

# **CITY OF FORT MEADE, FLORIDA**



## **FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORTS SEPTEMBER 30, 2021**

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

**AS OF SEPTEMBER 30, 2021**

**CITY COMMISSION**

**Mayor, Commissioner**  
Robert Elliott

**Vice Mayor, Commissioner**  
James Watts

**Commissioner**  
James Possum Shail

**Commissioner**  
Barbara Arnold

**Commissioner**  
Petrina McCutchen

**APPOINTED OFFICIALS**

**City Manager**  
Jan Bagnall

**City Attorney**  
Thomas A. Cloud

# City of Fort Meade, Florida

## TABLE OF CONTENTS

### FINANCIAL SECTION

<b>INDEPENDENT AUDITOR'S REPORT</b> .....	1
---	---

<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b> .....	4
---	---

#### **BASIC FINANCIAL STATEMENTS:**

##### GOVERNMENT-WIDE FINANCIAL STATEMENTS:

STATEMENT OF NET POSITION .....	16
---------------------------------	----

STATEMENT OF ACTIVITIES .....	17
-------------------------------	----

##### FUND FINANCIAL STATEMENTS:

BALANCE SHEET – GOVERNMENTAL FUNDS .....	19
--	----

RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION .....	20
--	----

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS .....	21
--	----

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES .....	22
---	----

STATEMENT OF NET POSITION – PROPRIETARY FUNDS .....	23
---	----

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION – PROPRIETARY FUNDS .....	24
---	----

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS .....	25
---	----

STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS .....	27
---	----

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS .....	28
--	----

NOTES TO FINANCIAL STATEMENTS .....	29
-------------------------------------	----

### **REQUIRED SUPPLEMENTARY INFORMATION**

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET TO ACTUAL – GENERAL FUND .....	70
---	----

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET TO ACTUAL – COMMUNITY REDEVELOPMENT AGENCY FUND .....	71
--	----

NOTE TO THE SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL .....	72
--	----

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - GENERAL EMPLOYEES' PENSION TRUST FUND .....	73
--	----

NOTES TO THE SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - GENERAL EMPLOYEES' PENSION TRUST FUND .....	75
---	----

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - POLICE OFFICERS' PENSION TRUST FUND .....	76
--	----

# City of Fort Meade, Florida

## TABLE OF CONTENTS (concluded)

NOTES TO THE SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - POLICE OFFICERS' PENSION TRUST FUND .....	78
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - FIREFIGHTERS' PENSION TRUST FUND.....	79
NOTES TO SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - FIREFIGHTERS' PENSION TRUST FUND .....	81
SCHEDULE OF CONTRIBUTIONS – ALL PENSION TRUST FUNDS.....	82
NOTES TO SCHEDULE OF CONTRIBUTIONS – ALL PENSION TRUST FUNDS.....	83
SCHEDULE OF INVESTMENT RETURNS – PENSION TRUST FUNDS .....	84
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS .....	85
<b>OTHER SUPPLEMENTARY INFORMATION</b>	
COMBINING BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS .....	86
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS .....	87
COMBINING STATEMENT OF NET POSITION – NON-MAJOR ENTERPRISE FUNDS.....	88
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – NON- MAJOR ENTERPRISE FUNDS .....	89
COMBINING STATEMENT OF CASH FLOWS– NON-MAJOR ENTERPRISE FUNDS .....	90
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET TO ACTUAL – STORMWATER SPECIAL REVENUE FUND.....	91
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET TO ACTUAL – FIRE SPECIAL REVENUE FUND.....	92
<b>GOVERNMENT AUDITING SECTION</b>	
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 <i>GOVERNMENT AUDITING STANDARDS</i> .....	93
INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH FLORIDA STATUTES SECTION 218.415 – INVESTMENTS OF PUBLIC FUNDS.....	95
MANAGEMENT LETTER .....	96
<b>OTHER INFORMATION</b>	
LETTER OF MANAGEMENT'S RESPONSE .....	99



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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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### 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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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, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Change in Accounting Principle

As described in Note 1 to the financial statements, the City adopted Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-15, and budgetary comparison schedules, 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 on pages 70-85 (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 schedules on pages 86-92 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 schedules 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

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

### INDEPENDENT AUDITOR'S REPORT

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 schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



May 5, 2022  
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 2021 by \$16,174,239 (net position) compared to \$15,683,909 in the prior year. Of this amount, \$4,270,029 (unrestricted net position) may be used to meet the City's ongoing obligations at the close of fiscal year 2021 compared to \$4,581,292 in the prior year.
- The City's total net position increased by \$490,330 or 3% during the year compared to \$779,701 in the prior year. The net position for governmental activities increased by \$616,509 or 10%, while the business-type activities' net position decreased by \$126,179 or 1%.
- Total combined revenues resulting from governmental activities and business-type activities decreased \$15,660 or less than 1% when compared to the prior year.
- Total combined expenses resulting from governmental activities and business-type activities increased \$273,711 or 2% 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 \$2,900,364 compared to \$2,998,186 as of the prior year. Unassigned fund balance totaled \$1,508,273 as of September 30, 2021 which is 30% of total governmental fund expenditures for the year ended September 30, 2021 compared to \$1,310,812 as of the end of the prior year which represented 29% of the total governmental fund expenditures for that year.

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

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

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

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

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

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

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

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

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

### **Fund Financial Statements**

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental funds' Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 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 schedules have been provided to demonstrate compliance with the budget. These can be found by referencing the table of contents of this report.

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

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

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

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

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Summary of Net Position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the end of the current year, the City's net position was \$16,174,239. 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><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>
Current and other assets	\$ 3,471,182	\$ 3,230,932	\$ 4,669,423	\$ 5,111,079	\$ 8,140,605	\$ 8,342,011
Capital assets	5,393,736	5,052,170	10,027,240	9,849,467	15,420,976	14,901,637
<b>Total assets</b>	<b>8,864,918</b>	<b>8,283,102</b>	<b>14,696,663</b>	<b>14,960,546</b>	<b>23,561,581</b>	<b>23,243,648</b>
Deferred outflows	283,604	278,787	149,500	140,179	433,104	418,966
Current liabilities	181,924	238,681	1,041,508	1,113,430	1,223,432	1,352,111
Non-current liabilities	1,467,073	1,875,972	4,294,572	4,523,971	5,761,645	6,399,943
<b>Total liabilities</b>	<b>1,648,997</b>	<b>2,114,653</b>	<b>5,336,080</b>	<b>5,637,401</b>	<b>6,985,077</b>	<b>7,752,054</b>
Deferred inflows	601,373	165,593	233,996	61,058	835,369	226,651
Net position:						
Net investment in capital assets	4,483,504	4,119,598	5,862,795	5,578,453	10,346,299	9,698,051
Restricted	1,226,517	1,100,465	331,394	304,101	1,557,911	1,404,566
Unrestricted	1,188,131	1,061,580	3,081,898	3,519,712	4,270,029	4,581,292
<b>Total net position</b>	<b>\$ 6,898,152</b>	<b>\$ 6,281,643</b>	<b>\$ 9,276,087</b>	<b>\$ 9,402,266</b>	<b>\$ 16,174,239</b>	<b>\$ 15,683,909</b>

On September 30, 2021 approximately 64% (62% as of September 30, 2020) of the City's net position reflects its investment in capital assets (land, buildings, improvements, infrastructure, vehicles and equipment) net of any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, this component of net position is not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Approximately 10% of the City's net position represents resources that are subject to external restrictions on how they may be used. That compares to 9% in the prior year. The remaining balance of unrestricted net position, \$4,581,292 or 26% of the City's net position in 2021 may be used to meet the City's ongoing obligations to citizens and creditors. This is a decrease in unrestricted net position of \$311,263 or 7% for the year.

**CITY OF FORT MEADE, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
September 30, 2021

**Statement of Activities.** The 2021 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>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>Revenues:</b>						
<i>Program Revenues:</i>						
Charges for services	\$ 679,064	\$ 678,635	\$ 8,037,653	\$ 7,750,275	\$ 8,716,717	\$ 8,428,910
Operating grants/contrib.	77,335	326,380	-	438,309	77,335	764,689
Capital grants/contrib.	50,000	121,267	323,542	201,186	373,542	322,453
<i>General revenues:</i>						
Property taxes - General	909,304	812,742	-	-	909,304	812,742
Property taxes - CRA	258,225	133,633	-	-	258,225	133,633
Pub svc tax/franchise fees	625,990	628,260	-	-	625,990	628,260
Transportation fuel taxes	369,869	355,957	-	-	369,869	355,957
State shared revenue	826,224	739,499	-	-	826,224	739,499
Other	62,881	39,997	67,940	77,547	130,821	117,544
<b>Total revenues</b>	<b>3,858,892</b>	<b>3,836,370</b>	<b>8,429,135</b>	<b>8,467,317</b>	<b>12,288,027</b>	<b>12,303,687</b>
<b>Expenses:</b>						
<i>Governmental activities:</i>						
General government	1,259,142	1,193,681	-	-	1,259,142	1,193,681
Law enforcement	1,064,813	1,232,387	-	-	1,064,813	1,232,387
Fire control	267,961	285,814	-	-	267,961	285,814
Building inspections	95,232	86,574	-	-	95,232	86,574
Stormwater	259,943	222,049	-	-	259,943	222,049
Roads and streets	330,712	317,658	-	-	330,712	317,658
Library	233,257	219,135	-	-	233,257	219,135
Recreation	191,939	226,166	-	-	191,939	226,166
Parks	464,790	530,717	-	-	464,790	530,717
Community redevelopment	48,520	55,709	-	-	48,520	55,709
Interest on long-term debt	51,280	57,524	-	-	51,280	57,524
<i>Business-type activities:</i>						
Electric	-	-	4,750,827	4,531,206	4,750,827	4,531,206
Water	-	-	735,423	661,616	735,423	661,616
Sewer	-	-	1,233,242	1,117,826	1,233,242	1,117,826
Solid waste	-	-	529,925	500,664	529,925	500,664
Mobile home park	-	-	280,691	285,260	280,691	285,260
<b>Total expenses</b>	<b>4,267,589</b>	<b>4,427,414</b>	<b>7,530,108</b>	<b>7,096,572</b>	<b>11,797,697</b>	<b>11,523,986</b>
Increase (decrease) in net position before transfers	(408,697)	(591,044)	899,027	1,370,745	490,330	779,701
<b>Transfers in (out)</b>	<b>1,025,206</b>	<b>1,000,206</b>	<b>(1,025,206)</b>	<b>(1,000,206)</b>	<b>-</b>	<b>-</b>
Change in Net Position	616,509	409,162	(126,179)	370,539	490,330	779,701
Net position - Beginning	6,281,643	5,872,481	9,402,266	9,031,727	15,683,909	14,904,208
Net position - Ending	<b>\$ 6,898,152</b>	<b>\$ 6,281,643</b>	<b>\$ 9,276,087</b>	<b>\$ 9,402,266</b>	<b>\$ 16,174,239</b>	<b>\$ 15,683,909</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 2021, governmental activities' net position increased by \$616,509 compared to an increase of \$409,162 in the prior year.

Overall, total revenues-governmental activities were up \$22,522 or 1%, total expenses were down \$159,825 or 4% and a \$25,000 or 2% increase in the net transfer from the business-type activities. Following are *significant* changes in the statement of activities from 2020 to 2021:

- Operating grants and contributions decreased by \$249,045 or 76% in 2021 compared to 2020 mainly due to decreased grants, disaster aid, and private contributions. The City also received settlement proceeds from a lawsuit in the prior year that did not recur in 2021.
- Property taxes are up \$221,154 or 23% in 2021 compared to 2020. The City's millage rate remained the same in 2021 as in 2020 at 7.8899. The taxable value of the real and personal property within the City increased by 21% from 2020 to 2021.
- Remaining program and general revenues were up \$50,413 or less than 1% for myriad reasons.

On the expense side:

- General government expenses increased by \$65,461 or 5% in 2021 compared to 2020 due to various reasons but of significance was a decline in pension expense for the general government function of approximately \$58,000 or 59% due to better-than-expected pension trust fund experience compared to actuarial expectations/assumptions.
- Law enforcement expenses decreased by \$167,574 or 14% in 2021 compared to 2020 mainly due to an increased pension benefit (negative pension expense) for the law enforcement function of approximately \$189,000, a 6-fold increase in the prior year pension benefit, due to better-than-expected pension trust fund experience compared to actuarial expectations/assumptions.
- Parks expenses decreased by \$65,927 or 12% in 2021 compared to 2020 due to various reasons but of significance was a decline in pension expense of \$19,600 (72%), increase in salaries and wages expense of \$28,000 (16%) and a decrease in the loss on disposal of capital assets of \$45,000.
- Remaining program expenses increased by \$8,215 or 1% in 2021 compared to 2020.

### **Business-type activities**

Business-type activities experienced an decrease in net position of \$126,179 compared to an increase of \$370,539 in the prior year.

The main reasons for the decline in the results of operations from 2020 to 2021 were as follows:

- Total revenue decreased \$38,182 or less than 1% from 2020 to 2021, and total expenses increased by \$433,536 or 6% and net transfers increased by \$25,000 or 2%.
- Charges for services revenue increased by \$287,378 or 4%, mainly due to an increase in electric, water and wastewater departmental consumption due to the economic rebound from the COVID-19 pandemic.
- Total expenses increased mainly in the electric function (\$216,560 or 5%) and the sewer function (\$115,416 or 10%).
  - The electric function expenses increased for various reasons but of significance was a \$18,000 or 8% increase in depreciation expense as new capital assets were purchased and began depreciation in 2021, a \$149,270 or 22% increase in operational expenses such as repair and maintenance and noncapital renewals to the electric system.
  - The sewer function expenses increased for various reasons but of significance was a \$106,289 or 24% increase in operational expenses such as repair and maintenance and noncapital renewals to the sewer system and a \$60,016 or 28% increase in personnel expenses due to a higher level of employment in 2021 compared to the prior year.

### **FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The fund financial statements for the governmental funds can be found by referencing the table of contents of this report. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The City reports the general fund and the community redevelopment agency special revenue fund as major governmental funds. 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 \$2,900,364. Of this amount, \$554,468 or 19% is non-spendable, \$837,623 or 29% is legally restricted for specific purposes, and \$1,508,273 or 52% 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 \$1,508,273, and total fund balance was \$2,117,046. This represents 36% (33% in prior year) and 51% (53% in prior year) respectively, of total general fund expenditures for the year ended September 30, 2021.

In the General Fund, the change in fund balance for the year deteriorated from an increase of \$271,867 in 2020 to an increase of \$35,404, a deterioration of \$236,463. Following is a summary of the changes from 2020 to 2021:

- Total revenue increased by \$161,391 or 5% in 2021 compared to 2020 for a variety of reasons. The following are the significant revenue changes from the prior year.
  - Taxes revenue in 2021 increased by \$111,006 or 7% compared to 2020. The City's millage rate remained the same in 2021 as in 2020 at 7.8899. The taxable value of the real and personal property within the City increased by 21% from 2020 to 2021.
  - Intergovernmental revenue increased by \$51,590 or 6% due mainly to a decline in grant revenue of \$35,287 that was more than offset by an increase of \$87,312 in shared revenues from the State.
  - Remaining revenue categories decreased by \$1,205 or less than 1%.
- Expenditures increased by \$262,465 or 7%. Capital outlay expenditures increased by \$119,650 or 44% due to increased capital projects and equipment purchases, and general government expenditures increased by \$63,905 or 6% mainly due to an increase in personnel costs of \$50,000 or 9%.
- Other financing sources, net of other financing uses, decreased by \$135,389 or 11% mainly due to a \$141,244 in insurance recoveries.

*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 \$306,123 compared to \$121,040 at the end of the prior year.

- Revenues were \$136,790 in 2020 and \$259,395 in 2021. This increase was due to increased property values within the CRA district.
- Expenditures were \$123,276 in 2020 and \$74,312 in 2021. This decrease is due mainly to capital outlay expenditures which declined by \$48,698 or 49% in 2021 compared to 2020 due to reduced capital project activity 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 2020 to 2021, by major fund:

- In the electric fund, the change in net position declined from an increase of \$185,597 in 2020 to a decrease of \$266,530 in 2021, a deterioration of \$452,127 mainly due to decreased operating grants received in 2021. Operating revenues increased by 3% and operating expenses increased by 5%. The electric fund transferred \$960,206 to the general fund in 2021 and 2020. The electric fund received federal and state operating grants totaling \$368,025 during 2020 compared to zero in the current year.
- In the water fund, the change in net position declined from a decrease of \$14,153 in 2020 to a decrease of \$57,614 in 2021, a deterioration of \$71,767. Charges for services increased by \$29,200 or 5% and operating expenses increased by \$50,644 or 8%. The water fund did not make or receive any transfers in 2021 or 2020. The water fund received federal and state operating grants totaling \$47,654 during 2020 compared to zero in the current year.
- In the sewer fund, the change in net position improved from an increase of \$124,901 in 2020 to an increase of \$136,374 in 2021, an improvement of \$11,473. Charges for services increased by \$26,177 or 3% and operating expenses decreased \$184,026 or 19%. The sewer fund did not make nor receive any transfers in 2021 or 2020. The sewer fund received federal and state operating grants totaling \$19,264 during 2020 compared to zero in the current year. The sewer fund received capital grants of \$266,922 in the current year compared to \$169,734 in 2020.
- In the combined non-major funds, the change in net position experienced an increase of \$45,888 in 2020 compared to an increase of \$61,591 in 2021, an improvement of \$15,703. Operating revenues increased by \$69,362 or 8%, and operating expenses increased \$24,692 or 3%. The combined non-major funds transferred \$40,000 to the general fund in 2020 and \$65,000 in 2021. Combining statements can be found by referencing the table of contents of this report under the "Other Supplementary Information" section of the financial statements.

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

The three pension plans reported \$7,880,766 of net position restricted for pension benefits on September 30, 2021. This is an increase of \$994,162 or 14% for the year. The combined funds reported net investment income of \$1,293,277 for 2021 compared to \$412,784 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 2021 general fund budget anticipated a decrease in fund balance of \$50,000 as budgeted expenditures were more than budgeted revenues and other financing sources. There were no amendments to the original 2021 budget.

Actual results for 2021 increased fund balance by \$35,404 which was \$85,404 better than the anticipated change in fund balance of \$50,000 discussed above. Actual revenues came in \$102,208 or 3% lower than the budgeted amounts. Expenditures came in \$616,332 or 13% lower than budgeted amounts, spread across all departments. Other financing sources, net with other financing uses, came in \$428,720 or 28% lower than budgeted amounts due to budgeted loan proceeds that did not take place during the year.

**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, 2021, totals \$15,420,976 (net of accumulated depreciation), an increase of approximately \$519,340 (3%) for the current year. Governmental activities net additions and transfers were \$768,930, book value of disposed assets was \$-0-, and depreciation expense was \$427,364 for a net increase of \$341,566 (7%). Business-type net additions and transfers were \$860,984, book value of disposed assets was \$685 and depreciation expense was \$682,526 for a net increase of \$177,773 (2%). 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,

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Land	\$ 794,008	\$ 794,008	\$ 345,838	\$ 345,838	\$ 1,139,846	\$ 1,139,846
Buildings and improvements	1,355,027	1,390,302	8,521,667	8,887,382	9,876,694	10,277,684
Equipment	1,080,730	635,189	765,695	591,170	1,846,425	1,226,359
Infrastructure	2,147,442	2,199,621	-	-	2,147,442	2,199,621
Construction in progress	16,529	33,050	394,040	25,077	410,569	58,127
<b>Total</b>	<b>\$ 5,393,736</b>	<b>\$ 5,052,170</b>	<b>\$ 10,027,240</b>	<b>\$ 9,849,467</b>	<b>\$ 15,420,976</b>	<b>\$ 14,901,637</b>

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 \$5,497,301 (excluding accrued compensated absences, other postemployment liability and net pension liabilities) compared to \$5,618,260 at the previous year end, a decrease of \$120,959 due to \$1,258,069 of new borrowing partially offset by principal payments of \$1,379,028. The following is a summary of the outstanding debt:

<b>Outstanding Debt</b>						
as of September 30,						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenue notes	\$ 724,103	\$ 811,588	\$ 3,998,476	\$ 3,980,563	\$ 4,722,579	\$ 4,792,151
Other long-term debt	562,334	535,658	212,388	290,451	774,722	826,109
<b>Total</b>	<u>\$ 1,286,437</u>	<u>\$ 1,347,246</u>	<u>\$ 4,210,864</u>	<u>\$ 4,271,014</u>	<u>\$ 5,497,301</u>	<u>\$ 5,618,260</u>

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

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

**Economic Factors**

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

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

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

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

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

It is anticipated that the following significant items will affect the 2022 fiscal year:

- The City's millage rate in effect for the fiscal year ending September 30, 2022, was increased from 7.8899 to 8.6306, a 9% increase in the millage rate in 2022.
- The taxable property value of real and personal property within the City increased by 9% and, when combined with the increase in the millage rate results in expected ad valorem revenue for the year ended September 30, 2022 of \$367,335, an increase of 31% over the 2021 actual ad valorem tax received.
- In October 2021, the City received \$1,566,920 in fiscal recovery funds under the American Rescue Plan Act signed into law by the President of the United States on March 11, 2021. These funds have been budgeted as a resource inflow in the fiscal year ending September 30, 2022 but the ultimate uses of the funds have not been determined as of the date of this report.

**REQUEST FOR INFORMATION**

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

**CITY OF FORT MEADE, FLORIDA**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2021**

	<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	\$ 1,467,873	\$ 2,871,049	\$ 4,338,922
Receivables, current:			
Customer accounts, net	44,345	1,146,742	1,191,087
Intergovernmental	85,145	-	85,145
Franchise and public service taxes	51,305	-	51,305
Other	6,430	-	6,430
Inventory and prepaids	4,823	348,999	353,822
Internal balances	549,645	(549,645)	-
Restricted assets:			
Equity in pooled cash and cash equivalents	867,880	817,237	1,685,117
Net pension asset	393,736	35,041	428,777
Capital assets:			
Non-depreciable	810,537	739,878	1,550,415
Depreciable, net	4,583,199	9,287,362	13,870,561
<b>TOTAL ASSETS</b>	<b>8,864,918</b>	<b>14,696,663</b>	<b>23,561,581</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	283,604	149,500	433,104
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>283,604</b>	<b>149,500</b>	<b>433,104</b>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	74,371	479,555	553,926
Accrued wages	101,094	31,360	132,454
Due to other governments	1,617	-	1,617
Unearned revenue	-	7,705	7,705
Accrued interest payable	4,842	11,928	16,770
Customer deposits	-	510,960	510,960
Long-term obligations:			
Due within one year	200,384	173,727	374,111
Due in more than one year	1,266,689	4,120,845	5,387,534
<b>TOTAL LIABILITIES</b>	<b>1,648,997</b>	<b>5,336,080</b>	<b>6,985,077</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	601,373	233,996	835,369
<b>NET POSITION</b>			
Net investment in capital assets	4,483,504	5,862,795	10,346,299
Restricted for:			
Debt service	5,282	9,454	14,736
Pension benefits	393,736	35,041	428,777
Transportation expenditures	35,488	-	35,488
Law enforcement purposes	8,758	-	8,758
Community redevelopment	306,123	-	306,123
Stormwater management	425,765	-	425,765
Fire services	51,365	-	51,365
Water and sewer system improvements	-	286,899	286,899
Unrestricted	1,188,131	3,081,898	4,270,029
<b>TOTAL NET POSITION</b>	<b>\$ 6,898,152</b>	<b>\$ 9,276,087</b>	<b>\$ 16,174,239</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, 2021

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	\$ 1,259,142	\$ 74,096	\$ 21,355	\$ -
Law enforcement	1,064,813	63,852	-	-
Fire control	267,961	241,109	-	-
Building inspections	95,232	79,051	-	-
Stormwater	259,943	204,767	-	-
Roads and streets	330,712	-	14,105	-
Library	233,257	6,322	41,875	-
Recreation	191,939	6,102	-	50,000
Parks	464,790	3,765	-	-
Community redevelopment	48,520	-	-	-
Interest on long-term debt	51,280	-	-	-
<b>Total governmental activities</b>	<b>4,267,589</b>	<b>679,064</b>	<b>77,335</b>	<b>50,000</b>
<b>Business-type activities</b>				
Electric	4,750,827	5,413,110	-	-
Water	735,423	626,276	-	19,950
Sewer	1,233,242	1,063,761	-	303,592
Mobile home park	280,691	367,665	-	-
Solid waste	529,925	566,841	-	-
<b>Total business-type activities</b>	<b>7,530,108</b>	<b>8,037,653</b>	<b>-</b>	<b>323,542</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 11,797,697</b>	<b>\$ 8,716,717</b>	<b>\$ 77,335</b>	<b>\$ 373,542</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*

<b>Net (Expense) Revenue and Changes in Net Position</b>		
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (1,163,691)	\$ -	\$ (1,163,691)
(1,000,961)	-	(1,000,961)
(26,852)	-	(26,852)
(16,181)	-	(16,181)
(55,176)	-	(55,176)
(316,607)	-	(316,607)
(185,060)	-	(185,060)
(135,837)	-	(135,837)
(461,025)	-	(461,025)
(48,520)	-	(48,520)
(51,280)	-	(51,280)
(3,461,190)	-	(3,461,190)
-	662,283	662,283
-	(89,197)	(89,197)
-	134,111	134,111
-	86,974	86,974
-	36,916	36,916
-	831,087	831,087
(3,461,190)	831,087	(2,630,103)
909,304	-	909,304
258,225	-	258,225
625,990	-	625,990
369,869	-	369,869
826,224	-	826,224
311	321	632
38,550	54,694	93,244
24,020	12,925	36,945
1,025,206	(1,025,206)	-
4,077,699	(957,266)	3,120,433
616,509	(126,179)	490,330
6,281,643	9,402,266	15,683,909
\$ 6,898,152	\$ 9,276,087	\$ 16,174,239

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

**CITY OF FORT MEADE, FLORIDA**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
September 30, 2021

	<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	\$ 1,467,873	\$ 310,853	\$ 502,657	\$ 2,281,383
Receivables, net:				
Customer accounts, net	44,345	-	-	44,345
Intergovernmental	83,478	-	1,667	85,145
Franchise and public service taxes	51,305	-	-	51,305
Other	6,430	-	-	6,430
Inventory	4,190	-	65	4,255
Prepaid expenditures	568	-	-	568
Advances to other funds	549,645	-	-	549,645
Restricted assets:				
Equity in pooled cash and cash equivalents	54,370	-	-	54,370
<b>TOTAL ASSETS</b>	<b>\$ 2,262,204</b>	<b>\$ 310,853</b>	<b>\$ 504,389</b>	<b>\$ 3,077,446</b>
<b>LIABILITIES</b>				
Accounts payable	45,912	4,730	23,729	74,371
Accrued wages and benefits	97,629	-	3,465	101,094
Due to other governments	1,617	-	-	1,617
<b>TOTAL LIABILITIES</b>	<b>145,158</b>	<b>4,730</b>	<b>27,194</b>	<b>177,082</b>
<b>FUND BALANCE</b>				
Nonspendable:				
Inventory	4,190	-	65	4,255
Prepays	568	-	-	568
Interfund balances	549,645	-	-	549,645
Restricted for:				
Law enforcement trust fund	8,758	-	-	8,758
Debt service	10,124	-	-	10,124
Transportation expenditures	35,488	-	-	35,488
Community redevelopment	-	306,123	-	306,123
Stormwater management	-	-	425,765	425,765
Fire services	-	-	51,365	51,365
Unassigned	1,508,273	-	-	1,508,273
<b>TOTAL FUND BALANCES</b>	<b>2,117,046</b>	<b>306,123</b>	<b>477,195</b>	<b>2,900,364</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 2,262,204</b>	<b>\$ 310,853</b>	<b>\$ 504,389</b>	<b>\$ 3,077,446</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, 2021

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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>	\$ 2,900,364
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	5,393,736
The net pension asset is not a current financial resource and therefore is not reported as an asset in governmental funds.	393,736
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.	283,604
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.	(601,373)
Interest payable on long-term debt does not require current financial resources and therefore, is not reported as a liability in the governmental funds.	(4,842)
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.	(1,467,073)
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<u><u>\$ 6,898,152</u></u>

**CITY OF FORT MEADE, FLORIDA**

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

For the year ended September 30, 2021

	General Fund	Community Redevelopment Agency	Other Governmental Funds	Total
<b>REVENUES:</b>				
Taxes	\$ 1,814,163	\$ 258,225	\$ -	\$ 2,072,388
Licenses, permits and special assessments	184,100	-	204,767	388,867
Intergovernmental revenue	932,091	-	-	932,091
Charges for services	16,189	-	241,109	257,298
Fines and forfeitures	103,954	-	-	103,954
Other	95,269	1,170	7,857	104,296
Total revenues	<u>3,145,766</u>	<u>259,395</u>	<u>453,733</u>	<u>3,858,894</u>
<b>EXPENDITURES:</b>				
Current:				
General government	1,224,365	-	-	1,224,365
Public safety	1,381,026	-	204,638	1,585,664
Physical environment	-	-	174,526	174,526
Economic environment	-	23,283	-	23,283
Transportation	215,570	-	-	215,570
Culture/recreation	789,460	-	-	789,460
Capital outlay	388,670	51,029	415,435	855,134
Debt service				
Interest	16,444	-	36,666	53,110
Principal	177,635	-	-	177,635
Total expenditures	<u>4,193,170</u>	<u>74,312</u>	<u>831,265</u>	<u>5,098,747</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(1,047,404)</u>	<u>185,083</u>	<u>(377,532)</u>	<u>(1,239,853)</u>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	1,025,206	-	-	1,025,206
Loan proceeds	57,602	-	59,223	116,825
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>1,082,808</u>	<u>-</u>	<u>59,223</u>	<u>1,142,031</u>
<b>NET CHANGE IN FUND BALANCE</b>	35,404	185,083	(318,309)	(97,822)
<b>FUND BALANCE, beginning of year</b>	<u>2,081,642</u>	<u>121,040</u>	<u>795,504</u>	<u>2,998,186</u>
<b>FUND BALANCE, end of year</b>	<u>\$ 2,117,046</u>	<u>\$ 306,123</u>	<u>\$ 477,195</u>	<u>\$ 2,900,364</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, 2021

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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** \$ (97,822)

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. 768,930

This is the amount of depreciation recorded in the current period. (427,364)

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. 177,635

This is the proceeds from borrowing. (116,826)

This is the change in accrued interest payable on long-term debt. 1,093

This is the change in accrued compensated absences during the year. 17,916

This is the change in the total OPEB liability during the year. (11,670)

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. (435,780)

This amount represents the change in deferred outflows related to pensions. 4,817

This amount represents the change in the net pension asset. 393,736

This amount represents the change in the net pension liability. 341,844

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES** \$ 616,509

**CITY OF FORT MEADE, FLORIDA**  
**STATEMENT OF NET POSITION – PROPRIETARY FUNDS**  
September 30, 2021

	<b>Business Type Activities - Enterprise Funds</b>				
	<b>Electric Fund</b>	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Non-major Funds</b>	<b>Total</b>
<b>ASSETS</b>					
Current assets:					
Equity in pooled cash and cash equivalents	\$ 1,580,003	\$ 417,424	\$ 542,506	\$ 331,116	\$ 2,871,049
Receivables:					
Customers, net	850,116	82,097	146,143	68,386	1,146,742
Inventory and prepaids	<u>274,652</u>	<u>70,669</u>	<u>3,678</u>	<u>-</u>	<u>348,999</u>
Total current assets	<u>2,704,771</u>	<u>570,190</u>	<u>692,327</u>	<u>399,502</u>	<u>4,366,790</u>
Noncurrent assets:					
Restricted assets:					
Equity in pooled cash and cash equivalents	372,527	203,613	241,097	-	817,237
Net pension asset	16,480	7,677	10,884	-	35,041
Capital assets:					
Non-depreciable	27,300	189,917	501,186	21,475	739,878
Depreciable, net	<u>3,208,207</u>	<u>1,408,171</u>	<u>4,409,088</u>	<u>261,896</u>	<u>9,287,362</u>
Total noncurrent assets	<u>3,624,514</u>	<u>1,809,378</u>	<u>5,162,255</u>	<u>283,371</u>	<u>10,879,518</u>
Total assets	<u>6,329,285</u>	<u>2,379,568</u>	<u>5,854,582</u>	<u>682,873</u>	<u>15,246,308</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflows related to pensions	<u>70,310</u>	<u>32,753</u>	<u>46,437</u>	<u>-</u>	<u>149,500</u>
Total deferred outflows of resources	<u>70,310</u>	<u>32,753</u>	<u>46,437</u>	<u>-</u>	<u>149,500</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	391,135	21,019	18,039	49,362	479,555
Accrued wages	19,925	6,260	5,175	-	31,360
Unearned revenue	-	-	-	7,705	7,705
Other postemployment benefit liability	1,123	485	619	-	2,227
Bonds and notes payable, current	<u>58,165</u>	<u>31,912</u>	<u>81,423</u>	<u>-</u>	<u>171,500</u>
Total current liabilities	<u>470,348</u>	<u>59,676</u>	<u>105,256</u>	<u>57,067</u>	<u>692,347</u>
Noncurrent liabilities:					
Liabilities payable from restricted assets:					
Customer deposits	372,527	90,353	48,080	-	510,960
Interest payable	2,004	2,322	7,602	-	11,928
Advances from other funds	-	166,316	383,329	-	549,645
Compensated absences	10,478	9,075	19,620	-	39,173
Other postemployment benefit liability	21,335	9,219	11,754	-	42,308
Net pension liability	-	-	-	-	-
Bonds and notes payable, noncurrent portion	<u>107,804</u>	<u>1,066,195</u>	<u>2,865,365</u>	<u>-</u>	<u>4,039,364</u>
Total noncurrent liabilities	<u>514,148</u>	<u>1,343,480</u>	<u>3,335,750</u>	<u>-</u>	<u>5,193,378</u>
Total liabilities	<u>984,496</u>	<u>1,403,156</u>	<u>3,441,006</u>	<u>57,067</u>	<u>5,885,725</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows related to pensions	<u>110,048</u>	<u>51,265</u>	<u>72,683</u>	<u>-</u>	<u>233,996</u>
<b>NET POSITION</b>					
Net investment in capital assets	3,069,538	546,400	1,963,486	283,371	5,862,795
Restricted for:					
Debt retirement	-	2,660	6,794	-	9,454
Pension benefits	16,480	7,677	10,884	-	35,041
Utility system improvements (expendable)	-	108,278	178,621	-	286,899
Unrestricted	<u>2,219,033</u>	<u>292,885</u>	<u>227,545</u>	<u>342,435</u>	<u>3,081,898</u>
Total net position	<u>\$ 5,305,051</u>	<u>\$ 957,900</u>	<u>\$ 2,387,330</u>	<u>\$ 625,806</u>	<u>\$ 9,276,087</u>

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

**CITY OF FORT MEADE, FLORIDA**

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

For the year ended September 30, 2021

	Business-type Activities - Enterprise Funds				Total
	Electric Fund	Water Fund	Sewer Fund	Non-major Funds	
<b>OPERATING REVENUES:</b>					
Charges for services	\$ 5,413,110	\$ 626,276	\$ 1,063,761	\$ 934,506	\$ 8,037,653
Total operating revenue	5,413,110	626,276	1,063,761	934,506	8,037,653
<b>OPERATING EXPENSES:</b>					
Personnel services	438,785	195,956	276,261	25,616	936,618
Purchased power	3,252,329	-	-	-	3,252,329
Operating expenses	820,023	343,180	542,580	766,037	2,471,820
Depreciation	234,432	109,859	319,272	18,963	682,526
Total operating expenses	4,745,569	648,995	1,138,113	810,616	7,343,293
<b>OPERATING INCOME (LOSS)</b>	667,541	(22,719)	(74,352)	123,890	694,360
<b>NONOPERATING REVENUE (EXPENSE)</b>					
Investment revenue	263	-	58	-	321
Interest expense	(5,258)	(80,029)	(95,129)	-	(180,416)
Loss on disposal of property	10,720	-	2,205	-	12,925
Contribution to joint venture	-	(6,399)	-	-	(6,399)
Other, net	20,410	31,583	-	2,701	54,694
Total nonoperating revenues (expense)	26,135	(54,845)	(92,866)	2,701	(118,875)
<b>INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</b>	693,676	(77,564)	(167,218)	126,591	575,485
<b>CAPITAL CONTRIBUTIONS</b>					
Capital grants and contributions	-	-	266,922	-	266,922
Impact fees	-	19,950	36,670	-	56,620
Total capital contributions	-	19,950	303,592	-	323,542
<b>TRANSFERS IN (OUT)</b>	(960,206)	-	-	(65,000)	(1,025,206)
<b>CHANGE IN NET POSITION</b>	(266,530)	(57,614)	136,374	61,591	(126,179)
<b>NET POSITION, beginning of year</b>	5,571,581	1,015,514	2,250,956	564,215	9,402,266
<b>NET POSITION, end of year</b>	\$ 5,305,051	\$ 957,900	\$ 2,387,330	\$ 625,806	\$ 9,276,087

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, 2021

	<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	\$ 5,284,886	\$ 624,085	\$ 1,062,433	\$ 930,386	\$ 7,901,790
Payments to suppliers	(4,083,217)	(383,632)	(559,956)	(770,542)	(5,797,347)
Payments for salaries and benefits	(465,461)	(203,807)	(277,142)	(25,616)	(972,026)
Net cash flows from operating activities	<u>736,208</u>	<u>36,646</u>	<u>225,335</u>	<u>134,228</u>	<u>1,132,417</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Transfers (to) from other funds	(960,206)	-	-	(65,000)	(1,025,206)
Payment of interfund borrowings	-	-	(21,296)	-	(21,296)
Operating grants	358,122	5,871	11,237	-	375,230
Increase (decrease) in deposits	6,909	3,433	4,315	-	14,657
Net cash flows from noncapital financing activities	<u>(595,175)</u>	<u>9,304</u>	<u>(5,744)</u>	<u>(65,000)</u>	<u>(656,615)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Acquisition and construction of capital assets, net of related payables	(304,813)	(39,048)	(461,841)	(55,281)	(860,983)
Loan proceeds	-	1,068,066	66,778	-	1,134,844
Principal paid on notes, bonds and lease obligations	(57,842)	(1,046,939)	(96,612)	-	(1,201,393)
Interest paid on borrowings and other debt costs	(5,152)	(81,464)	(103,457)	-	(190,073)
Proceeds from the sale of assets	10,720	-	2,889	-	13,609
Capital contributions received, including impact fees, net of change in related receivables	-	19,950	303,592	-	323,542
Net cash flows from capital and related financing activities	<u>(357,087)</u>	<u>(79,435)</u>	<u>(288,651)</u>	<u>(55,281)</u>	<u>(780,454)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest on invested funds	263	-	58	-	321
Other income	20,410	31,583	-	2,701	54,694
Net cash flows from investing activities	<u>20,673</u>	<u>31,583</u>	<u>58</u>	<u>2,701</u>	<u>55,015</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>(195,381)</u>	<u>(1,902)</u>	<u>(69,002)</u>	<u>16,648</u>	<u>(249,637)</u>
<b>CASH AND CASH EQUIVALENTS, beginning 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>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 1,952,530</u>	<u>\$ 621,037</u>	<u>\$ 783,603</u>	<u>\$ 331,116</u>	<u>\$ 3,688,286</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, 2021

	<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	\$ 1,580,003	\$ 417,424	\$ 542,506	\$ 331,116	\$ 2,871,049
Restricted equity in pooled cash and cash equivalents	372,527	203,613	241,097	-	817,237
<b>Total cash and cash equivalents</b>	<b>\$ 1,952,530</b>	<b>\$ 621,037</b>	<b>\$ 783,603</b>	<b>\$ 331,116</b>	<b>\$ 3,688,286</b>
<b>Noncash financing and investing activities:</b>					
Joint venture loan guarantee / contribution	\$ -	\$ 6,399	\$ -	\$ -	\$ -
<b>Reconciliation of operating income (loss) to net cash flows from operating activities:</b>					
Operating income (loss)	\$ 667,541	\$ (22,719)	\$ (74,352)	\$ 123,890	\$ 694,360
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:					
Depreciation expense	234,432	109,859	319,272	18,963	682,526
(Increase) decrease in inventory and prepaids	9,828	(1,532)	1,813	-	10,109
(Increase) decrease in accounts receivable	(128,224)	(2,191)	(1,328)	(5,240)	(136,983)
Increase (decrease) in accounts payable	(20,693)	(38,920)	(19,189)	(4,505)	(83,307)
Increase (decrease) in unearned revenue	-	-	-	1,120	1,120
Increase (decrease) in accrued wages and compensated absences	(4,110)	1,820	4,876	-	2,586
(Increase) decrease in deferred outflows related to pensions	3,313	(660)	(11,974)	-	(9,321)
Increase (decrease) in deferred inflows related to pensions	77,980	37,286	57,672	-	172,938
Increase (decrease) in net pension liability	(105,911)	(46,661)	(52,747)	-	(205,319)
Increase (decrease) in other postemployment benefit liability	2,052	364	1,292	-	3,708
Net cash flows from operating activities	<b>\$ 736,208</b>	<b>\$ 36,646</b>	<b>\$ 225,335</b>	<b>\$ 134,228</b>	<b>\$ 1,132,417</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, 2021

	<b>Pension Trust Funds</b>	<b>Custodial Fund</b>
<b>ASSETS</b>		
Investments, at fair value:		
Cash and short-term money market funds	\$ 55,231	\$ 21,514
Fixed income investment pools	2,469,623	-
Equity investment pools	4,702,539	-
Real estate investment pool	662,773	-
Total investments	<u>7,890,166</u>	<u>21,514</u>
Total assets	<u>7,890,166</u>	<u>21,514</u>
<b>LIABILITIES</b>		
Accounts payable	9,400	-
Due to other governments	-	21,514
Total Liabilities	<u>9,400</u>	<u>21,514</u>
<b>NET POSITION</b>		
Restricted for pension benefits	<u>\$ 7,880,766</u>	<u>\$ -</u>

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

**CITY OF FORT MEADE, FLORIDA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS**  
For the year ended September 30, 2021

	<b>Pension Trust Funds</b>	<b>Custodial Fund</b>
<b>ADDITIONS</b>		
Contributions:		
City	\$ 215,541	\$ -
Fees collected on behalf of other governments	-	178,655
<b>Total contributions</b>	<b>215,541</b>	<b>178,655</b>
Investment income:		
Investment income	1,317,272	-
Less investment expenses	(23,995)	-
Net investment income	1,293,277	-
<b>Total additions</b>	<b>1,508,818</b>	<b>178,655</b>
<b>DEDUCTIONS</b>		
Administrative expenses:		
Legal	5,573	-
Actuarial	41,050	-
Total administrative expenses	46,623	-
Payments to retirees and participants	468,033	-
Remittance of fees to other governments	-	178,655
<b>Total deductions</b>	<b>514,656</b>	<b>178,655</b>
<b>CHANGE IN NET POSITION</b>	<b>994,162</b>	<b>-</b>
<b>NET POSITION, beginning of year</b>	<b>6,886,604</b>	<b>-</b>
<b>NET POSITION, end of year</b>	<b>\$ 7,880,766</b>	<b>\$ -</b>

*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 fiduciary component units:

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

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

**B. BASIS OF PRESENTATION**

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

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

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

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

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

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

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

**Governmental Funds:**

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

**Reported as Major Governmental Funds:**

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

**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.

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

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

**C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisition under capital leases are reported as other financing sources.

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

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

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

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

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

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

**CASH AND INVESTMENTS:**

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

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

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

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

**RECEIVABLES AND UNEARNED REVENUES** - All receivables are reported at their gross value reduced by the estimated portion that is expected to be uncollectible. As of September 30, 2021, the allowance for doubtful accounts was zero for the governmental activities and totaled \$80,584 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 \$488,041 as of September 30, 2021.

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

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

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

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

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

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

**CAPITAL ASSETS** - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., utility systems and roads), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial estimated useful life in excess of one year and individual cost of more than \$1,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

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

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

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

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

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

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

In addition to liabilities, the statement of net position will sometimes report a section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that 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.

*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, 2021.

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

*Assigned* — This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Commission or through the City Commission delegating this responsibility to the City Manager through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The City did not have any assigned resources as of September 30, 2021.

*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.

**CHANGE IN ACCOUNTING PRINCIPLES** - As of October 1, 2020, the City implemented GASB Statement No. 84, Fiduciary Activities. This Statement establishes new criteria for identifying fiduciary activities which, when met, require that the activities be reported in a fiduciary fund in the basic financial statements. A statement of fiduciary net position and a statement of changes in fiduciary net position are required to be presented for these activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds (formerly agency funds). Accordingly, the City has created a custodial fund to account for impact fees collected on behalf of Polk County.

**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, 2021 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, 2021, 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, 2021, the following budgetary funds had an excess of expenditures over appropriations:

- General fund: The finance and historic museum departmental expenditures exceeded budgeted appropriations by \$13,090 and \$3,901, respectively.
- Fire special revenue fund: Total expenditures of the fire special revenue fund exceeded budgeted appropriations by \$42,132.

**NOTE 5 - DEPOSITS AND INVESTMENTS**

On September 30, 2021, 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	6,022,999
Total equity in pooled cash and cash equivalents	<u>\$ 6,024,039</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, 2021. 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, 2021, the fair value of the City's pension plan investments with the FMIvT were as follows:

**General Employees Pension Trust Fund:**

FMIvT Cash Fund	\$	42,631
FMIvT Broad Market High Quality Bond Fund		943,976
FMIvT Core Plus Fixed Income Fund		962,246
FMIvT Diversified Large Cap Equity Fund		1,540,812
FMIvT Diversified Small to Mid Cap Equity Fund		846,533
FMIvT International Equity Fund		1,242,393
FMIvT Core Real Estate Fund		511,574
Total	\$	<u>6,090,165</u>

**Police Officers' Pension Trust Fund:**

FMIvT Cash Fund	\$	9,402
FMIvT Broad Market High Quality Bond Fund		208,193
FMIvT Core Plus Fixed Income Fund		212,222
FMIvT Diversified Large Cap Equity Fund		339,824
FMIvT Diversified Small to Mid Cap Equity Fund		186,702
FMIvT International Equity Fund		274,008
FMIvT Core Real Estate Fund		112,826
Total	\$	<u>1,343,177</u>

**Firefighters' Pension Trust Fund:**

FMIvT Cash Fund	\$	3,198
FMIvT Broad Market High Quality Bond Fund		70,808
FMIvT Core Plus Fixed Income Fund		72,178
FMIvT Diversified Large Cap Equity Fund		115,576
FMIvT Diversified Small to Mid Cap Equity Fund		63,498
FMIvT International Equity Fund		93,193
FMIvT Core Real Estate Fund		38,373
Total	\$	<u>456,824</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	\$ 42,631	0.00	0.00
FMIvT Broad Market High Quality Bond Fund	AAf/S4	943,976	5.39	6.30
FMIvT Core Plus Fixed Income Fund	Not Rated	962,246	3.98	8.21
		\$ 1,948,853		
<b>Police Officers' Pension Trust Fund:</b>				
Cash and short-term money market	Not Rated	\$ 9,402	0.00	0.00
FMIvT Broad Market High Quality Bond Fund	AAf/S4	208,193	5.39	6.30
FMIvT Core Plus Fixed Income Fund	Not Rated	212,222	3.98	8.21
		\$ 429,817		
<b>Firefighters' Pension Trust Fund:</b>				
Cash and short-term money market	Not Rated	\$ 3,198	0.00	0.00
FMIvT Broad Market High Quality Bond Fund	AAf/S4	70,808	5.39	6.30
FMIvT Core Plus Fixed Income Fund	Not Rated	72,178	3.98	8.21
		\$ 146,184		

**NOTE 6 - CAPITAL ASSETS**

Capital assets activity for the year ended September 30, 2021, was as follows:

	Balance October 1, 2020	Transfers and minor adjustments	Increases	Decreases	Balance September 30, 2021
<b>Governmental Activities:</b>					
<b>Capital assets, not being depreciated:</b>					
Land	\$ 794,008	\$ -	\$ -	\$ -	\$ 794,008
Construction in process	33,050	(49,604)	33,083	-	16,529
Total capital assets, not being depreciated	<u>827,058</u>	<u>(49,604)</u>	<u>33,083</u>	<u>-</u>	<u>810,537</u>
<b>Capital assets, being depreciated:</b>					
Buildings and improvements	3,758,825	49,604	64,238	-	3,872,667
Equipment	2,345,248	-	608,542	(160,096)	2,793,694
Infrastructure	10,401,671	-	63,067	-	10,464,738
Total capital assets, being depreciated	<u>16,505,744</u>	<u>49,604</u>	<u>735,847</u>	<u>(160,096)</u>	<u>17,131,099</u>
Less accumulated depreciation for:					
Buildings and improvements	(2,368,523)	-	(149,117)	-	(2,517,640)
Equipment	(1,710,059)	-	(163,001)	160,096	(1,712,964)
Infrastructure	(8,202,050)	-	(115,246)	-	(8,317,296)
Total accumulated depreciation	<u>(12,280,632)</u>	<u>-</u>	<u>(427,364)</u>	<u>160,096</u>	<u>(12,547,900)</u>
Total capital assets being depreciated, net	<u>4,225,112</u>	<u>49,604</u>	<u>308,483</u>	<u>-</u>	<u>4,583,199</u>
Governmental activities capital assets, net	<u>\$ 5,052,170</u>	<u>\$ -</u>	<u>\$ 341,566</u>	<u>\$ -</u>	<u>\$ 5,393,736</u>
<b>Business-type activities:</b>					
<b>Capital assets, not being depreciated:</b>					
Land	\$ 345,838	\$ -	\$ -	\$ -	\$ 345,838
Construction-in-progress	25,077	(5,498)	375,146	(685)	394,040
Total capital assets, not being depreciated	<u>370,915</u>	<u>(5,498)</u>	<u>375,146</u>	<u>(685)</u>	<u>739,878</u>
<b>Capital assets, being depreciated:</b>					
Buildings, utility plant and improvements	20,496,512	5,498	214,044	-	20,716,054
Equipment	1,895,164	-	271,794	(119,440)	2,047,518
Total capital assets, being depreciated	<u>22,391,676</u>	<u>5,498</u>	<u>485,838</u>	<u>(119,440)</u>	<u>22,763,572</u>
Less accumulated depreciation for:					
Buildings, utility plant and improvements	(11,609,130)	-	(585,257)	-	(12,194,387)
Equipment	(1,303,994)	-	(97,269)	119,440	(1,281,823)
Total accumulated depreciation	<u>(12,913,124)</u>	<u>-</u>	<u>(682,526)</u>	<u>119,440</u>	<u>(13,476,210)</u>
Total capital assets being depreciated, net	<u>9,478,552</u>	<u>5,498</u>	<u>(196,688)</u>	<u>-</u>	<u>9,287,362</u>
Business-type activities capital assets, net	<u>\$ 9,849,467</u>	<u>\$ -</u>	<u>\$ 178,458</u>	<u>\$ (685)</u>	<u>\$ 10,027,240</u>

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

Depreciation expense was charged to the following programs and functions:

Governmental Activities:

General government	\$	81,512
Law enforcement		4,265
Fire control		45,225
Building inspections		2,632
Stormwater		81,171
Community redevelopment		14,293
Roads and streets		117,178
Library		5,861
Recreation		28,452
Parks		46,775
Total depreciation expense - governmental activities	\$	<u>427,364</u>

Business-type Activities:

Electric	\$	234,432
Water		109,859
Sewer		319,272
Mobile home park		18,963
Total depreciation expense - business-type activities	\$	<u>682,526</u>

**NOTE 7 - LONG-TERM OBLIGATIONS**

The following is a summary of changes in long-term obligations for the year ended September 30, 2021:

	Balance October 1, 2020	Increases	Decreases	Balance September 30, 2021	Amounts Due within One Year
<b>Governmental Activities:</b>					
<b>Long-term debt:</b>					
5th Cent Local Option Fuel Tax					
Revenue Notes, Series 2011	\$ 811,588	\$ -	\$ (87,485)	\$ 724,103	\$ 91,151
Promissory note, 2018	414,674	-	(38,469)	376,205	39,797
Installment notes and leases payable	120,984	116,826	(51,681)	186,129	69,436
Total long-term debt	1,347,246	116,826	(177,635)	1,286,437	200,384
<b>Other liabilities:</b>					
Net pension liability	341,844	-	(341,844)	-	-
Other postemployment benefits liability	81,261	11,670	-	92,931	-
Compensated absences	105,621	-	(17,916)	87,705	-
Total other liabilities	528,726	11,670	(359,760)	180,636	-
Total long-term obligations	\$ 1,875,972	\$ 128,496	\$ (537,395)	1,467,073	\$ 200,384
Less amounts due in one year				(200,384)	
Total noncurrent obligations due in more than one year				\$ 1,266,689	
<b>Business-type Activities:</b>					
<b>Long-term debt:</b>					
Revenue bonds and certificates:					
Sewer Revenue Refunding Bonds, 2020	\$ 2,950,000	\$ -	\$ (69,990)	\$ 2,880,010	\$ 81,423
FDEP Note WW531120	-	66,778	-	66,778	-
Water Revenue Refunding Bonds, 2021	-	1,068,066	(16,378)	1,051,688	31,912
Water System, Series 2009	1,030,563	-	(1,030,563)	-	-
Other long-term debt					
Joint venture loan guarantee	40,020	6,399	-	46,419	-
Installment notes and leases payable	250,431	-	(84,462)	165,969	58,165
Total long-term debt	4,271,014	1,141,243	(1,201,393)	4,210,864	171,500
<b>Other liabilities:</b>					
Net pension liability	170,278	-	(170,278)	-	-
Other postemployment benefits liability	40,827	3,708	-	44,535	2,227
Compensated absences	41,852	-	(2,679)	39,173	-
Total other liabilities	252,957	3,708	(172,957)	83,708	2,227
Total long-term obligations	\$ 4,523,971	\$ 1,144,951	\$ (1,374,350)	4,294,572	\$ 173,727
Less amounts due in one year				(173,727)	
Total noncurrent obligations due in more than one year				\$ 4,120,845	

**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, 2021, consisted of the following for governmental and business-type activities:

	<u>Purpose</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Outstanding Amount</u>
<b>Governmental activities</b>					
<b>Long-term debt:</b>					
5th Cent Local Option Fuel Tax					
Revenue Notes, Series 2011	1	2028	4.190%	\$ 1,450,000	\$ 724,103
Promissory note, 2018	9	2024	3.400%	117,614	376,205
<b>Installment notes and leases payable:</b>					
Equipment purchase note, 2019	2	2022	4.950%	71,161	14,274
Equipment purchase note, 2020A	4	2023	3.990%	71,318	48,535
Equipment purchase note, 2020B	4	2023	3.990%	29,202	14,806
Equipment purchase note, 2021A	10	2026	3.740%	34,623	34,623
Equipment purchase note, 2021B	11	2024	3.740%	32,120	23,808
Equipment purchase note, 2021C	12	2026	3.740%	50,083	50,083
Total governmental activities					<u>\$ 1,286,437</u>
<b>Business-type activities</b>					
<b>Long-term debt:</b>					
Revenue bonds and certificates:					
Sewer Revenue Refunding Bonds, 2020	3	2045	3.196%	\$ 2,950,000	\$ 2,880,010
Water Revenue Refunding Bonds, 2021	6	2047	2.650%	1,068,066	1,051,688
FDEP Note WW531120	7	2041	0.300%	66,778	66,778
<b>Other long-term debt:</b>					
Installment notes and leases payable:					
Equipment purchase note, 2020C	5	2023	2.870%	184,865	139,474
Equipment purchase note, 2020D	5	2023	3.990%	23,773	16,178
Equipment purchase note, 2020E	5	2023	3.990%	20,348	10,317
Joint venture loan guarantee	8	2034	1.890%	46,419	46,419
Total business-type activities					<u>\$ 4,210,864</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. Refunding of prior water fund long-term debt obligation originally used for water system improvements and secured by water system revenues. Principal and interest are due semiannually.
7. Major sewer rehabilitation improvements and inflow and infiltration remediation and secured by sewer net revenues. Principal and interest is due semiannually.

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

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.
10. Purchase of a vehicle to be used in general government operations and secured by the equipment financed. Principal and interest is due annually.
11. Purchase of fire department radios and secured by the equipment financed. Principal and interest is due annually.
12. Purchase of two vehicles to be used in general government operations and secured by the equipment financed. Principal and interest is due annually.

All the City's long-term debt may be prepaid in whole or in part without penalty. 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, 2021, the Polk Regional Water Cooperative has borrowed \$7,155,729 through this SRF funding of which, \$46,419 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%.

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

**Long-term Debt Current Refunding** – In the current fiscal year, the City issued \$1,068,066 of Water Revenue Refunding Bonds, 2021 with an average annual interest rate of 2.65%. These proceeds, combined with City funds in the amount of \$40,888, were used to refund the Water System Revenue Bonds, Series 2009. This current refunding will reduce the City’s total debt service payments over the term of the bonds by \$312,943 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of approximately \$182,013. 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.

**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	\$ 4,223,652	\$ 172,747	\$ 244,987	141.82%
Water system revenue only	9/1/2045	\$ 1,434,760	\$ 59,781	\$ 86,242	144.26%
5th Cent local option gas tax revenue	9/1/2028	\$ 850,437	\$ 121,491	\$ 130,179	107.15%
Communications services tax, solid waste franchise fee and half-cent sales tax	6/1/2024	\$ 406,431	\$ 51,969	\$ 619,167	1191.42%

**Maturities** - Annual debt service requirements as of September 30, 2021, are as follows:

Fiscal Year Ending	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2022	\$ 200,384	\$ 48,891	\$ 171,500	\$ 128,061
2023	192,484	41,825	177,289	122,271
2024	419,141	32,087	171,540	113,965
2025	120,452	19,738	127,653	108,663
2026	125,452	14,760	135,722	105,713
2027-2031	228,524	14,461	740,967	466,200
2032-2036	-	-	849,157	349,776
2037-2041	-	-	959,778	216,771
2042-2046	-	-	877,256	62,967
Total	\$ 1,286,437	\$ 171,762	\$ 4,210,862	\$ 1,674,387

Interest expense for the governmental activities totaled \$51,280 for the year ended September 30, 2021. Interest and other debt service expenses incurred in the business-type activities totaled \$180,416 for the same period.

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

The general fund, water fund and sewer fund, each had revenue bonds outstanding on September 30, 2021. 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, 2021:

<b>Governmental Funds/Activities</b>	Restricted Fund Balance	Restricted Net Position
Law enforcement	\$ 8,758	\$ 8,758
Community redevelopment	306,123	306,123
5th Cent revenue bond debt service	10,124	5,282
Transportation expenditures	35,488	35,488
Stormwater management	425,765	425,765
Fire services	51,365	51,365
Pension benefits	-	393,736
Total	\$ 837,623	\$ 1,226,517
<b>Enterprise Funds/Business-type Activities</b>		
<b>Electric Fund:</b>		
Pension benefits		\$ 16,480
Total		\$ 16,480
<b>Water Fund:</b>		
Restricted for debt service - 2021 sinking fund		\$ 2,660
Pension benefits		7,677
Water impact fees restricted for system improvements		108,278
Total		\$ 118,615
<b>Sewer Fund:</b>		
Restricted for debt service - 2020 sinking fund		\$ 6,794
Pension benefits		10,884
Sewer impact fees restricted for system improvements		178,621
Total		\$ 196,299

**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, 2021, the balance in due to/from and advances to other funds consisted of the following:

Receivable Fund	Payable Fund	Amount
General fund	Water fund	\$ 166,316
General fund	Sewer fund	383,329
		\$ 549,645

During the fiscal year ended September 30, 2019, the City Commission approved a repayment plan for the amount due to the general fund from the sewer fund. The repayment plan consists of annual payments of \$21,296 for the next 18 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, 2021 consisted of:

	Transfers in:	
	General Fund	Total
Transfers out:		
Electric Fund	\$ 960,206	\$ 960,206
Mobile Home Park Fund	55,000	55,000
Solid Waste Fund	10,000	10,000
Total	\$ 1,025,206	\$ 1,025,206

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 \$363,760 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, 2021 (the measurement date) was determined by an actuarial valuation as of October 1, 2019 updated to the measurement date using the following actuarial assumptions.

Inflation	2.50%
Salary Increases	2.50%
Discount Rate	2.43%
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 2.43%. 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, 2021, the City recognized OPEB expense of \$21,287.

**Changes in Total OPEB Liability:**

	<b>Total OPEB Liability</b>
<b>Reporting period ending September 30, 2020</b>	\$ 122,088
<b>Changes for the year:</b>	
Service cost	21,808
Interest	3,027
Changes of assumptions	(4,579)
Benefit payments	(4,878)
<b>Net changes</b>	<u>15,378</u>
<b>Reporting period ending September 30, 2021</b>	<u>\$ 137,466</u>

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

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

	<b>1% Decrease (1.14%)</b>	<b>Discount Rate (2.43%)</b>	<b>1% Increase (3.14%)</b>
Total OPEB liability	\$ 154,274	\$ 137,466	\$ 123,275

*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	\$ 119,362	\$ 137,466	\$ 159,670

**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, 2020		
	General Employees' Pension Trust Fund	Police Officers' Pension Trust Fund	Fire- Fighters' Pension Trust Fund
Inactive plan members or beneficiaries currently receiving benefits	31	6	9
Inactive plan members entitled to but not yet receiving benefits	14	4	8
Active plan members	47	-	12
Total	<u>92</u>	<u>10</u>	<u>29</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, 2020, 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	10.4%	N/A	27.8%
Plan members	0.0%	0.0%	0.0%
Actuarially determined contribution	\$ 192,341	\$ 11,426	\$ 21,561
Contributions made	\$ 183,188	\$ 11,426	\$ 20,927

**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, 2021, 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	19.31%	19.40%	19.31%

**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, 2021 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, 2021 are shown below. The net pension liability as of September 30, 2021 for financial reporting purposes was determined by actuarial valuations as of October 1, 2020 updated to September 30, 2021 (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, 2020	\$ 5,746,859	\$ 5,291,515	\$ 455,344
Changes for the year:			
Service cost	109,584	-	109,584
Interest	397,080	-	397,080
Difference between actual and expected experience	(61,417)	-	(61,417)
Change in assumptions	168,066	-	168,066
Contributions - City	-	183,188	(183,188)
Net investment income	-	998,473	(998,473)
Benefit payments, including refunds of employee contributions	(367,757)	(367,757)	-
Administrative expense	-	(18,654)	18,654
Net changes	245,556	795,250	(549,694)
Balances at September 30, 2021	<u>\$ 5,992,415</u>	<u>\$ 6,086,765</u>	<u>\$ (94,350)</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, 2020	\$ 1,233,468	\$ 1,195,031	\$ 38,437
Changes for the year:			
Interest	83,753	-	83,753
Difference between actual and expected experience	(223,822)	-	(223,822)
Changes of assumptions	21,992	-	21,992
Contributions - City	-	11,426	(11,426)
Net investment income	-	222,013	(222,013)
Benefit payments, including refunds of employee contributions	(74,005)	(74,005)	-
Administrative expense	-	(14,288)	14,288
Net changes	(192,082)	145,146	(337,228)
Balances at September 30, 2021	<u>\$ 1,041,386</u>	<u>\$ 1,340,177</u>	<u>\$ (298,791)</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, 2020	\$ 418,399	\$ 400,058	\$ 18,341
Changes for the year:			
Service cost	8,226	-	8,226
Interest	28,944	-	28,944
Difference between actual and expected experience	(20,427)	-	(20,427)
Changes of assumptions	9,317	-	9,317
Contributions - City	-	20,927	(20,927)
Net investment income	-	72,791	(72,791)
Benefit payments, including refunds of employee contributions	(26,271)	(26,271)	-
Administrative expense	-	(13,681)	13,681
Net changes	(211)	53,766	(53,977)
Balances at September 30, 2021	<u>\$ 418,188</u>	<u>\$ 453,824</u>	<u>\$ (35,636)</u>

**Net Pension Liability** - The components of the net pension liability for each of the plans as of September 30, 2021, were as follows:

**General Employees’ Pension Plan:**

Total pension liability	\$ 5,992,415
Plan fiduciary net position	(6,086,765)
Net pension liability (asset)	<u>\$ (94,350)</u>
Plan fiduciary net position as a percentage of the total pension liability	102%

**Police Officers’ Pension Plan:**

Total pension liability	\$ 1,041,386
Plan fiduciary net position	(1,340,177)
Net pension liability (asset)	<u>\$ (298,791)</u>
Plan fiduciary net position as a percentage of the total pension liability	129%

**Firefighters’ Pension Plan:**

Total pension liability	\$ 418,188
Plan fiduciary net position	(453,824)
Net pension liability (asset)	<u>\$ (35,636)</u>
Plan fiduciary net position as a percentage of the total pension liability	109%

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

**Actuarial Assumptions** - The significant actuarial assumptions used in the October 1, 2020 valuation as updated to September 30, 2021 and used to measure the total pension liability were as follows:

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

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

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

**Long-term Expected Rate of Return on Pension Plan Investments** - was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2021 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%	2.60%
Core plus	15.00%	2.90%
U.S. large cap equity	25.00%	7.20%
U.S. small cap equity	14.00%	8.40%
Non-U.S. equity	21.00%	8.20%
Real estate	10.00%	6.70%
Total weighted arithmetic average		6.19%

**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 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Current Discount Rate	Net Pension Liability (Asset)		
		1% Decrease	Current Discount	1% Increase
General Employees'	6.75%	\$ 523,447	\$ (94,350)	\$ (616,684)
Police Officers'	6.75%	(201,585)	(298,791)	(382,469)
Firefighters'	6.75%	11,358	(35,636)	(75,036)
City's Net Pension Liability		\$ 333,220	\$ (428,777)	\$ (1,074,189)

**Pension Expense and Deferred Outflows and Inflows of Resources Related to Pension** - For the year ended September 30, 2021, the City recognized a net pension benefit of \$133,074 consisting of pension expense for the general employees' pension plan of \$70,287 and the firefighters' pension plan of \$17,272 which was more than offset by a negative \$220,632 expense of the police officers' pension plan. On September 30, 2021, 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	\$ 12,621	\$ 170,886
Change in assumptions	420,483	69,738
Difference between projected and actual earnings on Plan investments	-	594,745
Total	\$ 433,104	\$ 835,369

**General Employees' Pension Trust Fund:**

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 113,713
Change in assumptions	402,539	56,433
Difference between projected and actual earnings on Plan investments	-	459,903
Total	\$ 402,539	\$ 630,049

**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	\$ -	\$ 100,934
Total	\$ -	\$ 100,934

**Firefighters' Pension Trust Fund:**

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 12,621	\$ 57,173
Change in assumptions	17,944	13,305
Difference between projected and actual earnings on Plan investments	-	33,908
Total	\$ 30,565	\$ 104,386

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
2022	\$ (33,833)	\$ (23,321)	\$ (6,689)	\$ (63,843)
2023	(27,598)	(22,033)	(17,105)	(66,736)
2024	(83,864)	(26,851)	(18,564)	(129,279)
2025	(112,685)	(28,729)	(19,113)	(160,527)
2026	15,235	-	(9,574)	5,661
Thereafter	15,235	-	(2,776)	12,459
	\$ (227,510)	\$ (100,934)	\$ (73,821)	\$ (402,265)

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

The Statements of Fiduciary Net Position for the City’s pension trust funds as of September 30, 2021 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	\$ 42,631	\$ 9,402	\$ 3,198	\$ 55,231
Fixed income investment pools	1,906,222	420,415	142,986	2,469,623
Equity investment pools	3,629,738	800,534	272,267	4,702,539
Real estate investment pool	511,574	112,826	38,373	662,773
Total investments	<u>6,090,165</u>	<u>1,343,177</u>	<u>456,824</u>	<u>7,890,166</u>
Total assets	<u>6,090,165</u>	<u>1,343,177</u>	<u>456,824</u>	<u>7,890,166</u>
<b>LIABILITIES</b>				
Accounts payable	<u>3,400</u>	<u>3,000</u>	<u>3,000</u>	<u>9,400</u>
Total Liabilities	<u>3,400</u>	<u>3,000</u>	<u>3,000</u>	<u>9,400</u>
<b>NET POSITION</b>				
Restricted for pension benefits	<u>\$ 6,086,765</u>	<u>\$ 1,340,177</u>	<u>\$ 453,824</u>	<u>\$ 7,880,766</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, 2021 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	\$ 183,188	\$ 11,426	\$ 20,927	\$ 215,541
Total contributions	183,188	11,426	20,927	215,541
Investment income				
Investment income	1,014,328	227,113	75,831	1,317,272
Less investment expenses	(15,855)	(5,100)	(3,040)	(23,995)
Net investment income	998,473	222,013	72,791	1,293,277
Total additions	1,181,661	233,439	93,718	1,508,818
<b>DEDUCTIONS</b>				
Administrative expenses:				
Legal	4,354	913	306	5,573
Actuarial	14,300	13,375	13,375	41,050
Total administrative expenses	18,654	14,288	13,681	46,623
Payments to retirees and participants	367,757	74,005	26,271	468,033
Total deductions	386,411	88,293	39,952	514,656
<b>CHANGE IN NET POSITION</b>	795,250	145,146	53,766	994,162
<b>NET POSITION, beginning of year</b>	5,291,515	1,195,031	400,058	6,886,604
<b>NET POSITION, end of year</b>	<u>\$ 6,086,765</u>	<u>\$ 1,340,177</u>	<u>\$ 453,824</u>	<u>\$ 7,880,766</u>

**NOTE 12 - EMPLOYEE FLEX BENEFIT PLAN**

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

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

**NOTE 13 - RISK MANAGEMENT**

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

**NOTE 14 - COMMITMENT AND CONTINGENCIES**

**Grants** - During the 2021 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, 2021, the total annual working capital needs of the PRWC was \$198,000 of which the City's proportionate share was \$1,645.

**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, 2021, \$7,155,729 of SRF funds have been drawn by the PRWC. The City's proportionate share of this liability totaled \$46,419 as of September 30, 2021 and has been recorded as a City liability and as a nonoperating expense in the business-type activities/water enterprise fund. See Note 7 for more detail.

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

**NOTE 16 - SUBSEQUENT EVENT**

The CRA issued on April 18, 2022 the Tax Increment Revenue Bond, Series 2022 for \$1,000,000, matures on September 1, 2036 at 2.70% interest rate, with semi-annual payments in September and March starting on September 1, 2022. The funds will be used for the acquisition of residential and commercial property for construction, renovation, and improvements to the community center complex, including improvements to other City and CRA owned properties and to pay the costs of issuance of \$36,500 related to the 2022 Bond.

## **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, 2021

	<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	\$ 1,939,465	\$ 1,939,465	\$ 1,814,163	\$ (125,302)
Licenses and permits	208,158	208,158	184,100	(24,058)
Intergovernmental revenue	836,466	836,466	932,091	95,625
Charges for services	15,882	15,882	16,189	307
Fines and forfeitures	98,208	98,208	103,954	5,746
Other	149,795	149,795	95,269	(54,526)
Total revenues	<u>3,247,974</u>	<u>3,247,974</u>	<u>3,145,766</u>	<u>(102,208)</u>
<b>EXPENDITURES:</b>				
General government:				
Legislative	115,351	115,351	71,981	43,370
Executive	390,492	390,492	366,844	23,648
Finance	197,059	197,059	210,149	(13,090)
Legal	90,010	90,010	51,550	38,460
Planning	185,908	185,908	137,461	48,447
Other general government	481,612	481,612	449,811	31,801
Public safety:				
Police	1,334,127	1,334,127	1,299,364	34,763
Inspections	125,518	125,518	95,226	30,292
Transportation - streets	633,030	633,030	536,403	96,627
Culture/recreation:				
Library	238,668	238,668	232,161	6,507
Recreation	242,571	242,571	132,432	110,139
Historic museum	37,073	37,073	40,974	(3,901)
Parks	738,083	738,083	568,814	169,269
Total expenditures	<u>4,809,502</u>	<u>4,809,502</u>	<u>4,193,170</u>	<u>616,332</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>				
	<u>(1,561,528)</u>	<u>(1,561,528)</u>	<u>(1,047,404)</u>	<u>514,124</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	1,025,206	1,025,206	1,025,206	-
Loan proceeds	486,322	486,322	57,602	(428,720)
Total other financing sources (uses)	<u>1,511,528</u>	<u>1,511,528</u>	<u>1,082,808</u>	<u>(428,720)</u>
<b>NET CHANGE IN FUND BALANCE (*)</b>	<u>\$ (50,000)</u>	<u>\$ (50,000)</u>	<u>\$ 35,404</u>	<u>\$ 85,404</u>

(\*) – budgeted expenditures in excess of budgeted revenue and other financing sources were funded by using prior year fund balance.

**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, 2021

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	<u>Budgeted Amounts</u>			<b>Variance with</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<b>Final Budget Positive (Negative)</b>
<b>REVENUES:</b>				
Taxes	\$ 259,044	\$ 259,044	\$ 258,225	\$ (819)
Intergovernmental	-	-	-	-
Other	-	-	1,170	1,170
Total revenues	<u>259,044</u>	<u>259,044</u>	<u>259,395</u>	<u>351</u>
<b>EXPENDITURES:</b>				
Economic environment	45,115	45,115	23,283	21,832
Capital outlay	<u>213,929</u>	<u>213,929</u>	<u>51,029</u>	<u>162,900</u>
Total expenditures	<u>259,044</u>	<u>259,044</u>	<u>74,312</u>	<u>184,732</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 185,083</u>	<u>\$ 185,083</u>

**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**

	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Total pension liability				
Service cost	\$ 109,584	\$ 70,978	\$ 82,796	\$ 94,223
Interest	397,080	396,911	392,798	382,952
Change in assumptions	168,066	(94,057)	-	-
Change in benefit terms	-	-	-	26,719
Difference between expected and actual experience	(61,417)	(38,807)	(49,622)	(26,337)
Benefit payments, including refunds of employee contributions	(367,757)	(374,697)	(336,094)	(337,146)
Other	-	-	-	(4,218)
Net change in total pension liability	245,556	(39,672)	89,878	136,193
Total pension liability, beginning	5,746,859	5,786,531	5,696,653	5,560,460
Total pension liability, ending (a)	<u>\$ 5,992,415</u>	<u>\$ 5,746,859</u>	<u>\$ 5,786,531</u>	<u>\$ 5,696,653</u>
Plan fiduciary net position				
Contributions - City	\$ 183,188	\$ 212,954	\$ 212,649	\$ 275,513
Net investment income (loss)	998,473	319,816	252,312	342,535
Benefit payments, including refunds of employee contributions	(367,757)	(374,697)	(336,094)	(337,146)
Administrative expenses	(18,654)	(18,147)	(16,105)	(27,180)
Net change in plan fiduciary net position	795,250	139,926	112,762	253,722
Plan fiduciary net position, beginning	5,291,515	5,151,589	5,038,827	4,785,105
Plan fiduciary net position, ending (b)	<u>\$ 6,086,765</u>	<u>\$ 5,291,515</u>	<u>\$ 5,151,589</u>	<u>\$ 5,038,827</u>
Net pension liability (asset) (a)-(b)	<u>\$ (94,350)</u>	<u>\$ 455,344</u>	<u>\$ 634,942</u>	<u>\$ 657,826</u>
Plan fiduciary net position as a percentage of total pension liability	101.57%	92.08%	89.03%	88.45%
Covered payroll	\$ 1,755,771	\$ 1,557,647	\$ 1,426,810	\$ 1,257,028
Net pension liability as a percentage of covered payroll	-5.37%	29.23%	44.50%	52.33%

Continued...

**CITY OF FORT MEADE, FLORIDA**

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

**TRUST FUND (concluded)**

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

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

**CITY OF FORT MEADE, FLORIDA**

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

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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, 2021:

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

For measurement date September 30, 2020:

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

For measurement date September 30, 2017:

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

For measurement date September 30, 2016:

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

**CITY OF FORT MEADE, FLORIDA**

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

	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>
Total pension liability				
Service cost	\$ -	\$ -	\$ -	\$ -
Interest	83,753	86,536	86,653	98,463
Change in benefit terms	-	-	-	602
Difference between expected and actual experience	(223,822)	22,473	17,278	(159,735)
Change of assumptions	21,992	(62,010)	-	-
Benefit payments, including refunds of employee contributions	(74,005)	(99,519)	(111,675)	(101,324)
Other	-	-	-	(1,414)
Net change in total pension liability	<u>(192,082)</u>	<u>(52,520)</u>	<u>(7,744)</u>	<u>(163,408)</u>
Total pension liability, beginning	<u>1,233,468</u>	<u>1,285,988</u>	<u>1,293,732</u>	<u>1,457,140</u>
Total pension liability, ending (a)	<u>\$ 1,041,386</u>	<u>\$ 1,233,468</u>	<u>\$ 1,285,988</u>	<u>\$ 1,293,732</u>
Plan fiduciary net position				
Contributions - City	\$ 11,426	\$ 32,551	\$ 32,551	\$ 28,866
Net investment income (loss)	222,013	70,432	56,844	84,397
Benefit payments, including refunds of employee contributions	(74,005)	(99,519)	(111,675)	(101,324)
Administrative expenses	<u>(14,288)</u>	<u>(14,052)</u>	<u>(4,352)</u>	<u>(7,927)</u>
Net change in plan fiduciary net position	<u>145,146</u>	<u>(10,588)</u>	<u>(26,632)</u>	<u>4,012</u>
Plan fiduciary net position, beginning	<u>1,195,031</u>	<u>1,205,619</u>	<u>1,232,251</u>	<u>1,228,239</u>
Plan fiduciary net position, ending (b)	<u>\$ 1,340,177</u>	<u>\$ 1,195,031</u>	<u>\$ 1,205,619</u>	<u>\$ 1,232,251</u>
Net pension liability (asset) (a)-(b)	<u>\$ (298,791)</u>	<u>\$ 38,437</u>	<u>\$ 80,369</u>	<u>\$ 61,481</u>
Plan fiduciary net position as a percentage of total pension liability	128.69%	96.88%	93.75%	95.25%
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)**

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

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

**CITY OF FORT MEADE, FLORIDA**

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

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***Changes of Assumptions:***

For measurement date September 30, 2021:

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

For measurement date September 30, 2020:

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

For measurement date September 30, 2017:

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

For measurement date September 30, 2016:

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

**CITY OF FORT MEADE, FLORIDA**

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

	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>
Total pension liability				
Service cost	\$ 8,226	\$ 7,193	\$ 7,004	\$ 9,784
Interest	28,944	28,463	32,333	31,650
Difference between expected and actual experience	(20,427)	16,335	(62,870)	(992)
Change of assumptions	9,317	(18,627)	-	-
Change of benefit terms	-	-	-	2,766
Benefit payments, including refunds of employee contributions	(26,271)	(28,771)	(35,114)	(26,886)
Other	-	-	-	3,659
Net change in total pension liability	(211)	4,593	(58,647)	19,981
Total pension liability, beginning	<u>418,399</u>	<u>413,806</u>	<u>472,453</u>	<u>452,472</u>
Total pension liability, ending (a)	<u>418,188</u>	<u>418,399</u>	<u>413,806</u>	<u>472,453</u>
Plan fiduciary net position				
Contributions - City	20,927	20,334	22,190	33,737
Net investment income (loss)	72,791	22,536	16,789	25,057
Benefit payments, including refunds of employee contributions	(26,271)	(28,771)	(35,114)	(26,886)
Administrative expenses	(13,681)	(14,766)	(6,883)	(7,683)
Net change in plan fiduciary net position	53,766	(667)	(3,018)	24,225
Plan fiduciary net position, beginning	<u>400,058</u>	<u>400,725</u>	<u>403,743</u>	<u>379,518</u>
Plan fiduciary net position, ending (b)	<u>\$ 453,824</u>	<u>\$ 400,058</u>	<u>\$ 400,725</u>	<u>\$ 403,743</u>
Net pension liability (asset) (a)-(b)	<u>\$ (35,636)</u>	<u>\$ 18,341</u>	<u>\$ 13,081</u>	<u>\$ 68,710</u>
Plan fiduciary net position as a percentage of total pension liability	108.52%	95.62%	96.84%	85.46%
Covered payroll	\$ 75,284	\$ 89,240	\$ 81,265	\$ 99,642
Net pension liability as a percentage of covered payroll	-47.34%	20.55%	16.10%	68.96%

Continued...

**CITY OF FORT MEADE, FLORIDA**

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

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

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

**CITY OF FORT MEADE, FLORIDA**

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

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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, 2021:

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

For measurement date September 30, 2020:

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

For measurement date September 30, 2017:

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

For measurement date September 30, 2016:

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

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

Year Ended September 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess (Deficiency)	Covered Payroll	Contributions as a % of Covered Payroll
<b>General Employees' Pension Trust Fund:</b>					
2021	\$ 192,341	\$ 183,188	\$ (9,153)	\$ 1,755,771	10.43%
2020	\$ 178,708	\$ 212,954	\$ 34,246	\$ 1,557,647	13.67%
2019	\$ 212,649	\$ 212,649	\$ -	\$ 1,426,810	14.90%
2018	\$ 206,094	\$ 275,513	\$ 69,419	\$ 1,257,028	21.92%
2017	\$ 196,391	\$ 236,582	\$ 40,191	\$ 1,064,675	22.22%
2016	\$ 185,943	\$ 194,344	\$ 8,401	\$ 1,012,380	19.20%
2015	\$ 201,031	\$ 211,212	\$ 10,181	\$ 1,130,621	18.68%
2014	\$ 168,984	\$ 168,984	\$ -	\$ 1,045,343	16.17%
2013	\$ 166,886	\$ 166,886	\$ -	\$ 1,186,956	14.06%
2012	\$ 195,849	\$ 195,849	\$ -	\$ 1,441,126	13.59%
<b>Police Officers' Pension Trust Fund:</b>					
2021	\$ 11,426	\$ 11,426	\$ -	Not Applicable	Not Applicable
2020	\$ 26,973	\$ 32,551	\$ 5,578	Not Applicable	Not Applicable
2019	\$ 32,551	\$ 32,551	\$ -	Not Applicable	Not Applicable
2018	\$ 28,866	\$ 28,866	\$ -	Not Applicable	Not Applicable
2017	\$ 27,063	\$ 23,448	\$ (3,615)	Not Applicable	Not Applicable
2016	\$ 21,902	\$ -	\$ (21,902)	Not Applicable	Not Applicable
2015	\$ 23,985	\$ 52,583	\$ 28,598	Not Applicable	Not Applicable
2014	\$ 31,528	\$ 31,528	\$ -	Not Applicable	Not Applicable
2013	\$ 35,416	\$ 35,416	\$ -	Not Applicable	Not Applicable
2012	\$ 31,899	\$ 31,899	\$ -	Not Applicable	Not Applicable
<b>Firefighters' Pension Trust Fund:</b>					
2021	\$ 21,561	\$ 20,927	\$ (634)	\$ 75,284	27.80%
2020	\$ 20,334	\$ 20,334	\$ -	\$ 89,240	22.79%
2019	\$ 18,749	\$ 22,190	\$ 3,441	\$ 81,265	27.31%
2018	\$ 29,354	\$ 33,737	\$ 4,383	\$ 99,642	33.86%
2017	\$ 22,972	\$ 19,114	\$ (3,858)	\$ 86,938	21.99%
2016	\$ 21,565	\$ 21,565	\$ -	\$ 90,926	23.72%
2015	\$ 19,944	\$ 23,025	\$ 3,081	\$ 74,908	30.74%
2014	\$ 15,589	\$ 12,509	\$ (3,080)	\$ 65,337	19.15%
2013	\$ 11,048	\$ 11,440	\$ 392	\$ 70,574	16.21%
2012	\$ 13,123	\$ 16,378	\$ 3,255	\$ 99,381	16.48%

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

- Valuation Date: October 1, 2020 for fiscal year 2021 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>		
	General	Police	Fire
	Employees'	Officers'	Fighters'
<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%
2021	19.31%	19.40%	19.31%

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	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Reporting period ending	9/30/2021	9/30/2020	9/30/2019	9/30/2018
<b>Total OPEB Liability</b>				
Service cost	\$ 21,808	\$ 20,816	\$ 9,058	\$ 9,615
Interest	3,027	4,097	4,262	3,700
Change in assumptions	(4,579)	6,078	8,062	(6,697)
Difference between expected and actual experience	-	(15,176)	-	-
Benefit payments	(4,878)	(4,984)	(5,992)	(5,523)
Net change in total OPEB liability	15,378	10,831	15,390	1,095
Total OPEB liability, beginning	122,088	111,257	95,867	94,772
Total OPEB liability, ending	<u>\$ 137,466</u>	<u>\$ 122,088</u>	<u>\$ 111,257</u>	<u>\$ 95,867</u>
Covered-employee payroll	\$ 1,374,164	\$ 1,340,648	\$ 1,599,888	\$ 1,522,797
Total OPEB liability as a percentage of covered-employee payroll	10.00%	9.11%	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, 2021	2.43%
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, 2021

	<u>Stormwater Fund</u>	<u>Fire Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Equity in pooled cash and cash equivalents	\$ 433,549	\$ 69,108	\$ 502,657
Receivables, net			
Intergovernmental	1,667	-	1,667
Inventory	-	65	65
<b>TOTAL ASSETS</b>	<u>\$ 435,216</u>	<u>\$ 69,173</u>	<u>\$ 504,389</u>
<b>LIABILITIES</b>			
Accounts payable	5,986	17,743	23,729
Accrued wages and benefits	3,465	-	3,465
<b>TOTAL LIABILITIES</b>	<u>9,451</u>	<u>17,743</u>	<u>27,194</u>
<b>FUND BALANCE</b>			
Nonspendable:			
Inventory	-	65	65
Restricted for:			
Stormwater management	425,765	-	425,765
Fire services	-	51,365	51,365
<b>TOTAL FUND BALANCES</b>	<u>425,765</u>	<u>51,430</u>	<u>477,195</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 435,216</u>	<u>\$ 69,173</u>	<u>\$ 504,389</u>

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

for the year ended September 30, 2021

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	<u>Stormwater Fund</u>	<u>Fire Fund</u>	<u>Total</u>
<b>REVENUES:</b>			
Licenses, permits and special assessments	\$ 204,767	\$ -	\$ 204,767
Charges for services	-	241,109	241,109
Other	7,440	417	7,857
Total revenues	<u>212,207</u>	<u>241,526</u>	<u>453,733</u>
<b>EXPENDITURES:</b>			
Current:			
Public safety	-	204,638	204,638
Physical environment	174,526	-	174,526
Capital outlay	347,651	67,784	415,435
Debt service			
Interest	8,332	28,334	36,666
Principal	-	-	-
Total expenditures	<u>530,509</u>	<u>300,756</u>	<u>831,265</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(318,302)</u>	<u>(59,230)</u>	<u>(377,532)</u>
<b>OTHER FINANCING SOURCES:</b>			
Loan proceeds	24,826	34,397	59,223
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>24,826</u>	<u>34,397</u>	<u>59,223</u>
<b>NET CHANGE IN FUND BALANCE</b>	(293,476)	(24,833)	(318,309)
<b>FUND BALANCE, beginning of year</b>	<u>719,241</u>	<u>76,263</u>	<u>795,504</u>
<b>FUND BALANCE, end of year</b>	<u>\$ 425,765</u>	<u>\$ 51,430</u>	<u>\$ 477,195</u>

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**CITY OF FORT MEADE, FLORIDA**

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

as of September 30, 2021

	<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	\$ 306,322	\$ 24,794	\$ 331,116
Receivables:			
Customers, net	-	68,386	68,386
Total current assets	<u>306,322</u>	<u>93,180</u>	<u>399,502</u>
Noncurrent assets:			
Capital assets:			
Non-depreciable	21,475	-	21,475
Depreciable, net	261,896	-	261,896
Total noncurrent assets	<u>283,371</u>	<u>-</u>	<u>283,371</u>
Total assets	<u>589,693</u>	<u>93,180</u>	<u>682,873</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	5,492	43,870	49,362
Unearned revenue	7,705	-	7,705
Total current liabilities	<u>13,197</u>	<u>43,870</u>	<u>57,067</u>
Total liabilities	<u>13,197</u>	<u>43,870</u>	<u>57,067</u>
<b>NET POSITION</b>			
Net investment in capital assets	283,371	-	283,371
Unrestricted	293,125	49,310	342,435
Total net position	<u>\$ 576,496</u>	<u>\$ 49,310</u>	<u>\$ 625,806</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, 2021

	<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	\$ 367,665	\$ 566,841	\$ 934,506
Total operating revenue	367,665	566,841	934,506
<b>OPERATING EXPENSES:</b>			
Personnel services	25,616	-	25,616
Operating expenses	236,112	529,925	766,037
Depreciation	18,963	-	18,963
Total operating expenses	280,691	529,925	810,616
<b>OPERATING INCOME</b>	<b>86,974</b>	<b>36,916</b>	<b>123,890</b>
<b>NONOPERATING REVENUE (EXPENSE)</b>			
Other, net	2,267	434	2,701
Total nonoperating revenues (expense)	2,267	434	2,701
<b>INCOME BEFORE TRANSFERS</b>	<b>89,241</b>	<b>37,350</b>	<b>126,591</b>
<b>TRANSFERS OUT</b>	<b>(55,000)</b>	<b>(10,000)</b>	<b>(65,000)</b>
<b>CHANGE IN NET POSITION</b>	<b>34,241</b>	<b>27,350</b>	<b>61,591</b>
<b>NET POSITION, beginning of year</b>	<b>542,255</b>	<b>21,960</b>	<b>564,215</b>
<b>NET POSITION, end of year</b>	<b>\$ 576,496</b>	<b>\$ 49,310</b>	<b>\$ 625,806</b>

**CITY OF FORT MEADE, FLORIDA**  
**COMBINING STATEMENT OF CASH FLOWS– NON-MAJOR ENTERPRISE FUNDS**  
for the year ended September 30, 2021

	<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	\$ 368,785	\$ 561,601	\$ 930,386
Payments to suppliers	(241,544)	(528,998)	(770,542)
Payments for salaries and benefits	(25,616)	-	(25,616)
Net cash flows from operating activities	<u>101,625</u>	<u>32,603</u>	<u>134,228</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfers to other funds	(55,000)	(10,000)	(65,000)
Net cash flows from noncapital financing activities	<u>(55,000)</u>	<u>(10,000)</u>	<u>(65,000)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Acquisition and construction of capital assets, net of related payables	(55,281)	-	(55,281)
Net cash flows from capital and related financing activities	<u>(55,281)</u>	<u>-</u>	<u>(55,281)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Other income	2,267	434	2,701
Net cash flows from investing activities	<u>2,267</u>	<u>434</u>	<u>2,701</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(6,389)	23,037	16,648
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>312,711</u>	<u>1,757</u>	<u>314,468</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 306,322</u>	<u>\$ 24,794</u>	<u>\$ 331,116</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ 86,974	\$ 36,916	\$ 123,890
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	18,963	-	18,963
(Increase) decrease in accounts receivable	-	(5,240)	(5,240)
Increase (decrease) in accounts payable	(5,432)	927	(4,505)
Increase (decrease) in unearned revenue	1,120	-	1,120
Net cash flows from operating activities	<u>101,625</u>	<u>32,603</u>	<u>134,228</u>
<b>As shown in the Accompanying Financial Statements</b>			
Equity in cash and investments	\$ 306,322	\$ 24,794	\$ 331,116
Restricted equity in cash and investments	-	-	-
<b>Total cash and cash equivalents</b>	<u>\$ 306,322</u>	<u>\$ 24,794</u>	<u>\$ 331,116</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, 2021

	<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	\$ 202,900	\$ 202,900	\$ 204,767	\$ 1,867
Intergovernmental revenue	750,000	750,000	-	(750,000)
Other	-	-	7,440	7,440
Total revenues	<u>952,900</u>	<u>952,900</u>	<u>212,207</u>	<u>(740,693)</u>
<b>EXPENDITURES:</b>				
Physical environment	189,027	189,027	174,526	14,501
Capital outlay	1,786,574	1,786,574	347,651	1,438,923
Debt service	175,739	175,739	8,332	167,407
Total expenditures	<u>2,151,340</u>	<u>2,151,340</u>	<u>530,509</u>	<u>1,620,831</u>
<b>EXCESS (DEFICIENCY) OF REVENUE</b>				
<b>OVER (UNDER) EXPENDITURES</b>	<u>(1,198,440)</u>	<u>(1,198,440)</u>	<u>(318,302)</u>	<u>880,138</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Loan proceeds	721,884	721,884	24,826	(697,058)
Total other financing sources (uses)	<u>721,884</u>	<u>721,884</u>	<u>24,826</u>	<u>(697,058)</u>
<b>NET CHANGE IN FUND BALANCE (*)</b>	<u>\$ (476,556)</u>	<u>\$ (476,556)</u>	<u>\$ (293,476)</u>	<u>\$ 183,080</u>

(\*) – budgeted expenditures in excess of budgeted revenue and other financing sources were funded by using prior year fund balance.

**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, 2021

	<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>				
Charges for services	\$ 242,800	\$ 242,800	\$ 241,109	\$ (1,691)
Other	-	-	417	417
Total revenues	<u>242,800</u>	<u>242,800</u>	<u>241,526</u>	<u>(1,274)</u>
<b>EXPENDITURES:</b>				
Public safety	230,289	230,289	204,638	25,651
Capital outlay	-	-	67,784	(67,784)
Debt service	28,335	28,335	28,334	1
Total expenditures	<u>258,624</u>	<u>258,624</u>	<u>300,756</u>	<u>(42,132)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>				
<b>OVER (UNDER) EXPENDITURES</b>	<u>(15,824)</u>	<u>(15,824)</u>	<u>(59,230)</u>	<u>(43,406)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Loan proceeds	-	-	34,397	34,397
Total other financing sources	<u>-</u>	<u>-</u>	<u>34,397</u>	<u>34,397</u>
<b>NET CHANGE IN FUND BALANCE (*)</b>	<u>\$ (15,824)</u>	<u>\$ (15,824)</u>	<u>\$ (24,833)</u>	<u>\$ (9,009)</u>

(\*) – budgeted expenditures in excess of budgeted revenue and other financing sources were funded by using prior year fund balance.

**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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 5, 2022.

**Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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.



May 5, 2022  
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, 2021. 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, 2021.

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.



May 5, 2022  
Sarasota, Florida

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## MANAGEMENT LETTER

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

### Report on the Financial Statements

We have audited the financial statements of the City of Fort Meade, Florida (the City) as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated May 5, 2022.

### 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 May 5, 2022, should be considered in conjunction with this management letter.

### Prior Audit Findings

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

### 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.

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

## MANAGEMENT LETTER

### Financial Condition and Management

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

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

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. In connection with our audit, we have one recommendation:

#### ■ 2021-1 Community Center Rental Agreement Fee Processing

During the audit, management brought to our attention several matters of concern regarding the Community Center. Based on our review of 10 rental agreements, we noted inconsistencies with the approved rate schedules. The most significant of which, was that the discounted rate approved by the City Commission through December 2020 was inadvertently continued through the remainder of the year, which resulted in an estimated revenue loss of \$12,000. We recommend that the City enhance its internal controls over the rental of the Community Center to ensure adherence to its policies and approved rate schedules.

### 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 have one finding:

#### ■ 2021-2 Budget Tracking and Amendment Process

The General Fund Finance and Historic Museum departments and the Fire Special Revenue Fund exceeded the final approved budget by \$13,090, \$3,901 and \$42,132, respectively, for the year ended September 30, 2021. While the original budget was properly submitted to the City Commission and approved, no subsequent budget amendments were made for unanticipated expenditures during the year. In accordance with Section 166.241(2) Florida Statutes, the "adopted budget must regulate expenditures of the municipality". We recommend management monitor the budget on a regular basis to ensure all expenditures are within the adopted budget and submit budget amendments for City Commission approval as necessary.

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

## MANAGEMENT LETTER

### **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.



May 5, 2022  
Sarasota, Florida



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## **OTHER INFORMATION**



# City of Fort Meade

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May 5, 2022

Auditor General's Office  
Local Government Audits/342  
Claude Pepper Building, Room 401  
111 West Madison St.  
Tallahassee, FL 32399-1450

RE: City of Fort Meade 10.550 Report

Dear Sir or Madam,

Pursuant to Auditor General Rule 10.558(1); please find written statement of explanation and corrective actions related to disclosures noted in internal control over financial reporting and management letter required by Chapter 10.550.

Recommendations to improve the local governmental entity's financial management accounting procedures and internal controls:

**1) 2021-1 Budget Tracking and Amendment Process**

- a) The General Fund Finance and Historic Museum departments and the Fire Special Revenue Fund exceeded the final approved budget by \$13,090, \$3,901, and \$42,132, respectively for the year ended September 30, 2021. While the original budget was properly submitted to the City Commission and approved, no subsequent budget amendments were made for unanticipated expenditures during the year.
- b) In accordance with Section 166.241(2) Florida Statutes, the "adopted budget must regulate expenditures of the municipality". We recommend management monitor the budget on a regular basis to ensure all expenditures are within the adopted budget and submit budget amendments for City Commission approval as necessary.

RESPONSE: The City acknowledges the absence of a budget amendment as required in state statute. Last year was an unprecedented year of change within the City administration. All but one executive position had personnel change, a new position was added, the organizational chart was redesigned, and the Finance Department was reorganized, splitting into two departments of Accounting and Customer Service. In addition to these organizational changes there were multiple confirmed cases of COVID and COVID exposure. These factors contributed to the City only performing a high level review of the final budget for the City as a whole instead of at the department level. For this fiscal year, the Comptroller is actively reviewing the detailed budgets and a budget amendment will be done to account for the variances from the original adopted budget.

1) **2021-2 Community Center Agreement Fee Processing**

- a) During the audit, management brought to our attention several matters of concern regarding the Community Center. Based on our review of 10 rental agreements, we noted inconsistencies with the approved rate schedules. The most significant of which, was that the discounted rate approved by the City Commission through December 2020 was inadvertently continued through the remainder of the year, which resulted in an estimated revenue loss of \$12,000.
- b) We recommend that the City enhance its internal controls over the rental of the Community Center to ensure adherence to its policies and approved rate schedules.

RESPONSE: The City appreciates the confirmation of irregularities concerning the rental of our Community Center. Before last fiscal year ended, the City had already enacted changes regarding the process of renting out both the Community Center and the Recreation Center. The rental process, including the collection of funds, is now centralized at the Customer Services Department. This change has provided oversight, separation of duties, and consistency for the entire rental process.

Please do not hesitate to contact me if you have any questions or require additional information.

Sincerely,



Jan A. Bagnall  
City Manager