established fees and charges that are designed to recover in part or in whole the cost of providing services.

During 2020, governmental activities' net position increased by \$409,162 compared to a decrease of \$2,066 in the prior year.

Overall, total revenues-governmental activities were up \$244,483 or 7%, total expenses were up \$99,508 or 2% and a \$266,253 or 36% increase in the net transfer from the business-type activities. Following are *significant* changes in the statement of activities from 2019 to 2020:

- Operating grants and contributions increased \$209,350 or 179% in 2020 compared to 2019 mainly due to increased grants, disaster aid, and private contributions as well as increased insurance proceeds from a lawsuit settlement in favor of the City.
- Property taxes are up \$110,024 or 16% in 2020 compared to 2019. The City's millage rate increased from 6.8704 in 2019 to 7.8899 in 2020, an increase of 14%.
- Remaining program and general revenues were down \$74,891 or 3% for various reasons.

On the expense side:

- General government expenses increased by \$93,608 or 9% in 2020 compared to 2019 due to increased non-capital repairs and maintenance expenses and implementation of phase I of the wage study.
- Law enforcement expenses decreased by \$137,226 or 10% compared to 2019 due to extensive non-capital repairs and maintenance expenses incurred in the prior year related to the restoration of the Police Station after Hurricane Irma.
- Community redevelopment expenses increased by \$44,089 or 379% due to increased activity related to capital projects and the purchase of property in the City's Community Redevelopment Agency.
- Remaining program expenses increased by \$99,037 or 5% in 2020 compared to 2019.

### Business-type activities

Business-type activities experienced an increase in net position of \$370,539 compared to an increase of \$997,869 in the prior year.

The main reasons for the decline in the results of operations from 2019 to 2020 were as follows:

- Total revenue decreased \$160,777 or 2% from 2019 to 2020, and total expenses increased by \$200,300 or 3% and net transfers increased by \$266,253 or 36%.
- Charges for services revenue decreased by \$335,911 or 4%, mainly due to a decrease in electric consumption due to the COVID-19 pandemic.
- The transfer to the governmental activities increased from \$733,953 in 2019 to \$1,000,206 in 2020.

### 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. The City also reports the fire and stormwater special revenue funds as non-major governmental funds.

At the end of the current fiscal year, the City's governmental funds reported a combined fund balance of \$2,998,186. Of this amount, \$580,974 or 19% is non-spendable, \$1,106,400 or 37% is legally restricted for specific purposes, and \$1,310,812 or 44% 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 \$1,310,812, and total fund balance was \$2,081,642. This represents 33% (26% in prior year) and 53% (44% in prior year) respectively, of total general fund expenditures for the year ended September 30, 2020.

In the General Fund, the change in fund balance for the year improved from a decrease of \$85,367 in 2019 to an increase of \$271,867, an improvement of \$357,234. Following is a summary of the changes from 2019 to 2020:

- Total revenue increased less than 1% in 2020 compared to 2019. Taxes revenue in 2020 increased by 39,901 or 2% compared to 2019 and other revenue increased by \$36,391 or 50% while intergovernmental revenue decreased by \$22,968 or 3% due to decreased capital grant revenue. Furthermore, licenses and permit fee revenue decreased by \$58,903 or 25% as a result of declining building permit fees from the onset of the COVID-19 pandemic that reduced construction activity within the City.
- Expenditures decreased by \$148,393 or 4%. Capital outlay expenditures decreased by \$402,989 or 60% due to decreased capital projects and equipment purchases, while general government expenditures increased by \$162,260 or 16% mainly due to increased personnel costs.

- Other financing sources, net of other financing uses, increased by \$208,777 mainly due to a \$358,388 increase in net transfers, a \$93,461 increase in insurance recoveries and a \$243,072 decrease in borrowing proceeds.

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

At year end, total fund balance in the CRA Fund totaled \$121,040 compared to \$107,526 at the end of the prior year.

- Revenues were \$74,488 in 2019 and \$136,790 in 2020. This increase was due to increased property values within the CRA district and an increase on the City's millage rate.
- Expenditures were \$123,276 in 2020 compared to \$36,611 in 2019. Capital outlay expenditures increased by \$72,536 in 2020 compared to 2019, as an increased emphasis was placed on capital projects and the purchase of property within the CRA district.

**Proprietary Funds.** The City's proprietary funds provide essentially the same type of information found in the government-wide financial statements, but presented by fund, and in more detail. The City's proprietary funds consist of five enterprise funds. The financial statements for the three major enterprise funds and the financial statements for the two non-major enterprise funds can be found by referencing the table of contents of this report. An overall picture of the operating results of the combined enterprise funds was addressed above in the discussion of the City's business-type activities. Following are the highlights of the changes from 2019 to 2020, by major fund:

- In the electric fund, the change in net position improved from a decrease of \$92,568 in 2019 to an increase of \$185,597 in 2020, an improvement of \$278,165 mainly due to increased operating grants received in 2020. Operating revenues decreased by 3% and operating expenses increased by 1%. The electric fund transferred \$960,206 to the general fund in 2020 compared to a transfer of \$961,556 to the general fund and \$89,454 to the fire fund in 2019. The electric fund received federal and state operating grants totaling \$368,025 during 2020 compared to zero in the prior year.
- In the water fund, the change in net position improved from a decrease of \$65,901 in 2019 to an increase of \$14,153 in 2020, an improvement of \$80,054. Charges for services increased by \$1,231 or <1% and operating expenses increased by \$801 or <1%. The water fund did not make or receive any transfers in 2020 and received a \$5,750 transfer from the general fund in 2019. The water fund received federal and state operating grants totaling \$47,654 during 2020 compared to zero in the prior year.
- In the sewer fund, the change in net position declined from an increase of \$1,045,514 in 2019 to an increase of \$124,901 in 2020, a deterioration of \$920,613. Charges for services decreased by \$175,252 or 14% and operating expenses decreased \$16,276 or 2%. In 2019, 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. The sewer fund did not make nor receive any transfers in 2020. The sewer fund received federal and state operating grants totaling \$19,264 during 2020 compared to zero in the prior year and received \$517,854 of capital grants in 2019 compared to \$169,734 in 2020.

- In the combined non-major funds, the change in net position experienced an increase of \$110,824 in 2019 compared to an increase of \$45,888 in 2020, a decline of \$64,936. Operating revenues increased by \$9,763 or 1%, and operating expenses increased \$131,987 or 20%. The combined non-major funds transferred \$98,393 to the general fund in 2019 and \$40,000 in 2020. 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 \$6,886,604 of net position restricted for pension benefits on September 30, 2020. This is an increase of \$128,671 or 2% for the year. The combined funds reported net investment income of \$412,784 for 2020 compared to \$325,945 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 2020 general fund budget anticipated an increase in fund balance of \$62,499 as budgeted expenditures were less than budgeted revenues and other financing sources. Amendments to the original budget during 2020 left budgeted revenue unchanged and increased anticipated expenditures by \$7,940 reducing the expected increase in fund balance to \$54,559.

Actual results for 2020 increased fund balance by \$271,867 which was \$217,308 better than the anticipated change in fund balance of \$54,559 discussed above. Actual revenues came in \$223,926 or 7% lower than the final amended budget. Expenditures came in \$563,831 or 13% lower than the final amended budget, spread across all departments. Other financing sources, net with other financing uses, came in \$122,597 or 9% lower 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, 2020, totals \$14,901,637 (net of accumulated depreciation), a decrease of approximately \$6,800 (<1%) for the current year. Governmental net additions and transfers were \$425,163, book value of disposed assets was \$45,757, and depreciation expense was \$347,060 for a net increase of \$32,346 (<1%). Business-type net additions and transfers were \$606,974, book value of disposed assets was \$-0-, and depreciation expense was \$646,119 for a net decrease of \$39,145 (<1%). 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>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Land	\$ 794,008	\$ 839,765	\$ 345,838	\$ 345,838	\$ 1,139,846	\$ 1,185,603
Buildings and improvements	1,390,302	1,280,583	8,887,382	8,470,089	10,277,684	9,750,672
Equipment	635,189	516,085	591,170	445,248	1,226,359	961,333
Infrastructure	2,199,621	2,285,621	-	-	2,199,621	2,285,621
Construction in progress	33,050	97,770	25,077	627,437	58,127	725,207
Total	<u>\$ 5,052,170</u>	<u>\$ 5,019,824</u>	<u>\$ 9,849,467</u>	<u>\$ 9,888,612</u>	<u>\$ 14,901,637</u>	<u>\$ 14,908,436</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 \$5,618,260 (excluding accrued compensated absences, other postemployment liability and net pension liabilities) compared to \$5,462,912 at the previous year end, an increase of \$155,348 due to \$3,296,941 of new borrowing partially offset by principal payments of \$3,141,593. 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>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenue notes	\$ 811,588	\$ 895,555	\$ 3,980,563	\$ 3,999,844	\$ 4,792,151	\$ 4,895,399
Other long-term debt	535,658	492,735	290,451	74,778	826,109	567,513
Total	<u>\$ 1,347,246</u>	<u>\$ 1,388,290</u>	<u>\$ 4,271,014</u>	<u>\$ 4,074,622</u>	<u>\$ 5,618,260</u>	<u>\$ 5,462,912</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

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

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

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

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

#### 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. The City received significant reimbursements from FEMA for the Hurricane Irma disaster in fiscal year 2020.

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

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

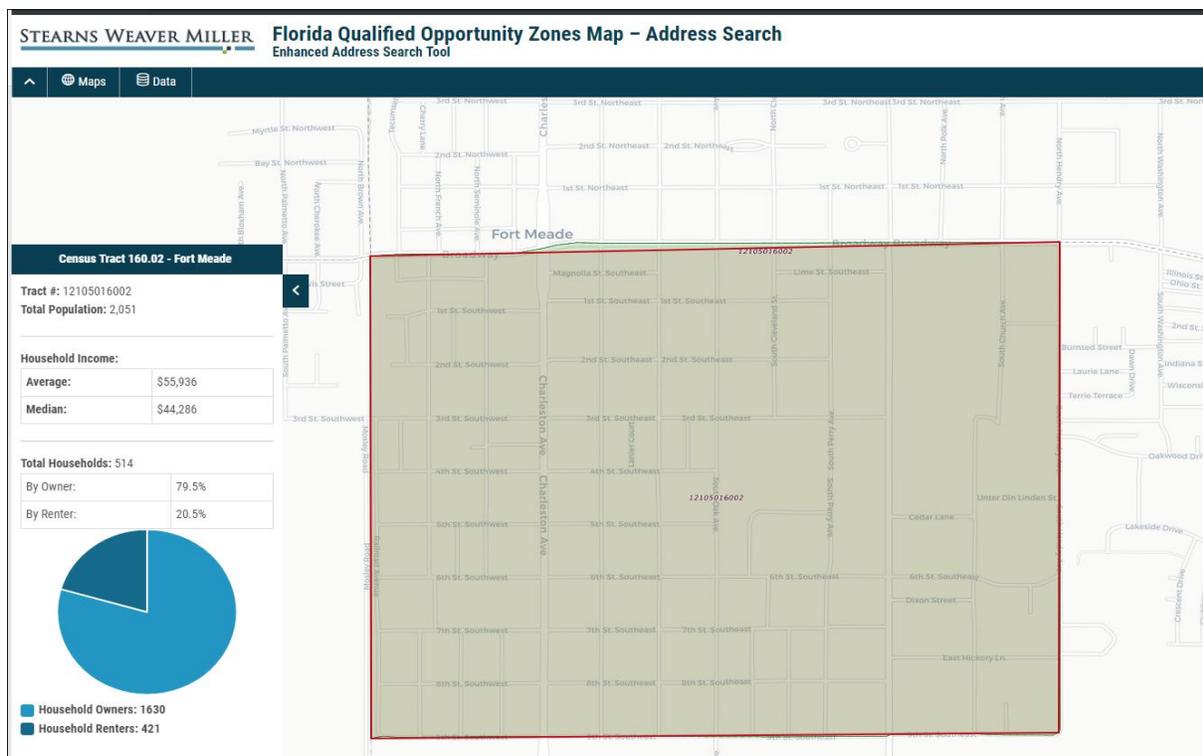
**Valmont Progress**

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 also expanded their cold foods section of the store to provide more grocery options for residents in 2019. In addition, the Fresh Choice Market grocery store opened in 2019 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 removed the designation as a food desert in our community. In 2021, the pizzeria Papa John’s also plans to open a restaurant in downtown Fort Meade. 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**

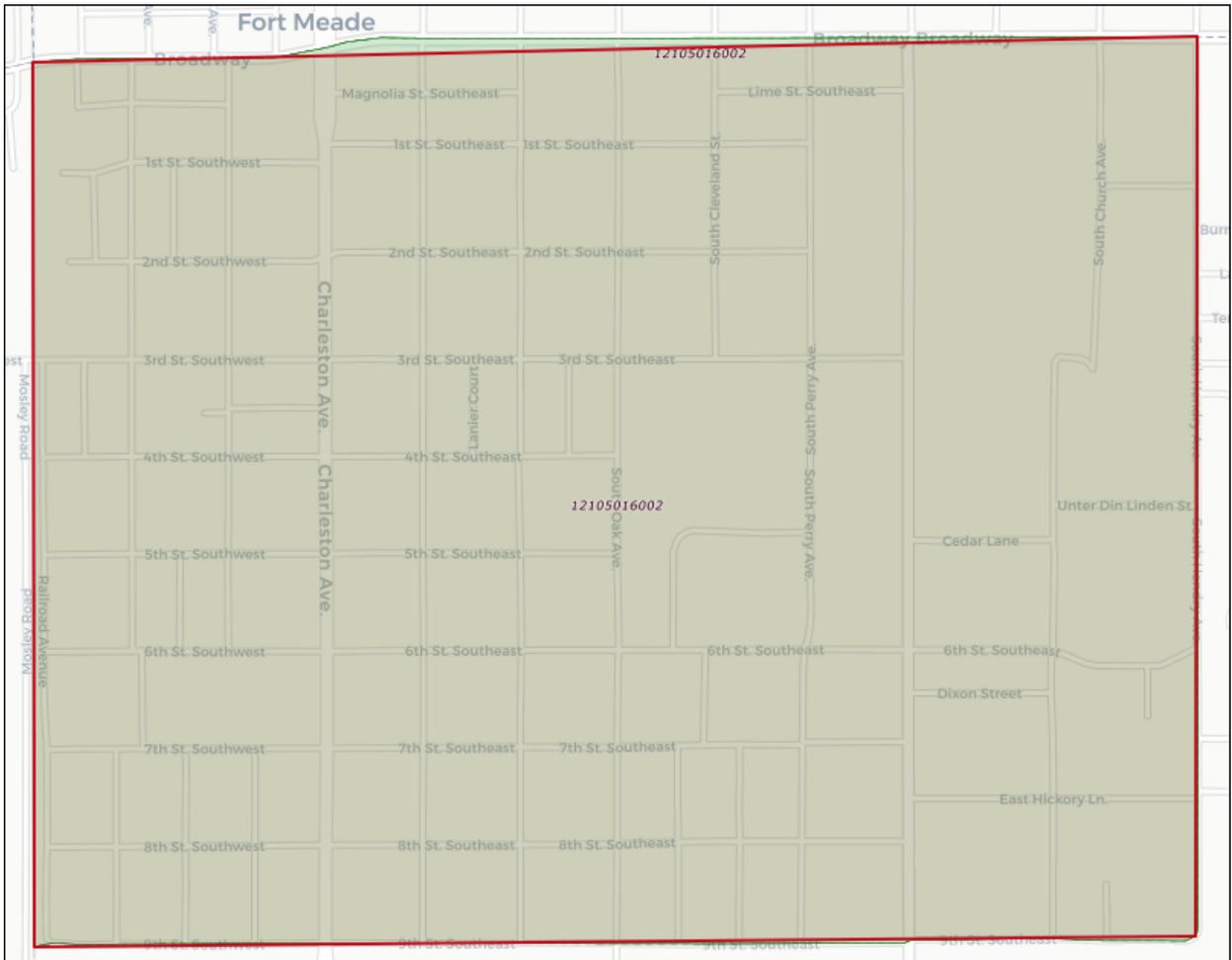


**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES (cont...)**

**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

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 2020-2021 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. The City also implemented Phase II of the Wage Study to address the time-in-grade increase and provide a flat bonus for other employees not eligible for this particular increase. A table depicting the percent change to implement Year Two of the Wage Study follows below.

No of Employees	Years of Service	% Change	Funding Source
1	30	22.5%	General Fund
1	21	18.5%	General Fund
1	20	17.5%	General Fund
1	15	15%	General Fund
2	14	14%	Electric, Sewer
3	11	11%	Electric, Water, Sewer
1	9	9%	General
2	5	5%	General, Electric
5	4	4%	General, Water, Sewer
1	3	3%	General Fund
2	2	2%	General Fund

- 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 City will seek financing for upcoming capital outlay projects.
- 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.

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.

The key to any organization's longevity is its ability to adapt to change and quickly. Unlike, last fiscal year, the fiscal year 2020-2021 budget was developed in a climate of economic uncertainty. It is one of limited resources. Therefore, revenues and expenses in all funds will be closely monitored should any change in direction need to occur mid-year.

Overall, the City has stable operations, strong investments in capital, and has positive indicators for development going forward. The FY 2020-21 budget maintains service levels and provides for a large investment in City operations by fully funding capital projects included in the Capital Improvement Plan.

### COVID-19

The COVID-19 pandemic has created economic disruptions throughout the country as of the date of this report causing significant declines in economic activity overall. Management is evaluating the impact of the COVID-19 pandemic on the City and has concluded that while it is reasonably possible that the virus could have a negative effect on the financial condition and results of operations of the City, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

### **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>.



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**CITY OF FORT MEADE, FLORIDA**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2020**

	<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	\$ 1,281,188	\$ 3,117,832	\$ 4,399,020
Receivables, current:			
Customer accounts, net	43,731	1,026,867	1,070,598
Intergovernmental	106,279	358,122	464,401
Franchise and public service taxes	59,035	-	59,035
Other	27,545	-	27,545
Inventory and prepaids	10,033	359,108	369,141
Internal balances	570,941	(570,941)	-
Restricted assets:			
Equity in pooled cash and cash equivalents	1,132,180	820,091	1,952,271
Capital assets:			
Non-depreciable	827,058	370,915	1,197,973
Depreciable, net	4,225,112	9,478,552	13,703,664
<b>TOTAL ASSETS</b>	<b>8,283,102</b>	<b>14,960,546</b>	<b>23,243,648</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	278,787	140,179	418,966
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	172,866	562,862	735,728
Accrued wages	58,446	26,095	84,541
Due to other governments	1,434	-	1,434
Unearned revenue	-	6,585	6,585
Accrued interest payable	5,935	21,585	27,520
Customer deposits	-	496,303	496,303
Long-term obligations:			
Due within one year	169,323	175,962	345,285
Due in more than one year	1,706,649	4,348,009	6,054,658
<b>TOTAL LIABILITIES</b>	<b>2,114,653</b>	<b>5,637,401</b>	<b>7,752,054</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	165,593	61,058	226,651
<b>NET POSITION</b>			
Net investment in capital assets	4,119,598	5,578,453	9,698,051
Restricted for:			
Debt service	4,189	70,549	74,738
Transportation expenditures	171,039	-	171,039
Law enforcement purposes	8,758	-	8,758
Community redevelopment	121,040	-	121,040
Stormwater management	719,241	-	719,241
Fire services	76,198	-	76,198
Water and sewer system improvements	-	233,552	233,552
Unrestricted	1,061,580	3,519,712	4,581,292
<b>TOTAL NET POSITION</b>	<b>\$ 6,281,643</b>	<b>\$ 9,402,266</b>	<b>\$ 15,683,909</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, 2020

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	\$ 1,193,681	\$ 91,022	\$ 248,388	\$ 56,229
Law enforcement	1,232,387	50,129	-	-
Fire control	285,814	241,916	21,756	17,469
Building inspections	86,574	70,500	-	-
Stormwater	222,049	209,470	1,870	47,569
Roads and streets	317,658	-	14,105	-
Library	219,135	5,383	37,104	-
Recreation	226,166	5,725	-	-
Parks	530,717	4,490	-	-
Community redevelopment	55,709	-	3,157	-
Interest on long-term debt	57,524	-	-	-
<b>Total governmental activities</b>	<b>4,427,414</b>	<b>678,635</b>	<b>326,380</b>	<b>121,267</b>
<b>Business-type activities</b>				
Electric	4,531,206	5,250,471	368,025	-
Water	661,616	597,076	47,654	17,032
Sewer	1,117,826	1,037,584	19,264	184,154
Mobile home park	285,260	369,168	3,157	-
Solid waste	500,664	495,976	209	-
<b>Total business-type activities</b>	<b>7,096,572</b>	<b>7,750,275</b>	<b>438,309</b>	<b>201,186</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 11,523,986</b>	<b>\$ 8,428,910</b>	<b>\$ 764,689</b>	<b>\$ 322,453</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>
\$ (798,042)	\$ -	\$ (798,042)
(1,182,258)	-	(1,182,258)
(4,673)	-	(4,673)
(16,074)	-	(16,074)
36,860	-	36,860
(303,553)	-	(303,553)
(176,648)	-	(176,648)
(220,441)	-	(220,441)
(526,227)	-	(526,227)
(52,552)	-	(52,552)
(57,524)	-	(57,524)
(3,301,132)	-	(3,301,132)
-	1,087,290	1,087,290
-	146	146
-	123,176	123,176
-	87,065	87,065
-	(4,479)	(4,479)
-	1,293,198	1,293,198
(3,301,132)	1,293,198	(2,007,934)
812,742	-	812,742
133,633	-	133,633
628,260	-	628,260
355,957	-	355,957
739,499	-	739,499
1,036	321	1,357
37,564	77,226	114,790
1,397	-	1,397
1,000,206	(1,000,206)	-
3,710,294	(922,659)	2,787,635
409,162	370,539	779,701
5,872,481	9,031,727	14,904,208
\$ 6,281,643	\$ 9,402,266	\$ 15,683,909

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

**CITY OF FORT MEADE, FLORIDA**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
September 30, 2020

	<b>General Fund</b>	<b>Community Redevelopment Agency</b>	<b>Other Governmental Funds</b>	<b>Total</b>
<b>ASSETS</b>				
Equity in pooled cash and cash equivalents	\$ 1,281,188	\$ 147,201	\$ 795,058	\$ 2,223,447
Receivables, net:				
Customer accounts, net	43,731	-	-	43,731
Intergovernmental	99,968	-	6,311	106,279
Franchise and public service taxes	59,035	-	-	59,035
Other	5,680	-	21,865	27,545
Inventory	9,968	-	65	10,033
Advances to other funds	570,941	-	-	570,941
Restricted assets:				
Equity in pooled cash and cash equivalents	189,921	-	-	189,921
<b>TOTAL ASSETS</b>	<b>\$ 2,260,432</b>	<b>\$ 147,201</b>	<b>\$ 823,299</b>	<b>\$ 3,230,932</b>
<b>LIABILITIES</b>				
Accounts payable	122,084	26,161	24,621	172,866
Accrued wages and benefits	55,272	-	3,174	58,446
Due to other governments	1,434	-	-	1,434
<b>TOTAL LIABILITIES</b>	<b>178,790</b>	<b>26,161</b>	<b>27,795</b>	<b>232,746</b>
<b>FUND BALANCE</b>				
Nonspendable:				
Inventory	9,968	-	65	10,033
Interfund balances	570,941	-	-	570,941
Restricted for:				
Law enforcement trust fund	8,758	-	-	8,758
Debt service	10,124	-	-	10,124
Transportation expenditures	171,039	-	-	171,039
Community redevelopment	-	121,040	-	121,040
Stormwater management	-	-	719,241	719,241
Fire services	-	-	76,198	76,198
Unassigned	1,310,812	-	-	1,310,812
<b>TOTAL FUND BALANCES</b>	<b>2,081,642</b>	<b>121,040</b>	<b>795,504</b>	<b>2,998,186</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 2,260,432</b>	<b>\$ 147,201</b>	<b>\$ 823,299</b>	<b>\$ 3,230,932</b>

*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, 2020

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

<b>FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>	\$ 2,998,186
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	5,052,170
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.	278,787
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.	(165,593)
Interest payable on long-term debt does not require current financial resources and therefore, is not reported as a liability in the governmental funds.	(5,935)
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.	(1,875,972)
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<u>\$ 6,281,643</u>

**CITY OF FORT MEADE, FLORIDA**

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

For the year ended September 30, 2020

	<b>General Fund</b>	<b>Community Redevelopment Agency</b>	<b>Other Governmental Funds</b>	<b>Total</b>
<b>REVENUES:</b>				
Taxes	\$ 1,703,157	\$ 133,633	\$ -	\$ 1,836,790
Licenses, permits and special assessments	177,878	-	209,470	387,348
Intergovernmental revenue	880,501	3,157	69,528	953,186
Charges for services	15,598	-	241,916	257,514
Fines and forfeitures	98,009	-	-	98,009
Other	109,232	-	1,237	110,469
Total revenues	<u>2,984,375</u>	<u>136,790</u>	<u>522,151</u>	<u>3,643,316</u>
<b>EXPENDITURES:</b>				
Current:				
General government	1,160,460	-	-	1,160,460
Public safety	1,373,968	-	234,266	1,608,234
Physical environment	-	-	139,642	139,642
Economic environment	-	23,549	-	23,549
Transportation	175,357	-	-	175,357
Culture/recreation	783,953	-	-	783,953
Capital outlay	269,020	99,727	100,796	469,543
Debt service				
Interest	26,383	-	28,334	54,717
Principal	141,564	-	-	141,564
Total expenditures	<u>3,930,705</u>	<u>123,276</u>	<u>503,038</u>	<u>4,557,019</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(946,330)</u>	<u>13,514</u>	<u>19,113</u>	<u>(913,703)</u>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	1,000,206	-	-	1,000,206
Loan proceeds	76,747	-	23,773	100,520
Insurance recoveries	141,244	-	1,667	142,911
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>1,218,197</u>	<u>-</u>	<u>25,440</u>	<u>1,243,637</u>
<b>NET CHANGE IN FUND BALANCE</b>	271,867	13,514	44,553	329,934
<b>FUND BALANCE, beginning of year</b>	<u>1,809,775</u>	<u>107,526</u>	<u>750,951</u>	<u>2,668,252</u>
<b>FUND BALANCE, end of year</b>	<u>\$ 2,081,642</u>	<u>\$ 121,040</u>	<u>\$ 795,504</u>	<u>\$ 2,998,186</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, 2020

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

**NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS** \$ 329,934

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.	426,138
This is the amount of depreciation recorded in the current period.	(347,060)
This is the book value of dispositions recorded in the current period.	(45,757)
This is the book value of assets transferred and minor adjustments to capital assets	(975)

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.	141,564
This is the proceeds from borrowing.	(100,520)
This is the change in accrued interest payable on long-term debt.	(2,807)
This is the change in accrued compensated absences during the year.	(13,014)
This is the change in the total OPEB liability during the year.	(9,124)

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.	(5,410)
This amount represents the change in deferred outflows related to pensions.	(91,946)
This amount represents the change in the net pension liability.	<u>128,139</u>

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES** \$ 409,162

**CITY OF FORT MEADE, FLORIDA**  
**STATEMENT OF NET POSITION – PROPRIETARY FUNDS**  
September 30, 2020

	<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	\$ 1,782,293	\$ 375,199	\$ 645,872	\$ 314,468	\$ 3,117,832
Receivables:					
Customers, net	721,892	85,777	156,052	63,146	1,026,867
Intergovernmental and other	358,122	-	-	-	358,122
Inventory and prepaids	284,480	69,137	5,491	-	359,108
<b>Total current assets</b>	<b>3,146,787</b>	<b>530,113</b>	<b>807,415</b>	<b>377,614</b>	<b>4,861,929</b>
Noncurrent assets:					
Restricted assets:					
Equity in pooled cash and cash equivalents	365,618	247,740	206,733	-	820,091
Capital assets:					
Non-depreciable	-	189,917	168,170	12,828	370,915
Depreciable, net	3,165,126	1,478,982	4,600,219	234,225	9,478,552
<b>Total noncurrent assets</b>	<b>3,530,744</b>	<b>1,916,639</b>	<b>4,975,122</b>	<b>247,053</b>	<b>10,669,558</b>
<b>Total assets</b>	<b>6,677,531</b>	<b>2,446,752</b>	<b>5,782,537</b>	<b>624,667</b>	<b>15,531,487</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflows related to pensions	73,623	32,093	34,463	-	140,179
<b>Total deferred outflows of resources</b>	<b>73,623</b>	<b>32,093</b>	<b>34,463</b>	<b>-</b>	<b>140,179</b>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	411,828	59,939	37,228	53,867	562,862
Accrued wages	14,764	6,135	5,196	-	26,095
Unearned revenue	-	-	-	6,585	6,585
Other postemployment benefit liability	1,020	467	554	-	2,041
Bonds and notes payable, current	57,842	19,467	96,612	-	173,921
<b>Total current liabilities</b>	<b>485,454</b>	<b>86,008</b>	<b>139,590</b>	<b>60,452</b>	<b>771,504</b>
Noncurrent liabilities:					
Liabilities payable from restricted assets:					
Customer deposits	365,618	86,920	43,765	-	496,303
Interest payable	1,898	3,757	15,930	-	21,585
Advances from other funds	-	166,316	404,625	-	570,941
Compensated absences	19,749	7,380	14,723	-	41,852
Other postemployment benefit liability	19,386	8,873	10,527	-	38,786
Net pension liability	89,431	38,984	41,863	-	170,278
Bonds and notes payable, noncurrent portion	165,969	1,051,114	2,880,010	-	4,097,093
<b>Total noncurrent liabilities</b>	<b>662,051</b>	<b>1,363,344</b>	<b>3,411,443</b>	<b>-</b>	<b>5,436,838</b>
<b>Total liabilities</b>	<b>1,147,505</b>	<b>1,449,352</b>	<b>3,551,033</b>	<b>60,452</b>	<b>6,208,342</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows related to pensions	32,068	13,979	15,011	-	61,058
<b>NET POSITION</b>					
Net investment in capital assets	2,941,315	598,318	1,791,767	247,053	5,578,453
Restricted for:					
Debt retirement	-	66,175	4,374	-	70,549
Utility system improvements (expendable)	-	90,888	142,664	-	233,552
Unrestricted	2,630,266	260,133	312,151	317,162	3,519,712
<b>Total net position</b>	<b>\$ 5,571,581</b>	<b>\$ 1,015,514</b>	<b>\$ 2,250,956</b>	<b>\$ 564,215</b>	<b>\$ 9,402,266</b>

*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, 2020

	Business-type Activities - Enterprise Funds				Total
	Electric Fund	Water Fund	Sewer Fund	Non-major Funds	
<b>OPERATING REVENUES:</b>					
Charges for services	\$ 5,250,471	\$ 597,076	\$ 1,037,584	\$ 865,144	\$ 7,750,275
Total operating revenue	5,250,471	597,076	1,037,584	865,144	7,750,275
<b>OPERATING EXPENSES:</b>					
Personnel services	455,902	205,698	216,245	24,014	901,859
Purchased power	3,185,953	-	-	-	3,185,953
Operating expenses	670,753	282,321	435,579	744,787	2,133,440
Depreciation	216,401	110,332	302,263	17,123	646,119
Total operating expenses	4,529,009	598,351	954,087	785,924	6,867,371
<b>OPERATING INCOME (LOSS)</b>	<b>721,462</b>	<b>(1,275)</b>	<b>83,497</b>	<b>79,220</b>	<b>882,904</b>
<b>NONOPERATING REVENUE (EXPENSE)</b>					
Investment revenue	263	-	58	-	321
Interest expense	(2,197)	(45,830)	(163,739)	-	(211,766)
Intergovernmental	368,025	47,654	19,264	3,366	438,309
Contribution to joint venture	-	(17,435)	-	-	(17,435)
Other, net	58,250	14,007	1,667	3,302	77,226
Total nonoperating revenues (expense)	424,341	(1,604)	(142,750)	6,668	286,655
<b>INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>1,145,803</b>	<b>(2,879)</b>	<b>(59,253)</b>	<b>85,888</b>	<b>1,169,559</b>
<b>CAPITAL CONTRIBUTIONS</b>					
Capital grants and contributions	-	-	169,734	-	169,734
Impact fees	-	17,032	14,420	-	31,452
Total capital contributions	-	17,032	184,154	-	201,186
<b>TRANSFERS IN (OUT)</b>	<b>(960,206)</b>	<b>-</b>	<b>-</b>	<b>(40,000)</b>	<b>(1,000,206)</b>
<b>CHANGE IN NET POSITION</b>	<b>185,597</b>	<b>14,153</b>	<b>124,901</b>	<b>45,888</b>	<b>370,539</b>
<b>NET POSITION, beginning of year</b>	<b>5,385,984</b>	<b>1,001,361</b>	<b>2,126,055</b>	<b>518,327</b>	<b>9,031,727</b>
<b>NET POSITION, end of year</b>	<b>\$ 5,571,581</b>	<b>\$ 1,015,514</b>	<b>\$ 2,250,956</b>	<b>\$ 564,215</b>	<b>\$ 9,402,266</b>

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, 2020

	<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	\$ 5,245,790	\$ 606,156	\$ 1,214,152	\$ 862,528	\$ 7,928,626
Payments to suppliers	(3,768,362)	(249,646)	(447,253)	(848,037)	(5,313,298)
Payments for salaries and benefits	(444,772)	(201,672)	(212,880)	(24,014)	(883,338)
Net cash flows from operating activities	<u>1,032,656</u>	<u>154,838</u>	<u>554,019</u>	<u>(9,523)</u>	<u>1,731,990</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Transfers (to) from other funds	(960,206)	-	-	(40,000)	(1,000,206)
Payment of interfund borrowings	-	-	(21,296)	-	(21,296)
Operating grants	48,431	41,783	8,027	3,366	101,607
Increase (decrease) in deposits	47,332	7,991	3,149	-	58,472
Net cash flows from noncapital financing activities	<u>(864,443)</u>	<u>49,774</u>	<u>(10,120)</u>	<u>(36,634)</u>	<u>(861,423)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Acquisition and construction of capital assets, net of related payables					
	(274,253)	(107,964)	(359,999)	(8,765)	(750,981)
Loan proceeds	228,986	-	2,950,000	-	3,178,986
Principal paid on notes, bonds and lease obligations	(5,175)	(18,651)	(2,976,203)	-	(3,000,029)
Interest paid on borrowings and other debt costs	(299)	(45,898)	(158,243)	-	(204,440)
Capital contributions received, including impact fees, net of change in related receivables	-	17,032	314,304	-	331,336
Net cash flows from capital and related financing activities	<u>(50,741)</u>	<u>(155,481)</u>	<u>(230,141)</u>	<u>(8,765)</u>	<u>(445,128)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest on invested funds	263	-	58	-	321
Other income	19,722	14,007	1,667	3,302	38,698
Net cash flows from investing activities	<u>19,985</u>	<u>14,007</u>	<u>1,725</u>	<u>3,302</u>	<u>39,019</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>137,457</u>	<u>63,138</u>	<u>315,483</u>	<u>(51,620)</u>	<u>464,458</u>
<b>CASH AND CASH EQUIVALENTS, beginning 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>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 2,147,911</u>	<u>\$ 622,939</u>	<u>\$ 852,605</u>	<u>\$ 314,468</u>	<u>\$ 3,937,923</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, 2020

	<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	\$ 1,782,293	\$ 375,199	\$ 645,872	\$ 314,468	\$ 3,117,832
Restricted equity in pooled cash and cash equivalents	365,618	247,740	206,733	-	820,091
<b>Total cash and cash equivalents</b>	<b>\$ 2,147,911</b>	<b>\$ 622,939</b>	<b>\$ 852,605</b>	<b>\$ 314,468</b>	<b>\$ 3,937,923</b>
<b>Noncash financing and investing activities:</b>					
Joint venture loan guarantee / contribution	\$ -	\$ 17,435	\$ -	\$ -	\$ -
<b>Reconciliation of operating income (loss) to net cash flows from operating activities:</b>					
Operating income (loss)	\$ 721,462	\$ (1,275)	\$ 83,497	\$ 79,220	\$ 882,904
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:					
Depreciation expense	216,401	110,332	302,263	17,123	646,119
(Increase) decrease in inventory and prepaids	15,422	4,256	518	-	20,196
(Increase) decrease in accounts receivable	(4,681)	9,080	176,568	(1,386)	179,581
Increase (decrease) in accounts payable	72,922	28,419	(12,192)	(103,250)	(14,101)
Increase (decrease) in unearned revenue	-	-	-	(1,230)	(1,230)
Increase (decrease) in accrued wages and compensated absences	4,111	2,876	7,715	-	14,702
(Increase) decrease in deferred outflows related to pensions	33,083	22,584	30,082	-	85,749
Increase (decrease) in deferred inflows related to pensions	5,353	290	(1,149)	-	4,494
Increase (decrease) in net pension liability	(32,616)	(23,553)	(31,962)	-	(88,131)
Increase (decrease) in other postemployment benefit liability	1,199	1,829	(1,321)	-	1,707
<b>Net cash flows from operating activities</b>	<b>\$ 1,032,656</b>	<b>\$ 154,838</b>	<b>\$ 554,019</b>	<b>\$ (9,523)</b>	<b>\$ 1,731,990</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, 2020

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	<b>Pension Trust Funds</b>
	<u>                    </u>
<b>ASSETS</b>	
Investments, at fair value:	
Cash and short-term money market funds	\$          55,092
Fixed income investment pools	1,921,362
Equity investment pools	4,283,468
Real estate investment pool	<u>          626,682</u>
Total investments	<u>          6,886,604</u>
Total assets	<u>          6,886,604</u>
<b>NET POSITION</b>	
Restricted for pension benefits	<u>          \$      6,886,604</u>

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*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, 2020

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	<b>Pension Trust Funds</b>
<b>ADDITIONS</b>	
Contributions:	
City	\$ 265,839
Total contributions	<u>265,839</u>
Investment income:	
Investment income	430,069
Less investment expenses	<u>(17,285)</u>
Net investment income	<u>412,784</u>
Total additions	<u>678,623</u>
<b>DEDUCTIONS</b>	
Administrative expenses:	
Legal	2,210
Actuarial	41,950
Travel, training and other	<u>2,805</u>
Total administrative expenses	46,965
Payments to retirees and participants	<u>502,987</u>
Total deductions	<u>549,952</u>
<b>CHANGE IN NET POSITION</b>	128,671
<b>NET POSITION, beginning of year</b>	<u>6,757,933</u>
<b>NET POSITION, end of year</b>	<u>\$ 6,886,604</u>

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*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. Because the CRA provides for a separate audit of the CRA's standalone financial statements in accordance with Section 163.387(8), Florida Statutes, the City electively added the CRA as a major fund. The CRA receives the incremental ad valorem taxes generated in future years by the increase in property values in the redevelopment area. The CRA's property taxes are levied under the taxing authority of the City and are included as part of the City's total tax levy.

**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, 2020, the allowance for doubtful accounts totaled \$55 for the governmental activities and \$62,635 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 \$490,365 as of September 30, 2020.

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, 2020.

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

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

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

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

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

**EQUITY CLASSIFICATIONS -**

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

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

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

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

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

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

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

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

**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, 2020.

*Assigned* — This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Commission or through the City Commission delegating this responsibility to the City Manager through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The City did not have any assigned resources as of September 30, 2020.

*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, 2020 was 7.8899.

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

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

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

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

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

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

**NOTE 3 - BUDGETARY LAW AND PRACTICE**

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

During the year and subsequent to year-end, the City Commission may adopt an amended budget approving such additional expenditures/expenses. A budgetary comparison schedule is presented as required supplementary information for the general fund 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, 2020, 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, 2020, no budgetary fund had an excess of expenditures over appropriations.

**NOTE 5 - DEPOSITS AND INVESTMENTS**

On September 30, 2020, 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	6,350,251
Total equity in pooled cash and cash equivalents	<u>\$ 6,351,291</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 - CITY** - The types of investments in which the City may invest is governed by Ordinance No. 09-06. According to the City's investment policy, the City is authorized to invest in the following instruments:

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

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

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

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

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

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

**INVESTMENTS – PENSION TRUST FUNDS** - The City has contracted with the Florida Municipal Pension Trust Fund (FMPTF) to be the custodian and investment manager for the pension trusts' investments and has adopted the FMPTF's investment policy for its pension trust funds. There were no significant investment policy changes during the year ended September 30, 2020. The FMPTF is established as a trust whereby governmental entities with employee pension plans may elect to join the trust (becoming a participating employer), and with the trust providing the plans with administrative and investment services for the benefit of participating employers, participating employees and beneficiaries. All employee pension plan assets with the FMPTF are included in the trust's Master Trust Fund. Employee pension plan assets are invested by the FMPTF through the Florida Municipal Investment Trust (FMIvT) for the benefit of participating employers, participating employees and beneficiaries.

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

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

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

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

Authorized Investments	Maximum Portfolio Concentration	Maximum Maturity	Maximum Issuer Concentration	Lowest Permitted S&P Rating
<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	Not Limited			
Treasurer authorized investments				
Commercial paper issued in the U.S.	Not Limited	270 days		AA
Bankers' acceptances	Not Limited	270 days	5.00%	AA
Negotiable certificates of deposit	Not Limited	2 years	\$5 million	A
U.S. Government Agency securities	Not Limited			
Money market master mutual funds, limited to temporary funds	Temp Funds			
Mortgage obligations guaranteed by U.S.	Not Limited			AAA
Corporate fixed income securities issued by U.S. company	Not Limited		3.00%	A
Asset backed securities issued by U.S.	Not Limited			A
State, municipal county governments	Not Limited			A
Commingled government investment trusts	Not Limited			
Guaranteed investment contracts with highest rated companies	Not Limited			Highest AM Best
Investment agreements with financial institutions	Not Limited		\$10 million	
Equity assets	60%			
Florida Municipal Investment Trust (FMIvT) portfolios	Not Limited			

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

As of September 30, 2020, the fair value of the City's pension plan investments with the FMIvT were as follows:

<b>General Employees Pension Trust Fund:</b>	
FMIvT Cash Fund	\$ 42,332
FMIvT Broad Market High Quality Bond Fund	735,521
FMIvT Core Plus Fixed Income Fund	740,812
FMIvT Diversified Large Cap Equity Fund	1,910,237
FMIvT Diversified Small to Mid Cap Equity Fund	539,735
FMIvT International Equity Fund	841,351
FMIvT Core Real Estate Fund	481,527
Total	<u>\$ 5,291,515</u>
<b>Police Officers' Pension Trust Fund:</b>	
FMIvT Cash Fund	\$ 9,560
FMIvT Broad Market High Quality Bond Fund	166,109
FMIvT Core Plus Fixed Income Fund	167,304
FMIvT Diversified Large Cap Equity Fund	431,406
FMIvT Diversified Small to Mid Cap Equity Fund	121,893
FMIvT International Equity Fund	190,010
FMIvT Core Real Estate Fund	108,749
Total	<u>\$ 1,195,031</u>
<b>Firefighters' Pension Trust Fund:</b>	
FMIvT Cash Fund	\$ 3,200
FMIvT Broad Market High Quality Bond Fund	55,608
FMIvT Core Plus Fixed Income Fund	56,008
FMIvT Diversified Large Cap Equity Fund	144,421
FMIvT Diversified Small to Mid Cap Equity Fund	40,806
FMIvT International Equity Fund	63,609
FMIvT Core Real Estate Fund	36,406
Total	<u>\$ 400,058</u>

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

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

**NOTE 5 - DEPOSITS AND INVESTMENTS** (concluded)

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

Investment Type	Fitch Rating	Fair Value	Modified Duration	Weighted Average Maturity
<b>General Employees' Pension Trust Fund:</b>				
Cash and short-term money market	Not Rated	\$ 42,332	0.00	0.00
FMIvT Broad Market High Quality Bond Fund	AAf/S4	735,521	5.52	6.60
FMIvT Core Plus Fixed Income Fund	Not Rated	740,812	3.35	5.82
		<u>\$ 1,518,665</u>		
<b>Police Officers' Pension Trust Fund:</b>				
Cash and short-term money market	Not Rated	\$ 9,560	0.00	0.00
FMIvT Broad Market High Quality Bond Fund	AAf/S4	166,109	5.52	6.60
FMIvT Core Plus Fixed Income Fund	Not Rated	167,304	3.35	5.82
		<u>\$ 342,973</u>		
<b>Firefighters' Pension Trust Fund:</b>				
Cash and short-term money market	Not Rated	\$ 3,200	0.00	0.00
FMIvT Broad Market High Quality Bond Fund	AAf/S4	55,608	5.52	6.60
FMIvT Core Plus Fixed Income Fund	Not Rated	56,008	3.35	5.82
		<u>\$ 114,816</u>		

**NOTE 6 - CAPITAL ASSETS**

Capital assets activity for the year ended September 30, 2020, was as follows:

	Balance October 1, 2019	Transfers and minor adjustments	Increases	Decreases	Balance September 30, 2020
<b>Governmental Activities:</b>					
<b>Capital assets, not being depreciated:</b>					
Land	\$ 839,765	\$ -	\$ -	\$ (45,757)	\$ 794,008
Construction in process	97,770	(160,000)	95,280	-	33,050
Total capital assets, not being depreciated	<u>937,535</u>	<u>(160,000)</u>	<u>95,280</u>	<u>(45,757)</u>	<u>827,058</u>
<b>Capital assets, being depreciated:</b>					
Buildings and improvements	3,571,643	160,000	69,662	(42,480)	3,758,825
Equipment	2,097,674	12,856	234,718	-	2,345,248
Infrastructure	10,375,193	-	26,478	-	10,401,671
Total capital assets, being depreciated	<u>16,044,510</u>	<u>172,856</u>	<u>330,858</u>	<u>(42,480)</u>	<u>16,505,744</u>
Less accumulated depreciation for:					
Buildings and improvements	(2,291,060)	-	(119,943)	42,480	(2,368,523)
Equipment	(1,581,589)	(13,831)	(114,639)	-	(1,710,059)
Infrastructure	(8,089,572)	-	(112,478)	-	(8,202,050)
Total accumulated depreciation	<u>(11,962,221)</u>	<u>(13,831)</u>	<u>(347,060)</u>	<u>42,480</u>	<u>(12,280,632)</u>
Total capital assets being depreciated, net	<u>4,082,289</u>	<u>159,025</u>	<u>(16,202)</u>	<u>-</u>	<u>4,225,112</u>
Governmental activities capital assets, net	<u>\$ 5,019,824</u>	<u>\$ (975)</u>	<u>\$ 79,078</u>	<u>\$ (45,757)</u>	<u>\$ 5,052,170</u>
<b>Business-type activities:</b>					
<b>Capital assets, not being depreciated:</b>					
Land	\$ 345,838	\$ -	\$ -	\$ -	\$ 345,838
Construction-in-progress	627,437	(811,090)	208,730	-	25,077
Total capital assets, not being depreciated	<u>973,275</u>	<u>(811,090)</u>	<u>208,730</u>	<u>-</u>	<u>370,915</u>
<b>Capital assets, being depreciated:</b>					
Buildings, utility plant and improvements	19,516,064	811,090	169,358	-	20,496,512
Equipment	1,687,749	(12,852)	227,071	(6,804)	1,895,164
Total capital assets, being depreciated	<u>21,203,813</u>	<u>798,238</u>	<u>396,429</u>	<u>(6,804)</u>	<u>22,391,676</u>
Less accumulated depreciation for:					
Buildings, utility plant and improvements	(11,045,975)	-	(563,155)	-	(11,609,130)
Equipment	(1,242,501)	14,667	(82,964)	6,804	(1,303,994)
Total accumulated depreciation	<u>(12,288,476)</u>	<u>14,667</u>	<u>(646,119)</u>	<u>6,804</u>	<u>(12,913,124)</u>
Total capital assets being depreciated, net	<u>8,915,337</u>	<u>812,905</u>	<u>(249,690)</u>	<u>-</u>	<u>9,478,552</u>
Business-type activities capital assets, net	<u>\$ 9,888,612</u>	<u>\$ 1,815</u>	<u>\$ (40,960)</u>	<u>\$ -</u>	<u>\$ 9,849,467</u>

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

Depreciation expense was charged to the following programs and functions:

Governmental Activities:

General government	\$	72,480
Law enforcement		5,506
Fire control		39,952
Building inspections		2,744
Stormwater		45,502
Community redevelopment		4,325
Roads and streets		106,940
Library		5,815
Recreation		24,184
Parks		39,612
Total depreciation expense - governmental activities	\$	<u>347,060</u>

Business-type Activities:

Electric	\$	216,401
Water		110,332
Sewer		302,263
Mobile home park		17,123
Total depreciation expense - business-type activities	\$	<u>646,119</u>

**NOTE 7 - LONG-TERM OBLIGATIONS**

The following is a summary of changes in long-term obligations for the year ended September 30, 2020:

	Balance October 1, 2019	Increases	Decreases	Balance September 30, 2020	Amounts Due within One Year
<b>Governmental Activities:</b>					
<b>Long-term debt:</b>					
5th Cent Local Option Fuel Tax					
Revenue Notes, Series 2011	\$ 895,555	\$ -	\$ (83,967)	\$ 811,588	\$ 87,485
Promissory note, 2018	451,859	-	(37,185)	414,674	38,469
Installment notes and leases payable	40,876	100,520	(20,412)	120,984	43,369
Total long-term debt	<u>1,388,290</u>	<u>100,520</u>	<u>(141,564)</u>	<u>1,347,246</u>	<u>169,323</u>
<b>Other liabilities:</b>					
Net pension liability	469,983	-	(128,139)	341,844	-
Other postemployment benefits liability	72,137	9,124	-	81,261	-
Compensated absences	92,607	13,014	-	105,621	-
Total other liabilities	<u>634,727</u>	<u>22,138</u>	<u>(128,139)</u>	<u>528,726</u>	<u>-</u>
Total long-term obligations	<u>\$ 2,023,017</u>	<u>\$ 122,658</u>	<u>\$ (269,703)</u>	<u>1,875,972</u>	<u>\$ 169,323</u>
Less amounts due in one year				<u>(169,323)</u>	
Total noncurrent obligations due in more than one year				<u>\$ 1,706,649</u>	
<b>Business-type Activities:</b>					
<b>Long-term debt:</b>					
Revenue bonds and certificates:					
Water and Sewer, Series 1982	\$ 27,630	\$ -	\$ (27,630)	\$ -	\$ -
Water and Sewer, Series 2005A	2,296,000	-	(2,296,000)	-	-
Water and Sewer, Series 2005B	627,000	-	(627,000)	-	-
Sewer Revenue Refunding Bonds, 2020	-	2,950,000	-	2,950,000	69,990
Water System, Series 2009	1,049,214	-	(18,651)	1,030,563	19,467
Other long-term debt					
Joint venture loan guarantee	22,585	17,435	-	40,020	-
Installment notes and leases payable	52,193	228,986	(30,748)	250,431	84,464
Total long-term debt	<u>4,074,622</u>	<u>3,196,421</u>	<u>(3,000,029)</u>	<u>4,271,014</u>	<u>173,921</u>
<b>Other liabilities:</b>					
Net pension liability	258,409	-	(88,131)	170,278	-
Other postemployment benefits liability	39,120	1,707	-	40,827	2,041
Compensated absences	34,424	7,428	-	41,852	-
Total other liabilities	<u>331,953</u>	<u>9,135</u>	<u>(88,131)</u>	<u>252,957</u>	<u>2,041</u>
Total long-term obligations	<u>\$ 4,406,575</u>	<u>\$ 3,205,556</u>	<u>\$ (3,088,160)</u>	<u>4,523,971</u>	<u>\$ 175,962</u>
Less amounts due in one year				<u>(175,962)</u>	
Total noncurrent obligations due in more than one year				<u>\$ 4,348,009</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, 2020, consisted of the following for governmental and business-type activities:

<u>Governmental activities</u>	<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	\$ 811,588
Promissory note, 2018	9	2024	3.400%	117,614	414,674
<b>Installment notes and leases payable:</b>					
Equipment purchase note, 2019	2	2019	4.950%	71,161	27,890
Equipment purchase note, 2020A	4	2023	3.990%	71,318	71,318
Equipment purchase note, 2020B	4	2023	3.990%	29,202	21,776
Total governmental activities					<u>\$ 1,347,246</u>
<b>Business-type activities</b>					
<b>Long-term debt:</b>					
Revenue bonds and certificates:					
Sewer Revenue Refunding Bonds, 2020 Water System, Series 2009	3	2045	3.196%	\$ 2,950,000	\$ 2,950,000
	6	2048	4.375%	1,209,309	1,030,563
<b>Other long-term debt:</b>					
Installment notes and leases payable:					
Equipment purchase note, 2019	7	2021	3.990%	52,193	26,622
Equipment purchase note, 2020C	5	2023	2.870%	184,865	184,865
Equipment purchase note, 2020D	5	2023	3.990%	23,773	23,773
Equipment purchase note, 2020E	5	2023	3.990%	20,348	15,171
Joint venture loan guarantee	8	2034	1.890%	40,020	40,020
Total business-type activities					<u>\$ 4,271,014</u>

1. Resurface City streets, loan is secured by a pledge of and lien upon the City's fifth-cent local option fuel taxes. Principal is due annually and interest due semiannually.
2. Lease purchase of self-contained breathing apparatus equipment for the fire department, loan is secured by the equipment. Principal and interest is due annually.
3. Refunding of prior sewer fund long term debts used for water and sewer system improvements and secured by sewer system revenues. Principal and interest are due semiannually.
4. Purchase of equipment to be used in general government operations and secured by the equipment financed. Principal and interest is due annually.
5. Purchase of equipment to be used in electric fund operations and secured by the equipment financed. Principal and interest is due annually.
6. Construction loan for water system improvements secured by water system revenues. Principal and interest is due annually.
7. Purchase of equipment to be used in sewer operations and secured by the equipment financed. Principal and interest is due annually.
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. Principal and interest is due monthly.

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

All the City's long-term debt may be prepaid in whole or in part without penalty. In addition, some of the obligations require the establishment and maintenance of various "funds" or accounts on the books of the City, as follows:

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

**Joint Venture Loan Guarantee** – The City has entered into an agreement with the Florida Department of Environmental Protection (FDEP) to guarantee to pay the principal and interest of their proportional share of SRF loan funds borrowed by the Polk Regional Water Cooperative to fund the projects of the combined projects implementation agreement. The SRF loan bears interest at 1.89% and principal and interest are due semiannually beginning on December 15, 2024 for a ten-year term to maturity on December 15, 2033. As of September 30, 2020, the Polk Regional Water Cooperative has borrowed \$6,169,233 through this SRF funding of which, \$40,020 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.
- Equipment purchase agreements – The lessor/lender typically has the right to declare the unpaid principal components of the remaining payment to be due and payable upon default and in some cases, can forcibly repossess the asset securing the purchase agreement.
- Sewer Revenue Refunding Bonds, 2020 – Any amounts that are greater than thirty days overdue shall bear interest at the annual rate of 15.196%.

**Long-term Debt Current Refunding** – In the current fiscal year, the City issued \$2,950,000 of Sewer Revenue Refunding Bonds, 2020 with an average annual interest rate of 3.196%. These proceeds, combined with City funds in the amount of \$125,000, were used to refund the 1982, 2005A and 2005B, Water and Sewer Revenue bonds. This current refunding will reduce the City's total debt service payments over the term of the bonds by \$423,300 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of approximately \$300,800. There was no difference between the reacquisition price and the net carrying amount of the old debt and therefore, there were no gains or losses on this current refunding.

**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:

Pledged Revenue	Revenue Pledged Through	Total Principal and Interest Outstanding	Current Year Principal and Interest Paid	Current Year Net Revenue	Percentage of Net Revenues to Principal and Interest Paid
Sewer revenues	9/1/2045	\$ 4,320,692	\$ 84,684	\$ 385,760	455.53%
Water system revenue only	9/1/2048	\$ 1,807,211	\$ 64,553	\$ 109,057	168.94%
5th Cent local option gas tax revenue	9/1/2028	\$ 971,927	\$ 121,491	\$ 124,243	102.27%
Communications services tax, solid waste franchise fee and half-cent sales tax	6/1/2024	\$ 458,400	\$ 51,969	\$ 572,584	1101.78%

**Maturities** - Annual debt service requirements as of September 30, 2020, are as follows:

Fiscal Year Ending	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2021	\$ 169,323	\$ 52,707	\$ 173,921	\$ 154,052
2022	176,264	45,766	159,907	140,638
2023	168,440	38,625	165,241	135,304
2024	394,185	29,799	156,460	130,029
2025	103,096	18,395	112,639	124,661
2026-2030	335,938	28,537	641,731	568,433
2031-2035	-	-	762,670	447,494
2036-2040	-	-	868,695	309,233
2041-2045	-	-	1,052,113	144,974
2046-2050	-	-	177,637	15,749
Total	\$ 1,347,246	\$ 213,829	\$ 4,271,014	\$ 2,170,567

Interest expense for the governmental activities totaled \$57,524 for the year ended September 30, 2020. Interest and other debt service expenses incurred in the business-type activities totaled \$211,766 for the same period, none of which was capitalized.

During the current year, the City accepted a State Revolving Funds loan from the FDEP in the amount of \$333,700 to fund sewer rehabilitation projects, none of which has been drawn as of September 30, 2020. The loan bears interest at 0.3% per annum and includes a loan forgiveness grant provision of \$266,960. The loan forgiveness grant will be applied to the outstanding principal of the loan on the date the first payment is made which is scheduled for February 2022.

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

The general fund, water fund and sewer fund, each had revenue bonds outstanding on September 30, 2020. 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, 2020:

<b>Governmental Funds/Activities</b>	Restricted Fund Balance	Restricted Net Position
Law enforcement	\$ 8,758	\$ 8,758
Community redevelopment	121,040	121,040
5th Cent revenue bond debt service	10,124	4,189
Transportation expenditures	171,039	171,039
Stormwater management	719,241	719,241
Fire services	76,198	76,198
Total	\$ 1,106,400	\$ 1,100,465
<b>Enterprise Funds/Business-type Activities</b>		
<b>Water Fund:</b>		
2009 sinking fund		\$ 1,622
2009 bond reserve		64,553
Restricted for debt service		66,175
Water impact fees restricted for system improvements		90,888
Total		\$ 157,063
<b>Sewer Fund:</b>		
2020 sinking fund		\$ 4,374
Restricted for debt service		4,374
Sewer impact fees restricted for system improvements		142,664
Total		\$ 147,038

**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. On September 30, 2020, 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	404,625
		<u>\$ 570,941</u>

In the prior year, the City Commission approved a repayment plan for the amount due to the general fund from the sewer fund. The repayment plan consists of annual payments of \$21,296 for the next 19 years.

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

Interfund transfers for the year ending September 30, 2020 consisted of:

	<u>Transfers in:</u>	
	<u>General Fund</u>	<u>Total</u>
Transfers out:		
Electric Fund	\$ 960,206	\$ 960,206
Mobile Home Park Fund	<u>40,000</u>	<u>40,000</u>
Total	<u>\$ 1,000,206</u>	<u>\$ 1,000,206</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 \$360,750 to user departments in certain enterprise funds for indirect services provided by general fund administrative departments. These charges are reported as operating expenses of the enterprise funds and are netted against general government expenditures in the general fund.

**NOTE 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 39 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, 2020 (the measurement date) was determined by an actuarial valuation as of October 1, 2019. The actuarial assumptions used in the October 1, 2019 valuation were as follows:

Inflation	2.50%
Salary Increases	2.50%
Discount Rate	2.14%
Initial Trend Rate	7.50%
Ultimate Trend Rate	4.00%
Year to Ultimate Trend Rate	55

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

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

**Discount Rate** – The discount rate was based on a high-quality municipal bond rate of 2.14%. The high-quality bond rate was based on the week closest but not later than the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices. The S&P Municipal 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor's Rating Services, Aa2 by Moody's or AA by Fitch. If there are multiple ratings, the lowest rating is used.

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

**OPEB Expense** – For the year ended September 30, 2020, the City recognized OPEB expense of \$18,904.

**Changes in Total OPEB Liability:**

	<b>Total OPEB Liability</b>
<b>Reporting period ending September 30, 2019</b>	\$ 111,257
<b>Changes for the year:</b>	
Service cost	20,816
Interest	4,097
Changes of assumptions	6,078
Differences between expected and actual experience	(15,176)
Benefit payments	(4,984)
<b>Net changes</b>	<b>10,831</b>
<b>Reporting period ending September 30, 2020</b>	<b>\$ 122,088</b>

**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 (1.14%)</b>	<b>Discount Rate (2.14%)</b>	<b>1% Increase (3.14%)</b>
Total OPEB liability	\$ 138,744	\$ 122,088	\$ 108,247

*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 6.50%)</b>	<b>Healthcare Cost Trend Rates (4.00% to 7.50%)</b>	<b>1% Increase (5.00% to 8.50%)</b>
Total OPEB liability	\$ 105,583	\$ 122,088	\$ 142,375

**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, 2019		
	General Employees' Pension Trust Fund	Police Officers' Pension Trust Fund	Fire- Fighters' Pension Trust Fund
Inactive plan members or beneficiaries currently receiving benefits	28	7	8
Inactive plan members entitled to but not yet receiving benefits	14	4	9
Active plan members	34	-	13
Total	<u>76</u>	<u>11</u>	<u>30</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, 2019, 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	13.7%	N/A	22.8%
Plan members	0.0%	0.0%	0.0%
Actuarially determined contribution	\$ 178,708	\$ 26,973	\$ 20,334
Contributions made	\$ 212,954	\$ 32,551	\$ 20,334

**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, 2020, 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	6.33%	6.20%	6.24%

**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, 2020 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, 2020 are shown below. The net pension liability as of September 30, 2020 for financial reporting purposes was determined by actuarial valuations as of October 1, 2019 updated to September 30, 2020 (the measurement date).

**General Employees’ Pension Plan:**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset) Liability
	(a)	(b)	(a)-(b)
Balances at September 30, 2019	\$ 5,786,531	\$ 5,151,589	\$ 634,942
Changes for the year:			
Service cost	70,978	-	70,978
Interest	396,911	-	396,911
Difference between actual and expected experience	(38,807)	-	(38,807)
Change in assumptions	(94,057)	-	(94,057)
Contributions - City	-	212,954	(212,954)
Net investment income	-	319,816	(319,816)
Benefit payments, including refunds of employee contributions	(374,697)	(374,697)	-
Administrative expense	-	(18,147)	18,147
Net changes	(39,672)	139,926	(179,598)
Balances at September 30, 2020	<u>\$ 5,746,859</u>	<u>\$ 5,291,515</u>	<u>\$ 455,344</u>

**Police Officers’ Pension Plan:**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset) Liability
	(a)	(b)	(a)-(b)
Balances at September 30, 2019	\$ 1,285,988	\$ 1,205,619	\$ 80,369
Changes for the year:			
Interest	86,536	-	86,536
Difference between actual and expected experience	22,473	-	22,473
Changes of assumptions	(62,010)	-	(62,010)
Contributions - City	-	32,551	(32,551)
Net investment income	-	70,432	(70,432)
Benefit payments, including refunds of employee contributions	(99,519)	(99,519)	-
Administrative expense	-	(14,052)	14,052
Net changes	(52,520)	(10,588)	(41,932)
Balances at September 30, 2020	<u>\$ 1,233,468</u>	<u>\$ 1,195,031</u>	<u>\$ 38,437</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, 2019	\$ 413,806	\$ 400,725	\$ 13,081
Changes for the year:			
Service cost	7,193	-	7,193
Interest	28,463	-	28,463
Difference between actual and expected experience	16,335	-	16,335
Changes of assumptions	(18,627)	-	(18,627)
Contributions - City	-	20,334	(20,334)
Net investment income	-	22,536	(22,536)
Benefit payments, including refunds of employee contributions	(28,771)	(28,771)	-
Administrative expense	-	(14,766)	14,766
Net changes	4,593	(667)	5,260
Balances at September 30, 2020	<u>\$ 418,399</u>	<u>\$ 400,058</u>	<u>\$ 18,341</u>

**Net Pension Liability** - The components of the net pension liability for each of the plans as of September 30, 2020, were as follows:

**General Employees’ Pension Plan:**

Total pension liability	\$ 5,746,859
Plan fiduciary net position	(5,291,515)
Net pension liability (asset)	<u>\$ 455,344</u>
Plan fiduciary net position as a percentage of the total pension liability	92%

**Police Officers’ Pension Plan:**

Total pension liability	\$ 1,233,468
Plan fiduciary net position	(1,195,031)
Net pension liability (asset)	<u>\$ 38,437</u>
Plan fiduciary net position as a percentage of the total pension liability	97%

**Firefighters’ Pension Plan:**

Total pension liability	\$ 418,399
Plan fiduciary net position	(400,058)
Net pension liability (asset)	<u>\$ 18,341</u>
Plan fiduciary net position as a percentage of the total pension liability	96%

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

**Actuarial Assumptions** - The significant actuarial assumptions used in the October 1, 2019 valuation as updated to September 30, 2020 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	Pub-2010	Pub-2010	Pub-2010
Date of actuarial experience study	Unknown	NA	Unknown

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

**Discount Rate** - 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, 2020 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%	\$ 1,038,561	\$ 455,344	\$ (39,010)
Police Officers'	7.00%	144,758	38,437	(55,462)
Firefighters'	7.00%	62,267	18,341	(18,775)
City's Net Pension Liability		<u>\$ 1,245,586</u>	<u>\$ 512,122</u>	<u>\$ (113,247)</u>

**Pension Expense and Deferred Outflows and Inflows of Resources Related to Pension** - For the year ended September 30, 2020, the City recognized pension expense of \$237,170 consisting of pension expense for the general employees' pension plan of \$237,929 and the firefighters' pension plan of \$30,741 partially offset by a negative \$31,500 expense of the police officers' pension plan. On September 30, 2020, 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	\$ 16,136	\$ 135,441
Change in assumptions	379,995	91,210
Difference between projected and actual earnings on Plan investments	22,835	-
Total	<u>\$ 418,966</u>	<u>\$ 226,651</u>

**General Employees' Pension Trust Fund:**

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 88,033
Change in assumptions	357,902	75,244
Difference between projected and actual earnings on Plan investments	16,953	-
Total	<u>\$ 374,855</u>	<u>\$ 163,277</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	\$ 4,236	\$ -
Total	\$ 4,236	\$ -

**Firefighters' Pension Trust Fund:**

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 16,136	\$ 47,408
Change in assumptions	22,093	15,966
Difference between projected and actual earnings on Plan investments	1,646	-
Total	\$ 39,875	\$ 63,374

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	\$ 18,818	\$ (9,746)	\$ 2,449	\$ 11,521
2021	78,852	5,408	4,238	88,498
2022	85,087	6,696	(6,178)	85,605
2023	28,821	1,878	(7,637)	23,062
2024	-	-	(8,186)	(8,186)
Thereafter	-	-	(8,185)	(8,185)
	\$ 211,578	\$ 4,236	\$ (23,499)	\$ 192,315

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

The Statements of Fiduciary Net Position for the City’s pension trust funds as of September 30, 2020 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	\$ 42,332	\$ 9,560	\$ 3,200	\$ 55,092
Fixed income investment pools	1,476,333	333,413	111,616	1,921,362
Equity investment pools	3,291,323	743,309	248,836	4,283,468
Real estate investment pool	481,527	108,749	36,406	626,682
Total investments	<u>5,291,515</u>	<u>1,195,031</u>	<u>400,058</u>	<u>6,886,604</u>
Total assets	<u>5,291,515</u>	<u>1,195,031</u>	<u>400,058</u>	<u>6,886,604</u>
<b>NET POSITION</b>				
Restricted for pension benefits	<u>\$ 5,291,515</u>	<u>\$ 1,195,031</u>	<u>\$ 400,058</u>	<u>\$ 6,886,604</u>

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**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, 2020 are as follows:

	<b>Pension Trust Funds</b>			
	<b>General Employees' Pension Trust Fund</b>	<b>Police Officers' Pension Trust Fund</b>	<b>Firefighters' Pension Trust Fund</b>	<b>Total</b>
<b>ADDITIONS</b>				
Contributions:				
City	\$ 212,954	\$ 32,551	\$ 20,334	\$ 265,839
Total contributions	212,954	32,551	20,334	265,839
Investment income				
Investment income	330,448	74,416	25,205	430,069
Less investment expenses	(10,632)	(3,984)	(2,669)	(17,285)
Net investment income	319,816	70,432	22,536	412,784
Total additions	532,770	102,983	42,870	678,623
<b>DEDUCTIONS</b>				
Administrative expenses:				
Legal	1,685	394	131	2,210
Actuarial	14,317	13,166	14,467	41,950
Other fees	2,145	492	168	2,805
Total administrative expenses	18,147	14,052	14,766	46,965
Payments to retirees and participants	374,697	99,519	28,771	502,987
Total deductions	392,844	113,571	43,537	549,952
<b>CHANGE IN NET POSITION</b>	139,926	(10,588)	(667)	128,671
<b>NET POSITION, beginning of year</b>	5,151,589	1,205,619	400,725	6,757,933
<b>NET POSITION, end of year</b>	\$ 5,291,515	\$ 1,195,031	\$ 400,058	\$ 6,886,604

**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 2020 fiscal year, the City received, and recorded revenues related to various grants. These grants are for specific purposes and are subject to review and audit by the grantor agencies. Such audits could result in requests for reimbursement for expenditures disallowed under the terms of the grants. Based upon prior experience, City management believes such disallowances, if any, will be immaterial.

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

**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, 2020, 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, 2020, \$6,169,233 of SRF funds have been drawn by the PRWC. The City’s proportionate share of this liability totaled \$40,020 as of September 30, 2020 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.

**Expected Legal Action** - FDEP issued a notice that it intends to adopt the Central Florida Water Initiative Rule (“CFWI Rule”). The CFWI Rule would delete almost forty percent (40%) of the City’s water allocation under its valid Southwest Florida Water Management District (“SWFWMD”) water use permit. The loss of water is expected to have a significant impact on the City’s economy. The City plans on joining nine other Central Florida local governments to challenge the rule to prevent its implementation. The City will vigorously defend its SWFWMD water use permit and has reasonable grounds to invalidate the proposed rule. The City can, however, provide no assurances that the rule will be invalidated.

## **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, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(GAAP</u> <u>basis)</u>	<u>Final Budget</u> <u>Favorable</u> <u>(Unfavorable)</u>
<b>REVENUES:</b>				
Taxes	\$ 1,782,979	\$ 1,782,979	\$ 1,703,157	\$ (79,822)
Licenses and permits	232,500	232,500	177,878	(54,622)
Intergovernmental revenue	934,870	934,870	880,501	(54,369)
Charges for services	15,525	15,525	15,598	73
Fines and forfeitures	96,000	96,000	98,009	2,009
Other	146,427	146,427	109,232	(37,195)
Total revenues	<u>3,208,301</u>	<u>3,208,301</u>	<u>2,984,375</u>	<u>(223,926)</u>
<b>EXPENDITURES:</b>				
General government:				
Legislative	105,791	105,791	87,612	18,179
Executive	379,429	400,974	376,977	23,997
Finance	214,561	214,561	144,688	69,873
Legal	120,000	87,000	82,326	4,674
Planning	230,834	222,685	182,842	39,843
Other general government	455,230	458,930	372,228	86,702
Public safety:				
Police	1,308,711	1,308,711	1,297,689	11,022
Inspections	130,127	130,127	84,163	45,964
Transportation - streets	458,846	458,846	356,022	102,824
Culture/recreation:				
Library	245,522	245,522	212,575	32,947
Recreation	200,956	224,800	200,733	24,067
Historic museum	35,047	35,047	25,628	9,419
Parks	601,542	601,542	507,222	94,320
Total expenditures	<u>4,486,596</u>	<u>4,494,536</u>	<u>3,930,705</u>	<u>563,831</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER</b>				
<b>(UNDER) EXPENDITURES</b>				
	<u>(1,278,295)</u>	<u>(1,286,235)</u>	<u>(946,330)</u>	<u>339,905</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	1,031,503	1,031,503	1,000,206	(31,297)
Loan proceeds	-	-	76,747	76,747
Insurance recoveries	309,291	309,291	141,244	(168,047)
Total other financing sources (uses)	<u>1,340,794</u>	<u>1,340,794</u>	<u>1,218,197</u>	<u>(122,597)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 62,499</u>	<u>\$ 54,559</u>	<u>\$ 271,867</u>	<u>\$ 217,308</u>

**CITY OF FORT MEADE, FLORIDA****SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET TO ACTUAL – COMMUNITY REDEVELOPMENT AGENCY FUND**

for the year ended September 30, 2020

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	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES:</b>				
Taxes	\$ 79,200	\$ 133,700	\$ 133,633	\$ (67)
Intergovernmental	-	3,200	3,157	(43)
Total revenues	<u>79,200</u>	<u>136,900</u>	<u>136,790</u>	<u>(110)</u>
<b>EXPENDITURES:</b>				
Economic environment	2,223	23,598	23,549	49
Capital outlay	83,470	106,000	99,727	6,273
Total expenditures	<u>85,693</u>	<u>129,598</u>	<u>123,276</u>	<u>6,322</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (6,493)</u>	<u>\$ 7,302</u>	<u>\$ 13,514</u>	<u>\$ 6,212</u>

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**CITY OF FORT MEADE, FLORIDA**

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

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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**

	9/30/2020	9/30/2019	9/30/2018	9/30/2017
Total pension liability				
Service cost	\$ 70,978	\$ 82,796	\$ 94,223	\$ 80,887
Interest	396,911	392,798	382,952	342,263
Change in assumptions	(94,057)	-	-	373,615
Change in benefit terms	-	-	26,719	-
Difference between expected and actual experience	(38,807)	(49,622)	(26,337)	95,640
Benefit payments, including refunds of employee contributions	(374,697)	(336,094)	(337,146)	(308,763)
Other	-	-	(4,218)	5,532
Net change in total pension liability	(39,672)	89,878	136,193	589,174
Total pension liability, beginning	5,786,531	5,696,653	5,560,460	4,971,286
Total pension liability, ending (a)	<u>\$ 5,746,859</u>	<u>\$ 5,786,531</u>	<u>\$ 5,696,653</u>	<u>\$ 5,560,460</u>
Plan fiduciary net position				
Contributions - City	\$ 212,954	\$ 212,649	\$ 275,513	\$ 236,582
Net investment income (loss)	319,816	252,312	342,535	559,921
Benefit payments, including refunds of employee contributions	(374,697)	(336,094)	(337,146)	(308,763)
Administrative expenses	(18,147)	(16,105)	(27,180)	(28,154)
Net change in plan fiduciary net position	139,926	112,762	253,722	459,586
Plan fiduciary net position, beginning	5,151,589	5,038,827	4,785,105	4,325,519
Plan fiduciary net position, ending (b)	<u>\$ 5,291,515</u>	<u>\$ 5,151,589</u>	<u>\$ 5,038,827</u>	<u>\$ 4,785,105</u>
Net pension liability (asset) (a)-(b)	<u>\$ 455,344</u>	<u>\$ 634,942</u>	<u>\$ 657,826</u>	<u>\$ 775,355</u>
Plan fiduciary net position as a percentage of total pension liability	92.08%	89.03%	88.45%	86.06%
Covered payroll	\$ 1,557,647	\$ 1,426,810	\$ 1,257,028	\$ 1,064,675
Net pension liability as a percentage of covered payroll	29.23%	44.50%	52.33%	72.83%

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**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**

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***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, 2020:

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

For measurement date September 30, 2017:

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

For measurement date September 30, 2016:

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

**CITY OF FORT MEADE, FLORIDA**

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

	9/30/2020	9/30/2019	9/30/2018	9/30/2017
Total pension liability				
Service cost	\$ -	\$ -	\$ -	\$ -
Interest	86,536	86,653	98,463	93,323
Change in benefit terms	-	-	602	-
Difference between expected and actual experience	22,473	17,278	(159,735)	100,344
Change of assumptions	(62,010)	-	-	62,090
Benefit payments, including refunds of employee contributions	(99,519)	(111,675)	(101,324)	(181,252)
Other	-	-	(1,414)	1,007
Net change in total pension liability	(52,520)	(7,744)	(163,408)	75,512
Total pension liability, beginning	1,285,988	1,293,732	1,457,140	1,381,628
Total pension liability, ending (a)	<u>\$ 1,233,468</u>	<u>\$ 1,285,988</u>	<u>\$ 1,293,732</u>	<u>\$ 1,457,140</u>
Plan fiduciary net position				
Contributions - City	\$ 32,551	\$ 32,551	\$ 28,866	\$ 23,448
Net investment income (loss)	70,432	56,844	84,397	151,276
Benefit payments, including refunds of employee contributions	(99,519)	(111,675)	(101,324)	(181,252)
Administrative expenses	(14,052)	(4,352)	(7,927)	(8,228)
Net change in plan fiduciary net position	(10,588)	(26,632)	4,012	(14,756)
Plan fiduciary net position, beginning	1,205,619	1,232,251	1,228,239	1,242,995
Plan fiduciary net position, ending (b)	<u>\$ 1,195,031</u>	<u>\$ 1,205,619</u>	<u>\$ 1,232,251</u>	<u>\$ 1,228,239</u>
Net pension liability (asset) (a)-(b)	<u>\$ 38,437</u>	<u>\$ 80,369</u>	<u>\$ 61,481</u>	<u>\$ 228,901</u>
Plan fiduciary net position as a percentage of total pension liability	96.88%	93.75%	95.25%	84.29%
Covered payroll	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Net pension liability as a percentage of covered payroll	Not Applicable	Not Applicable	Not Applicable	Not Applicable

Continued...

**CITY OF FORT MEADE, FLORIDA**

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

	9/30/2016	9/30/2015	9/30/2014
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	251,591	(47)	1,887
Total pension liability, beginning	1,130,037	1,130,084	1,128,197
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	(14,572)	(53,779)	24,256
Plan fiduciary net position, beginning	1,257,567	1,311,346	1,287,090
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**

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***Changes of Assumptions:***

For measurement date September 30, 2020:

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

For measurement date September 30, 2017:

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

For measurement date September 30, 2016:

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

**CITY OF FORT MEADE, FLORIDA**

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

	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>
Total pension liability				
Service cost	\$ 7,193	\$ 7,004	\$ 9,784	\$ 7,842
Interest	28,463	32,333	31,650	29,804
Difference between expected and actual experience	16,335	(62,870)	(992)	1,643
Change of assumptions	(18,627)	-	-	20,001
Change of benefit terms	-	-	2,766	-
Benefit payments, including refunds of employee contributions	(28,771)	(35,114)	(26,886)	(36,347)
Other	-	-	3,659	(3,135)
Net change in total pension liability	<u>4,593</u>	<u>(58,647)</u>	<u>19,981</u>	<u>19,808</u>
Total pension liability, beginning	<u>413,806</u>	<u>472,453</u>	<u>452,472</u>	<u>432,664</u>
Total pension liability, ending (a)	<u><u>418,399</u></u>	<u><u>413,806</u></u>	<u><u>472,453</u></u>	<u><u>452,472</u></u>
Plan fiduciary net position				
Contributions - City	20,334	22,190	33,737	19,114
Net investment income (loss)	22,536	16,789	25,057	41,560
Benefit payments, including refunds of employee contributions	(28,771)	(35,114)	(26,886)	(36,616)
Administrative expenses	(14,766)	(6,883)	(7,683)	(7,639)
Net change in plan fiduciary net position	<u>(667)</u>	<u>(3,018)</u>	<u>24,225</u>	<u>16,419</u>
Plan fiduciary net position, beginning	<u>400,725</u>	<u>403,743</u>	<u>379,518</u>	<u>363,099</u>
Plan fiduciary net position, ending (b)	<u><u>\$ 400,058</u></u>	<u><u>\$ 400,725</u></u>	<u><u>\$ 403,743</u></u>	<u><u>\$ 379,518</u></u>
Net pension liability (asset) (a)-(b)	<u><u>\$ 18,341</u></u>	<u><u>\$ 13,081</u></u>	<u><u>\$ 68,710</u></u>	<u><u>\$ 72,954</u></u>
Plan fiduciary net position as a percentage of total pension liability	95.62%	96.84%	85.46%	83.88%
Covered payroll	\$ 89,240	\$ 81,265	\$ 99,642	\$ 86,938
Net pension liability as a percentage of covered payroll	20.55%	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)**

	9/30/2016	9/30/2015	9/30/2014
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	89,363	9,554	2,874
Total pension liability, beginning	343,301	333,747	330,873
Total pension liability, ending (a)	432,664	343,301	333,747
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	11,171	(5,780)	5,650
Plan fiduciary net position, beginning	351,928	357,708	352,058
Plan fiduciary net position, ending (b)	\$ 363,099	\$ 351,928	\$ 357,708
Net pension liability (asset) (a)-(b)	\$ 69,565	\$ (8,627)	\$ (23,961)
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**

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***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, 2020:

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

For measurement date September 30, 2017:

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

For measurement date September 30, 2016:

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

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

Year Ended September 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess (Deficiency)	Covered Payroll	Contributions as a % of Covered Payroll
<b>General Employees' Pension Trust Fund:</b>					
2020	\$ 178,708	\$ 212,954	\$ 34,246	\$ 1,557,647	13.67%
2019	\$ 212,649	\$ 212,649	\$ -	\$ 1,426,810	14.90%
2018	\$ 206,094	\$ 275,513	\$ 69,419	\$ 1,257,028	21.92%
2017	\$ 196,391	\$ 236,582	\$ 40,191	\$ 1,064,675	22.22%
2016	\$ 185,943	\$ 194,344	\$ 8,401	\$ 1,012,380	19.20%
2015	\$ 201,031	\$ 211,212	\$ 10,181	\$ 1,130,621	18.68%
2014	\$ 168,984	\$ 168,984	\$ -	\$ 1,045,343	16.17%
2013	\$ 166,886	\$ 166,886	\$ -	\$ 1,186,956	14.06%
2012	\$ 195,849	\$ 195,849	\$ -	\$ 1,441,126	13.59%
2011	\$ 162,888	\$ 162,888	\$ -	\$ 1,532,342	10.63%
<b>Police Officers' Pension Trust Fund:</b>					
2020	\$ 26,973	\$ 32,551	\$ 5,578	Not Applicable	Not Applicable
2019	\$ 32,551	\$ 32,551	\$ -	Not Applicable	Not Applicable
2018	\$ 28,866	\$ 28,866	\$ -	Not Applicable	Not Applicable
2017	\$ 27,063	\$ 23,448	\$ (3,615)	Not Applicable	Not Applicable
2016	\$ 21,902	\$ -	\$ (21,902)	Not Applicable	Not Applicable
2015	\$ 23,985	\$ 52,583	\$ 28,598	Not Applicable	Not Applicable
2014	\$ 31,528	\$ 31,528	\$ -	Not Applicable	Not Applicable
2013	\$ 35,416	\$ 35,416	\$ -	Not Applicable	Not Applicable
2012	\$ 31,899	\$ 31,899	\$ -	Not Applicable	Not Applicable
2011	\$ 21,803	\$ 21,803	\$ -	Not Applicable	Not Applicable
<b>Firefighters' Pension Trust Fund:</b>					
2020	\$ 20,334	\$ 20,334	\$ -	\$ 89,240	22.79%
2019	\$ 18,749	\$ 22,190	\$ 3,441	\$ 81,265	27.31%
2018	\$ 29,354	\$ 33,737	\$ 4,383	\$ 99,642	33.86%
2017	\$ 22,972	\$ 19,114	\$ (3,858)	\$ 86,938	21.99%
2016	\$ 21,565	\$ 21,565	\$ -	\$ 90,926	23.72%
2015	\$ 19,944	\$ 23,025	\$ 3,081	\$ 74,908	30.74%
2014	\$ 15,589	\$ 12,509	\$ (3,080)	\$ 65,337	19.15%
2013	\$ 11,048	\$ 11,440	\$ 392	\$ 70,574	16.21%
2012	\$ 13,123	\$ 16,378	\$ 3,255	\$ 99,381	16.48%
2011	\$ 14,783	\$ 14,783	\$ -	\$ 70,496	20.97%

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

- Valuation Date: October 1, 2019 for fiscal year 2020 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	
Police Officers’ Retirement Plan	
(a) any age with 40 years of service	
(b) age 55 with 30 years of service	
(c) age 60 with 10 years of service	
(d) age 65	

- Mortality: Mortality rates were based on the PubG.H-2010 mortality tables for active, inactive and disabled males or females, as appropriate, with adjustments for mortality improvements based on Scale MP-2018. These mortality tables are from Pub-2010 Public Retirement Plans Mortality Tables Report as published by the Society of Actuaries.
- Disability: 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**

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	<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%
2020	6.33%	6.20%	6.24%

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	9/30/2020	9/30/2019	9/30/2018
Reporting period ending	9/30/2020	9/30/2019	9/30/2018
<b>Total OPEB Liability</b>			
Service cost	\$ 20,816	\$ 9,058	\$ 9,615
Interest	4,097	4,262	3,700
Change in assumptions	6,078	8,062	(6,697)
Difference between expected and actual experience	(15,176)	-	-
Benefit payments	(4,984)	(5,992)	(5,523)
Net change in total OPEB liability	10,831	15,390	1,095
Total OPEB liability, beginning	111,257	95,867	94,772
Total OPEB liability, ending	<u>\$ 122,088</u>	<u>\$ 111,257</u>	<u>\$ 95,867</u>
Covered-employee payroll	\$ 1,599,888	\$ 1,599,888	\$ 1,522,797
Total OPEB liability as a percentage of covered-employee payroll	7.63%	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.

Measurement Date	Discount Rate
September 30, 2020	2.14%
September 30, 2019	3.58%
September 30, 2018	4.18%
September 30, 2017	3.64%



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## **OTHER SUPPLEMENTARY INFORMATION**

**CITY OF FORT MEADE, FLORIDA****COMBINING BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS**

as of September 30, 2020

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	<b>Stormwater Fund</b>	<b>Fire Fund</b>	<b>Total</b>
<b>ASSETS</b>			
Equity in pooled cash and cash equivalents	\$ 723,165	\$ 71,893	\$ 795,058
Receivables, net			
Intergovernmental	6,311	-	6,311
Other	-	21,865	21,865
Inventory	-	65	65
<b>TOTAL ASSETS</b>	<b>\$ 729,476</b>	<b>\$ 93,823</b>	<b>\$ 823,299</b>
<b>LIABILITIES</b>			
Accounts payable	7,061	17,560	24,621
Accrued wages and benefits	3,174	-	3,174
<b>TOTAL LIABILITIES</b>	<b>10,235</b>	<b>17,560</b>	<b>27,795</b>
<b>FUND BALANCE</b>			
Nonspendable:			
Inventory	-	65	65
Restricted for:			
Stormwater management	719,241	-	719,241
Fire services	-	76,198	76,198
<b>TOTAL FUND BALANCES</b>	<b>719,241</b>	<b>76,263</b>	<b>795,504</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 729,476</b>	<b>\$ 93,823</b>	<b>\$ 823,299</b>

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**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, 2020

	<b>Stormwater Fund</b>	<b>Fire Fund</b>	<b>Total</b>
<b>REVENUES:</b>			
Licenses, permits and special assessments	\$ 209,470	\$ -	\$ 209,470
Intergovernmental revenue	47,772	21,756	69,528
Charges for services	-	241,916	241,916
Other	32	1,205	1,237
Total revenues	<u>257,274</u>	<u>264,877</u>	<u>522,151</u>
<b>EXPENDITURES:</b>			
Current:			
Public safety	-	234,266	234,266
Physical environment	139,642	-	139,642
Capital outlay	97,813	2,983	100,796
Debt service			
Interest	-	28,334	28,334
Principal	-	-	-
Total expenditures	<u>237,455</u>	<u>265,583</u>	<u>503,038</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>19,819</u>	<u>(706)</u>	<u>19,113</u>
<b>OTHER FINANCING SOURCES:</b>			
Loan proceeds	23,773	-	23,773
Insurance recoveries	1,667	-	1,667
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>25,440</u>	<u>-</u>	<u>25,440</u>
<b>NET CHANGE IN FUND BALANCE</b>	45,259	(706)	44,553
<b>FUND BALANCE, beginning of year</b>	<u>673,982</u>	<u>76,969</u>	<u>750,951</u>
<b>FUND BALANCE, end of year</b>	<u>\$ 719,241</u>	<u>\$ 76,263</u>	<u>\$ 795,504</u>

**CITY OF FORT MEADE, FLORIDA**

**COMBINING STATEMENT OF NET POSITION – NON-MAJOR ENTERPRISE FUNDS**

as of September 30, 2020

	<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	\$ 312,711	\$ 1,757	\$ 314,468
Receivables:			
Customers, net	-	63,146	63,146
Total current assets	<u>312,711</u>	<u>64,903</u>	<u>377,614</u>
Noncurrent assets:			
Capital assets:			
Non-depreciable	12,828	-	12,828
Depreciable, net	234,225	-	234,225
Total noncurrent assets	<u>247,053</u>	<u>-</u>	<u>247,053</u>
Total assets	<u>559,764</u>	<u>64,903</u>	<u>624,667</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	10,924	42,943	53,867
Unearned revenue	6,585	-	6,585
Total current liabilities	<u>17,509</u>	<u>42,943</u>	<u>60,452</u>
Total liabilities	<u>17,509</u>	<u>42,943</u>	<u>60,452</u>
<b>NET POSITION</b>			
Net investment in capital assets	247,053	-	247,053
Unrestricted	<u>295,202</u>	<u>21,960</u>	<u>317,162</u>
Total net position	<u>\$ 542,255</u>	<u>\$ 21,960</u>	<u>\$ 564,215</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, 2020

	<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	\$ 369,168	\$ 495,976	\$ 865,144
Total operating revenue	<u>369,168</u>	<u>495,976</u>	<u>865,144</u>
<b>OPERATING EXPENSES:</b>			
Personnel services	24,014	-	24,014
Operating expenses	244,123	500,664	744,787
Depreciation	17,123	-	17,123
Total operating expenses	<u>285,260</u>	<u>500,664</u>	<u>785,924</u>
<b>OPERATING INCOME</b>	<u>83,908</u>	<u>(4,688)</u>	<u>79,220</u>
<b>NONOPERATING REVENUE (EXPENSE)</b>			
Intergovernmental	3,157	209	3,366
Other, net	3,302	-	3,302
Total nonoperating revenues (expense)	<u>6,459</u>	<u>209</u>	<u>6,668</u>
<b>INCOME BEFORE TRANSFERS</b>	<u>90,367</u>	<u>(4,479)</u>	<u>85,888</u>
<b>TRANSFERS OUT</b>	<u>(40,000)</u>	<u>-</u>	<u>(40,000)</u>
<b>CHANGE IN NET POSITION</b>	50,367	(4,479)	45,888
<b>NET POSITION, beginning of year</b>	<u>491,888</u>	<u>26,439</u>	<u>518,327</u>
<b>NET POSITION, end of year</b>	<u>\$ 542,255</u>	<u>\$ 21,960</u>	<u>\$ 564,215</u>

**CITY OF FORT MEADE, FLORIDA**  
**COMBINING STATEMENT OF CASH FLOWS— NON-MAJOR ENTERPRISE FUNDS**  
for the year ended September 30, 2020

	<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	\$ 367,938	\$ 494,590	\$ 862,528
Payments to suppliers	(243,267)	(604,770)	(848,037)
Payments for salaries and benefits	(24,014)	-	(24,014)
Net cash flows from operating activities	<u>100,657</u>	<u>(110,180)</u>	<u>(9,523)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfers to other funds	(40,000)	-	(40,000)
Operating grants	3,157	209	3,366
Net cash flows from noncapital financing activities	<u>(36,843)</u>	<u>209</u>	<u>(36,634)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Acquisition and construction of capital assets, net of related payables	(8,765)	-	(8,765)
Net cash flows from capital and related financing activities	<u>(8,765)</u>	<u>-</u>	<u>(8,765)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Other income	3,302	-	3,302
Net cash flows from investing activities	<u>3,302</u>	<u>-</u>	<u>3,302</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>58,351</u>	<u>(109,971)</u>	<u>(51,620)</u>
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>254,360</u>	<u>111,728</u>	<u>366,088</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 312,711</u>	<u>\$ 1,757</u>	<u>\$ 314,468</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ 83,908	\$ (4,688)	\$ 79,220
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	17,123	-	17,123
(Increase) decrease in accounts receivable	-	(1,386)	(1,386)
Increase (decrease) in accounts payable	856	(104,106)	(103,250)
Increase (decrease) in unearned revenue	(1,230)	-	(1,230)
Net cash flows from operating activities	<u>100,657</u>	<u>(110,180)</u>	<u>(9,523)</u>
<b>As shown in the Accompanying Financial Statements</b>			
Equity in cash and investments	<u>\$ 312,711</u>	<u>\$ 1,757</u>	<u>\$ 314,468</u>
<b>Total cash and cash equivalents</b>	<u>\$ 312,711</u>	<u>\$ 1,757</u>	<u>\$ 314,468</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, 2020

	<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	\$ 192,170	\$ 192,170	\$ 209,470	\$ 17,300
Intergovernmental revenue	39,000	39,000	47,772	8,772
Other	-	-	32	32
Total revenues	<u>231,170</u>	<u>231,170</u>	<u>257,274</u>	<u>26,104</u>
<b>EXPENDITURES:</b>				
Physical environment	179,844	179,844	139,642	40,202
Capital outlay	192,632	192,632	97,813	94,819
Debt service	<u>129,569</u>	<u>129,569</u>	-	<u>129,569</u>
Total expenditures	<u>502,045</u>	<u>502,045</u>	<u>237,455</u>	<u>264,590</u>
<b>EXCESS (DEFICIENCY) OF REVENUE</b>				
<b>OVER (UNDER) EXPENDITURES</b>	<u>(270,875)</u>	<u>(270,875)</u>	<u>19,819</u>	<u>290,694</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Loan proceeds	-	-	23,773	23,773
Insurance recoveries	-	-	<u>1,667</u>	<u>1,667</u>
Total other financing sources (uses)	-	-	25,440	25,440
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (270,875)</u>	<u>\$ (270,875)</u>	<u>\$ 45,259</u>	<u>\$ 316,134</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, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>REVENUES:</b>				
Intergovernmental revenue	\$ -	\$ -	\$ 21,756	\$ 21,756
Charges for services	238,680	238,680	241,916	3,236
Other	-	-	1,205	1,205
Total revenues	<u>238,680</u>	<u>238,680</u>	<u>264,877</u>	<u>26,197</u>
<b>EXPENDITURES:</b>				
Public safety	229,433	229,433	234,266	(4,833)
Capital outlay	19,373	19,373	2,983	16,390
Debt service	49,123	49,123	28,334	20,789
Total expenditures	<u>297,929</u>	<u>297,929</u>	<u>265,583</u>	<u>32,346</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (59,249)</u>	<u>\$ (59,249)</u>	<u>\$ (706)</u>	<u>\$ 58,543</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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 1, 2021.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

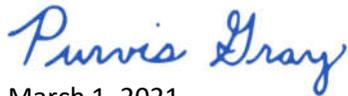
**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**Compliance and Other Matters**

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

**Purpose of this Report**

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



March 1, 2021  
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

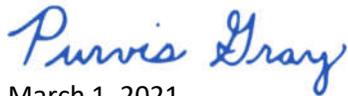
We have examined the City of Fort Meade’s (the City) compliance with Section 218.415, Florida Statutes, during the fiscal year ended September 30, 2020. City management is responsible for the City’s compliance with those requirements. Our responsibility is to express an opinion on the City’s compliance 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, 2020.

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.



March 1, 2021  
Sarasota, Florida

## 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, 2020, and have issued our report thereon dated March 1, 2021.

### 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 March 1, 2021, should be considered in conjunction with this management letter.

### Prior Audit Findings

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

Current Year Finding No.	2019 Fiscal Year Finding No.	2018 Fiscal Year Finding No.
2020-1	2019-1	N/A

### 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.

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:

#### ■ 2020-1 Inventory Controls

The year-end physical inventory count performed by City staff identified multiple discrepancies and inefficiencies related to the tracking of poles, wires, and obsolete items which were not subsequently corrected prior to our audit. Additionally, we noted that the inventory count failed to identify other errors later identified during our observation of inventory. We recommend the City follow its policies and procedures in place regarding safeguarding and counting of inventory to ensure the accuracy and completeness of inventory balances during the year and 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.



March 1, 2021  
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:

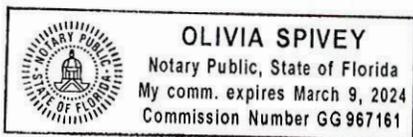
1. I am the Chief Financial Officer of the City of Fort Meade which is a municipality of the State of Florida.
2. Fort Meade has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

FURTHER AFFIANT SAYETH NAUGHT.

Breanna Smith  
(Chief Financial Officer of the Entity)

STATE OF FLORIDA  
COUNTY OF POLK

SWORN TO AND SUBSCRIBED before me this 22 day of February, 2021.



Olivia Spivey  
NOTARY PUBLIC  
Print Name Olivia Spivey

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

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

My Commission Expires:

March 9, 2024



## City of Fort Meade

8 West Broadway St. • P.O. Box 856  
Fort Meade, Florida 33841-0856  
863.285.1100 • 863.285.1124  
[www.cityoffortmeade.com](http://www.cityoffortmeade.com)

March 1, 2021

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

***Subject: Fiscal Year 2020 Audit Findings***

Dear Mayor Berrien and City Commissioners,

Please see below the City's response to Fiscal Year 2020 audit findings as identified by Purvis Gray & Company.

▪ **2020-1 Inventory Controls**

The year-end physical inventory count performed by City staff identified multiple discrepancies and inefficiencies related to the tracking of poles, wires, and obsolete items which were not subsequently corrected prior to our audit. Additionally, we noted that the inventory count failed to identify other errors later identified during our observation of inventory. We recommend the City follow its policies and procedures in place regarding safeguarding and counting of inventory to ensure the accuracy and completeness of inventory balances during the year and at year-end.

**RESPONSE:** The City filled the Warehouse Clerk position vacancy in January 2020 and is moving forward in a positive direction. The Administration worked together during the remainder of the fiscal year 2020 to ensure that a physical inventory count was completed at fiscal year-end.

The Administration also took several steps after September 30, 2020, to correct this finding.

To reinforce the importance of this matter, a meeting was held with all key personnel involved in this task and the External Auditors on November 12, 2020 to further explain the significance of consecutive findings within local government.

Every quarter, staff will conduct a spot check of inventory. Thus far, these unannounced audits have occurred on December 18, 2020 by the City Manager, and again on January 27, 2021, with the Finance Director and Auditor.

The Administration has directed that a full inventory will be done on March 31, 2021, to ensure that all is in order on September 30, 2021.

The City agrees with the auditors' comments, and intends to continue efforts to improve the inventory count process.

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

Sincerely,



Danielle J. Judd  
City Manager