CITY OF FORT MEADE, FLORIDA

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORTS
SEPTEMBER 30, 2023

CITY OF FORT MEADE, FLORIDA
PRINCIPAL CITY OFFICIALS

AS OF SEPTEMBER 30, 2023

CITY COMMISSION

Mayor, Commissioner
Robert Elliott

Vice Mayor, Commissioner
James Watts

Commissioner
James Possum Shaill

Commissioner
Barbara Arnold

Commissioner
Petrina McCutchen

APPOINTED OFFICIALS

City Manager
Jan Bagnall

City Attorney
Thomas A. Cloud

City of Fort Meade, Florida

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FINANCIAL SECTION

PURVIS GRAY

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fort Meade, Florida (the City) as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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

INDEPENDENT AUDITOR'S REPORT

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

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

INDEPENDENT AUDITOR'S REPORT

standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statement, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying stormwater special revenue fund budgetary comparison schedule and schedule of expenditures of state financial assistance, as required by Chapter 10.550, *Rules of the Auditor General* of the State of Florida, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the stormwater special revenue fund budgetary comparison schedule and schedule of expenditures of state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2024, 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.

Purvis Gray

June 6, 2024
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 2023 by $18,783,424 (net position) compared to $16,421,201 in the prior year. Of this amount, $3,968,979 (unrestricted net position) may be used to meet the City's ongoing obligations at the close of fiscal year 2023 compared to $4,044,697 in the prior year.
- The City's total net position increased by $2,362,223 or 14% during the year compared to $246,962 in the prior year. The net position for governmental activities increased by $456,802 or 6%, while the business-type activities' net position increased by $1,905,421 or 21%.
- Total combined revenues resulting from governmental activities and business-type activities increased $2,867,509 or 19% when compared to the prior year.
- Total combined expenses resulting from governmental activities and business-type activities increased $752,248 or 5% 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 $3,273,500 compared to $4,106,389 as of the prior year. Unassigned and assigned fund balance totaled $1,031,896 as of September 30, 2023, which is 19% of total governmental fund expenditures for the year ended September 30, 2023 compared to $1,946,382 as of the end of the prior year which represented 34% 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. Effective September 7, 2023 the City sold the mobile home park. See Note 6 of the notes to financial statements for more information on this sale. All information is presented utilizing the economic resources measurement focus and accrual basis of accounting. This method better matches revenues and expenses to the period in which the revenue is earned and the expense incurred.

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

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

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

Fund Financial Statements

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

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

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

The City maintains five separate governmental funds – the general fund, the community redevelopment agency (CRA) special revenue fund, the American Rescue Plan Act special revenue fund, the fire special revenue fund and the stormwater special revenue fund. The first four are considered major funds. Information is presented separately for the major funds in the balance sheet and the statement of revenues, expenditures and changes in fund balance of the governmental funds.

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. 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 $18,783,424. 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,

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Current and other assets	$ 4,470,407	$ 7,047,575	$ 8,317,283	$ 4,438,148	$ 12,787,690	$ 11,485,723
Capital assets	6,426,169	5,551,572	11,939,186	10,637,472	18,365,355	16,189,044
Total assets	10,896,576	12,599,147	20,256,469	15,075,620	31,153,045	27,674,767
Deferred outflows	671,304	735,931	346,847	342,464	1,018,151	1,078,395
Current liabilities	993,638	2,770,378	4,685,595	1,395,897	5,679,233	4,166,275
Non-current liabilities	2,569,067	2,990,862	4,945,578	4,933,580	7,514,645	7,924,442
Total liabilities	3,562,705	5,761,240	9,631,173	6,329,477	13,193,878	12,090,717
Deferred inflows	146,509	171,974	47,385	69,270	193,894	241,244
Net position:						
Net investment in capital assets	5,848,294	4,795,212	7,481,242	6,270,111	13,329,536	11,065,323
Restricted	1,091,336	949,015	393,573	362,166	1,484,909	1,311,181
Unrestricted	919,036	1,657,637	3,049,943	2,387,060	3,968,979	4,044,697
Total net position	$ 7,858,666	$ 7,401,864	$ 10,924,758	$ 9,019,337	$ 18,783,424	$ 16,421,201

On September 30, 2023 approximately 71% (67% as of September 30, 2022) of the City's net position reflects its investment in capital assets (land, buildings, improvements, infrastructure, vehicles and equipment) net of any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, this component of net position is not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Approximately 8% of the City's net position represents resources that are subject to external restrictions on how they may be used. That compares to 8% in the prior year. The remaining balance of unrestricted net position, $3,968,979 or 21% of the City's net position in 2023 may be used to meet the City's ongoing obligations to citizens and creditors. This is a decrease in unrestricted net position of $75,718 or 2% for the year.

Statement of Activities. The 2023 results of operations of the City of Fort Meade are presented in the statement of activities in a format that reports the net (expense) or revenues of its individual programs. The following table reflects a summary of the statement of activities compared to the prior year. The statement of activities can be found by referencing the table of contents of this report.

Statement of Activities (Summary)
For the year ended September 30,

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Revenues:						
Program Revenues:						
Charges for services	$ 877,948	$ 889,308	$ 9,516,206	$ 9,884,928	$ 10,394,154	$ 10,774,236
Operating grants/contrib.	265,240	82,635	-	-	265,240	82,635
Capital grants/contrib.	1,997,584	611,140	940,733	65,530	2,938,317	676,670
General revenues:						
Property taxes - General	1,069,866	1,076,459	-	-	1,069,866	1,076,459
Property taxes - CRA	433,760	319,058	-	-	433,760	319,058
Pub svc tax/franchise fees	656,060	762,684	-	-	656,060	762,684
Transportation fuel taxes	346,107	362,886	-	-	346,107	362,886
State shared revenue	812,141	920,393	-	-	812,141	920,393
Other	43,758	277,683	1,206,596	45,786	1,250,354	323,469
Total revenues	6,502,464	5,302,246	11,663,535	9,996,244	18,165,999	15,298,490
Expenses:						
Governmental activities:						
General government	1,749,298	1,599,091	-	-	1,749,298	1,599,091
Law enforcement	1,383,851	1,224,350	-	-	1,383,851	1,224,350
Fire control	453,166	386,222	-	-	453,166	386,222
Building inspections	129,146	109,036	-	-	129,146	109,036
Stormwater	253,381	342,059	-	-	253,381	342,059
Roads and streets	449,993	394,854	-	-	449,993	394,854
Library	235,748	281,987	-	-	235,748	281,987
Recreation	383,958	144,442	-	-	383,958	144,442
Parks	633,881	542,495	-	-	633,881	542,495
Community redevelopment	233,899	296,031	-	-	233,899	296,031
Interest on long-term debt	60,144	93,170	-	-	60,144	93,170
Business-type activities:						
Electric	-	-	6,043,273	6,680,762	6,043,273	6,680,762
Water	-	-	949,114	786,558	949,114	786,558
Sewer	-	-	1,672,245	1,286,607	1,672,245	1,286,607
Solid waste	-	-	645,313	552,934	645,313	552,934
Mobile home park	-	-	527,366	330,930	527,366	330,930
Total expenses	5,966,465	5,413,737	9,837,311	9,637,791	15,803,776	15,051,528
Increase (decrease) in net position before transfers	535,999	(111,491)	1,826,224	358,453	2,362,223	246,962
Transfers in (out)	(79,197)	615,203	79,197	(615,203)	-	-
Change in Net Position	456,802	503,712	1,905,421	(256,750)	2,362,223	246,962
Net position - Beginning	7,401,864	6,898,152	9,019,337	9,276,087	16,421,201	16,174,239
Net position - Ending	$ 7,858,666	$ 7,401,864	$ 10,924,758	$ 9,019,337	$ 18,783,424	$ 16,421,201

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 2023, governmental activities' net position increased by $456,802 compared to an increase of $503,712 in the prior year.

Overall, total revenues-governmental activities were up $1,200,218 or 23%, total expenses were up $552,728 or 10% and a $694,400 or 113% decrease in the net transfer from/to the business-type activities. Following are *significant* changes in the statement of activities from 2022 to 2023:

- Capital grants and contributions increased by $1,386,444 in 2023 compared to 2022 mainly due to the recognition of approximately $1,990,000 of American Rescue Plan Act State and Local Fiscal Recovery Fund grant revenue in 2023 compared to approximately $600,000 in 2022.
- Property taxes are up $108,109 or 8% in 2023 compared to 2022. The City's millage rate for 2023 was decreased to 8.0000 which is a 7% decrease compared to 2022. The taxable value of the real and personal property within the City increased by 12% from 2022 to 2023.
- Operating grants and contributions increased by approximately $182,000 or 221% mainly due to a $200,000 grant to the City in 2023, none of which was recognized in 2022.
- The remaining program and general revenues were down $476,940 or 15% for myriad reasons.
- The transfer from the business-type activities of $615,203 in 2022 decreased to a transfer to the business-type activities of $79,197 in 2023, a swing of $694,400. This was mainly due to a $563,000 increase in the transfer of American Rescue Plan Act grant funds to the business-type activities to pay for water and sewer project costs.

On the expense side:

- General government expenses increased by approximately $150,200 or 9% in 2023 compared to 2022 due to various reasons but of significance was an increase in payroll and payroll-related expenses of approximately $111,000 or 9% due to wage increases, additional staff and increased retirement and health care expenses.
- Law enforcement expenses increased by approximately $159,500 or 13% in 2023 compared to 2022 due to various reasons but of significance was an increase in pension expense of $134,000 (58%) due mainly to changes in the rate of return on plan investments in comparison to the long term expected rate of return.
- Recreation expenses increased by approximately $240,000 or 166% mainly due to $270,000 of noncapitalized planning expenses associated with the agricultural center at Peace River Park.
- Remaining program expenses increased by $3,500 or less than 1% in 2023 compared to 2022 due to a myriad of reasons across a broad category of functional expense accounts.

Business-type activities

Business-type activities experienced an increase in net position of $1,905,421 compared to a decrease of $256,750 in the prior year.

The main reasons for the improvement in the results of operations from 2022 to 2023 were as follows:

- Total revenue increased $1,667,291 or 17% from 2022 to 2023, and total expenses increased by $199,520 or 2% and net transfers decreased by $694,400 or 113%.
- Capital grants and contribution revenue increased by approximately $875,203 or 1336% mainly due to a $886,000 increase in sewer grants and impact fees in 2023 compared to 2022.
- Other revenue increased by approximately $1,160,810 or 2535% mainly due to an increased gain on the sale of capital assets of $1,110,400. The increased gain is due to the partial recognition of the gain on the sale of the City's mobile home park which was effective on September 7, 2023.
- Total expenses increased by approximately $199,520 or 2% mainly due to the following:
    - The expenses of the electric function decreased by $637,500 or 10% for various reasons but of significance was a $368,700 or 4% decrease in the purchased power expenses due mainly to decreased energy costs.
    - The expenses of the sewer function increased by approximately $385,600 or 30% due to an increase of $170,080 (280%) in the internal service charge allocation from the governmental activities and an approximate increase in nonoperating expenses of $200,000 due to noncapitalized project feasibility expenses incurred in 2023.
    - The expenses of the mobile home park function increased by approximately $254,935 or 19% due to the recognition of certain expenses related to the sale of the mobile home park.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

At the end of the current fiscal year, the City's governmental funds reported a combined fund balance of $3,273,500. Of this amount, $509,715 or 16% is non-spendable, $1,731,889 or 53% is legally restricted for specific purposes, $262,075 or 8% is assigned for the subsequent year budget and $769,821 or 23% 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 and assigned fund balance of the general fund totaled $1,031,896, and total fund balance was $1,551,735. This represents 19% (43% in prior year) and 29% (55% in prior year) respectively, of total general fund expenditures for the year ended September 30, 2023.

In the General Fund, the change in fund balance for the year declined from an increase of $374,462 in 2022 to a decrease of $939,773, a deterioration of $1,314,235. Following is a summary of the changes from 2022 to 2023:

- Total revenue decreased by $336,172 or 9% in 2023 compared to 2022 for a variety of reasons. The following are the significant revenue changes from the prior year.
    - Taxes revenue in 2023 decreased by $119,338 or 6% compared to 2022. This is mainly due to a decline in the electric utility service tax of approximately $135,000 or 30% due to decreased electricity sales as a result of declining power cost expenses which reduces the amounts charged to customers.
    - Intergovernmental revenue increased by $82,596 or 8% due mainly to a $200,000 grant received in 2023 that was partially offset by declines in various other intergovernmental revenues.
    - Other revenue decreased by $270,586 or 84% due to the proceeds from the sale of general capital assets of $248,060 in 2022 that did not recur in 2023.
    - Remaining revenue categories decreased by $28,844 or 8%.
- Expenditures increased by $794,910 or 18%. The following are the significant revenue changes from the prior year.
    - General government expenditures increased by $158,828 or 11% mainly due to an increase in personnel costs of $61,520 or 7%.
    - Culture/recreation expenditures increased by $257,156 or 32% mainly due mainly due to $270,000 of planning expenditures associated with the agricultural center at Peace River Park.
    - Debt service expenditures increased by $307,509 or 150% due to the payoff of long-term debt in 2023.
    - The remainder of the increase was due to a myriad of changes throughout the functional expenditure categories.
- Other financing sources, net of other financing uses, decreased by $183,153 or less than 17% due to lower transfers into the general fund in 2023 compared to 2022.

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

At year end, total fund balance in the CRA Fund totaled $1,242,615 compared to $1,138,565 at the end of the prior year.

- Revenues were $319,247 in 2022 and $440,858 in 2023. This increase was due to increased property values within the CRA district.
- Expenditures were $442,341 in 2022 and $336,808 in 2023. This decrease was mainly due to a decrease in façade grants of approximately $100,000.

The American Rescue Plan Act Special Revenue Fund – This was a new special revenue fund established in 2022 to account for the uses of the American Rescue Plan Act State and Local Government Fiscal Recovery funds. Revenue increased by $1,389,046 as the City incurred more costs funded by this grant revenue in 2023 compared to 2022. This is directly correlated to the increase in expenditure and transfers to the enterprise funds. The transfers to the enterprise funds were made to pay for allowable costs incurred in the water and sewer enterprise funds.

Fire Services Special Revenue Fund – This fund was reported as a nonmajor fund in 2022 and as a major fund in 2023. The most significant change in this fund's activity in 2023 was the purchase of two fire vehicles for a total of $1,053,000 that was funded by American Rescue Plan Act grant funds which are reported as a transfer into this fund in 2023.

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 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 2022 to 2023, by major fund:

- In the electric fund, the change in net position improved from a decrease of $663,083 in 2022 to a decrease of $604,942 in 2023, an improvement of $58,141 mainly due to decreased operating income in 2023 that was more than offset by a $242,861 reduction in interfund transfers. Operating revenues decreased by 12% and operating expenses decreased by 10%. The electric fund transferred $960,206 to the general fund in 2022 and $717,345 in 2023.
- In the water fund, the change in net position improved from a increase of $208,424 in 2022 to an increase of $711,037 in 2023, an improvement of $502,613. Charges for services increased by $216,786 or 27% and operating expenses increased by $188,722 or 25%. The water fund received a transfer of $140,108 in 2022 from the American Rescue Plan Act special revenue fund and $577,438 in 2023.
- In the sewer fund, the change in net position improved from an increase of $202,104 in 2022 to an increase of $857,471 in 2023, an improvement of $655,367. Charges for services increased by $116,262 or 10% and operating expenses increased $179,958 or 15%. The sewer fund received a transfer of $202,104 in 2022 from the American Rescue Plan Act special revenue fund and $304,673 in 2023. The sewer fund received capital grants in 2022 of $266,922 which increased to $900,413 in 2023 due to an increase in grant-funded sewer projects.
- The mobile home park fund was reported as a nonmajor fund in 2022 and as a major fund in 2023 mainly due to the sale of the mobile home park which resulted in the partial realization of the gain on the sale of $1,100,000 in 2023. Because of the amounts and terms of this sale the City is accounting for this sale using the installment method as required by GASB Cod. Sec R30. The installment method apportions each cash receipt between cost recovered and gain at the same ratio as total cost and total gain bear to the sales value. See Note 6 of the notes to the financial statements for more information on this sale.

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

The three pension plans reported $6,932,091 of net position restricted for pension benefits on September 30, 2023. This is an increase of $391,506 or 6% for the year. The combined funds reported net investment income of $546,193 for 2023 compared to a negative $1,029,299 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 2023 general fund budget anticipated an increase in fund balance of $0 as budgeted expenditures were equal to budgeted revenues and other financing sources. The original budget was amended as actual revenue and expenditures differed from the original budget estimates. The budget amendment decreased budgeted revenue by $1,359,965, decreased other financing sources by $290,664 and decreased budgeted expenditures by $264,819 resulting in an amended anticipated decrease in fund balance of $1,385,810.

Actual results for 2023 decreased fund balance by $939,773 which was $446,037 better than the anticipated change in fund balance of $1,385,810 discussed above. Actual revenues came in $296,574 or 9% more than the amended budget amounts. Expenditures came in $150,847 or 3% less than budgeted amounts, spread across all departments. Other financing sources, net with other financing uses, came in $1,384 or < 1% lower than budgeted amounts due to lower than anticipated insurance recoveries.

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, 2023, totals $18,365,355 (net of accumulated depreciation), an increase of approximately $2,176,311 (13%) for the current year. Following is a schedule of capital assets at the end of the current and prior year:

Capital Assets Activity

(net of accumulated depreciation)

as of September 30,

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Land	$ 993,732	$ 794,008	$ 334,974	$ 345,838	$ 1,328,706	$ 1,139,846
Buildings and improvements	1,222,670	1,311,131	8,013,880	8,378,217	9,236,550	9,689,348
Right to use leased equipment	16,032	27,291	-	-	16,032	27,291
Equipment	2,126,779	1,239,699	1,388,600	1,344,541	3,515,379	2,584,240
Infrastructure	2,002,462	2,126,981	-	-	2,002,462	2,126,981
Construction in progress	64,494	52,462	2,201,732	568,876	2,266,226	621,338
Total	$ 6,426,169	$ 5,551,572	$ 11,939,186	$ 10,637,472	$ 18,365,355	$ 16,189,044

Additional information on the City's capital assets 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.

Outstanding Debt. At the end of the year, the City had total outstanding debt of $5,821,027 (excluding accrued compensated absences, other postemployment liability, leases payable and net pension liabilities) compared to $6,492,519 at the previous year end, a decrease of $671,492 or 10% due to $145,799 of new borrowing that was more than offset by principal payments of $817,291. The following is a summary of the outstanding debt:

Outstanding Debt

as of September 30,

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Revenue notes	$ 1,458,152	$ 1,611,572	$ 3,913,663	$ 3,885,141	$ 5,371,815	$ 5,496,713
Other long-term debt	60,352	456,470	388,860	539,336	449,212	995,806
Total	$ 1,518,504	$ 2,068,042	$ 4,302,523	$ 4,424,477	$ 5,821,027	$ 6,492,519

Additional information on the City's debt can be found in Note 9 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 2024 fiscal year:

- The City's millage rate in effect for the fiscal year ending September 30, 2024 remained constant at 8.0000.
- The taxable property value of real and personal property within the City increased by 10% and, when combined with the steady millage rate results in expected to increase ad valorem revenue for the year ended September 30, 2024 by $382,914 to $1,886,540.

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, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Equity in pooled cash and cash equivalents	$ 1,013,719	$ 2,235,408	$ 3,249,127
Receivables, current:			
Customer accounts, net	39,948	1,143,425	1,183,373
Intergovernmental	95,316	328,655	423,971
Franchise and public service taxes	21,720	-	21,720
Other	16,798	-	16,798
Inventory and prepaids	2,663	554,781	557,444
Internal balances	507,052	(507,052)	-
Restricted assets:			
Equity in pooled cash and cash equivalents	2,577,193	924,566	3,501,759
Note receivable, noncurrent	-	3,637,500	3,637,500
Net pension asset	195,998	-	195,998
Capital assets:			
Non-depreciable	1,058,226	2,536,706	3,594,932
Depreciable, net	5,367,943	9,402,480	14,770,423
TOTAL ASSETS	10,896,576	20,256,469	31,153,045
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	671,304	346,847	1,018,151
TOTAL DEFERRED OUTFLOWS OF RESOURCES	671,304	346,847	1,018,151
LIABILITIES			
Accounts payable and accrued expenses	377,372	480,668	858,040
Construction costs payable	42,376	197,932	240,308
Accrued wages	25,276	16,845	42,121
Due to other governments	721	-	721
Unearned revenue	546,015	3,450,096	3,996,111
Accrued interest payable	1,878	18,446	20,324
Customer deposits	-	521,608	521,608
Long-term obligations:			
Due within one year	201,333	245,742	447,075
Due in more than one year	2,367,734	4,699,836	7,067,570
TOTAL LIABILITIES	3,562,705	9,631,173	13,193,878
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	146,509	47,385	193,894
NET POSITION			
Net investment in capital assets	5,848,294	7,481,242	13,329,536
Restricted for:			
Debt service	8,246	9,993	18,239
Pension benefits	281,495	-	281,495
Community Center Complex project	79,830	-	79,830
Community redevelopment	242,615	-	242,615
Stormwater management	455,135	-	455,135
Fire services	24,015	-	24,015
Water and sewer system improvements	-	383,580	383,580
Unrestricted	919,036	3,049,943	3,968,979
TOTAL NET POSITION	$ 7,858,666	$ 10,924,758	$ 18,783,424

CITY OF FORT MEADE, FLORIDA
STATEMENT OF ACTIVITIES
For the year ended September 30, 2023

FUNCTIONS/PROGRAMS	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grant and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-Type Activities	Net (Expense) Revenue and Changes in Net Position: Total
PRIMARY GOVERNMENT:							
Governmental activities:							
General government	$ 1,749,298	$ 61,571	$ 1,445	$ 988,435	$ (697,847)	$ -	$ (697,847)
Law enforcement	1,383,851	79,318	-	-	(1,304,533)	-	(1,304,533)
Fire control	453,166	385,339	-	1,009,149	941,322	-	941,322
Building inspections	129,146	119,360	-	-	(9,786)	-	(9,786)
Stormwater	253,381	215,998	830	-	(36,553)	-	(36,553)
Roads and streets	449,993	-	14,284	-	(435,709)	-	(435,709)
Library	235,748	12,532	48,681	-	(174,535)	-	(174,535)
Recreation	383,958	595	200,000	-	(183,363)	-	(183,363)
Parks	633,881	3,235	-	-	(630,646)	-	(630,646)
Community redevelopment	233,899	-	-	-	(233,899)	-	(233,899)
Interest on long-term debt	60,144	-	-	-	(60,144)	-	(60,144)
Total governmental activities	5,966,465	877,948	265,240	1,997,584	(2,825,693)	-	(2,825,693)
Business-type activities							
Electric	6,043,273	6,131,918	-	-	-	88,645	88,645
Water	949,114	1,019,655	-	13,300	-	83,841	83,841
Sewer	1,672,245	1,293,838	-	927,433	-	549,026	549,026
Mobile home park	527,366	432,278	-	-	-	(95,088)	(95,088)
Solid waste	645,313	638,517	-	-	-	(6,796)	(6,796)
Total business-type activities	9,837,311	9,516,206	-	940,733	-	619,628	619,628
TOTAL PRIMARY GOVERNMENT	$ 15,803,776	$ 10,394,154	$ 265,240	$ 2,938,317	(2,825,693)	619,628	(2,206,065)
GENERAL REVENUES							
Taxes:							
Property taxes, levied for general purposes					1,069,866	-	1,069,866
Property taxes, levied for community redevelopment purposes					433,760	-	433,760
Public service taxes and franchise fees					656,060	-	656,060
Fuel taxes levied for transportation purposes					346,107	-	346,107
State shared revenue					812,141	-	812,141
Investment earnings					7,833	12,127	19,960
Miscellaneous					12,450	83,729	96,179
Gain on disposal of capital assets					23,475	1,110,740	1,134,215
TRANSFERS					(79,197)	79,197	-
Total general revenues and transfers					3,282,495	1,285,793	4,568,288
CHANGE IN NET POSITION					456,802	1,905,421	2,362,223
NET POSITION, beginning of year					7,401,864	9,019,337	16,421,201
NET POSITION, end of year					$ 7,858,666	$ 10,924,758	$ 18,783,424

CITY OF FORT MEADE, FLORIDA
BALANCE SHEET – GOVERNMENTAL FUNDS
September 30, 2023

	General Fund	Community Redevelopment Agency	American Rescue Plan Act Special Revenue Fund	Fire Fund	*[Non-Major]* Stormwater Fund	Total
ASSETS						
Equity in pooled cash and cash equivalents	$ 1,013,719	$ 1,248,655	$ 810,686	$ 48,862	$ 458,866	$ 3,580,788
Receivables, net:						
Customer accounts, net	39,454	494	-	-	-	39,948
Intergovernmental	84,300	-	-	9,149	1,867	95,316
Franchise and public service taxes	21,720	-	-	-	-	21,720
Other	16,798	-	-	-	-	16,798
Inventory	2,663	-	-	-	-	2,663
Advances to other funds	507,052	-	-	-	-	507,052
Restricted assets:						
Equity in pooled cash and cash equivalents	10,124	-	-	-	-	10,124
TOTAL ASSETS	$ 1,695,830	$ 1,249,149	$ 810,686	$ 58,011	$ 460,733	$ 4,274,409
LIABILITIES						
Accounts payable	121,471	6,534	222,295	23,319	3,753	377,372
Construction costs payable	-	-	42,376	-	-	42,376
Accrued wages and benefits	21,903	-	-	1,528	1,845	25,276
Due to other governments	721	-	-	-	-	721
Unearned revenue	-	-	546,015	-	-	546,015
TOTAL LIABILITIES	144,095	6,534	810,686	24,847	5,598	991,760
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	-	-	-	9,149	-	9,149
FUND BALANCE						
Nonspendable:						
Inventory	2,663	-	-	-	-	2,663
Interfund balances	507,052	-	-	-	-	507,052
Restricted for:						
Debt service	10,124	-	-	-	-	10,124
Community Center Complex project	-	1,000,000	-	-	-	1,000,000
Community redevelopment	-	242,615	-	-	-	242,615
Stormwater management	-	-	-	-	455,135	455,135
Fire services	-	-	-	24,015	-	24,015
Assigned to:						
Subsequent year budget	262,075	-	-	-	-	262,075
Unassigned	769,821	-	-	-	-	769,821
TOTAL FUND BALANCES	1,551,735	1,242,615	-	24,015	455,135	3,273,500
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	$ 1,695,830	$ 1,249,149	$ 810,686	$ 58,011	$ 460,733	$ 4,274,409

CITY OF FORT MEADE, FLORIDA
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
September 30, 2023

Amounts reported for governmental activities in the statement of net position are different because:		
FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	$	3,273,500
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		6,426,169
Revenues not received within the "availability" period are deferred at the fund level and recognized in the statement of activities		9,149
The net pension asset is not a current financial resource and therefore is not reported as an asset in governmental funds.		195,998
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.		671,304
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.		(146,509)
Interest payable on long-term debt does not require current financial resources and therefore, is not reported as a liability in the governmental funds.		(1,878)
Long-term liabilities (including bonds, notes and leases payable, compensated absences liability, other postemployment benefits liability and net pension liabilities) are not due and payable in the current period and, therefore are not reported in the governmental funds.		
This is the amount of the long-term liabilities.		(2,569,067)
NET POSITION OF GOVERNMENTAL ACTIVITIES	$	7,858,666

CITY OF FORT MEADE, FLORIDA

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

For the year ended September 30, 2023

	General Fund	Community Redevelopment Agency	American Rescue Plan Act Special Revenue Fund	Fire Fund	*[Non-Major]* Stormwater Fund	Total
REVENUES:						
Taxes	$ 1,975,970	$ 433,760	$ -	$ -	$ -	$ 2,409,730
Licenses, permits and special assessments	236,733	-	-	-	215,998	452,731
Intergovernmental revenue	1,076,674	-	1,988,436	-	-	3,065,110
Charges for services	16,381	-	-	385,339	-	401,720
Fines and forfeitures	100,827	-	-	-	-	100,827
Other	52,149	7,098	-	-	499	59,746
Total revenues	3,458,734	440,858	1,988,436	385,339	216,497	6,489,864
EXPENDITURES:						
Current:						
General government	1,567,836	-	-	-	-	1,567,836
Public safety	1,473,569	-	-	339,719	-	1,813,288
Physical environment	-	-	-	-	137,618	137,618
Economic environment	-	214,617	-	-	-	214,617
Transportation	292,473	-	-	-	-	292,473
Culture/recreation	1,055,842	-	-	-	-	1,055,842
Capital outlay	391,300	37,318	15,191	1,089,862	9,083	1,542,754
Debt service						
Interest and issuance costs	31,672	26,423	-	2,302	1,543	61,940
Principal	482,482	58,450	-	6,672	13,033	560,637
Total expenditures	5,295,174	336,808	15,191	1,438,555	161,277	7,247,005
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,836,440)	104,050	1,973,245	(1,053,216)	55,220	(757,141)
OTHER FINANCING SOURCES:						
Transfers in	894,048	-	-	1,000,000	-	1,894,048
Transfers (out)	-	-	(1,973,245)	-	-	(1,973,245)
Insurance recoveries	2,619	-	-	-	830	3,449
TOTAL OTHER FINANCING SOURCES	896,667	-	(1,973,245)	1,000,000	830	(75,748)
NET CHANGE IN FUND BALANCE	(939,773)	104,050	-	(53,216)	56,050	(832,889)
FUND BALANCE, beginning of year	2,491,508	1,138,565	-	77,231	399,085	4,106,389
FUND BALANCE, end of year	$ 1,551,735	$ 1,242,615	$ -	$ 24,015	$ 455,135	$ 3,273,500

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, 2023

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	$ (832,889)
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.	1,441,226
This is the amount of depreciation recorded in the current period.	(566,629)
Revenue not received within the "availability" period are not reported as revenues at the fund level and are recognized as revenue in the statement of activities.	
This represents the change caused by the "availability" criterion	9,149
Long-term obligations including bonds and notes payable, leases 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.	549,538
This is the repayment of leases payable	11,099
This is the change in accrued interest payable on long-term debt.	1,796
This is the change in accrued compensated absences during the year.	2,712
This is the change in the total OPEB liability during the year.	(10,415)
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.	25,465
This amount represents the change in deferred outflows related to pensions.	(64,627)
This amount represents the change in the net pension asset.	21,516
This amount represents the change in the net pension liability.	(131,139)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 456,802

CITY OF FORT MEADE, FLORIDA
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
September 30, 2023

	Business Type Activities - Enterprise Funds					
	Electric Fund	Water Fund	Sewer Fund	Mobile Home Park Fund	*[Non-Major]* Solid Waste Fund	Total
ASSETS						
Current assets:						
Equity in pooled cash and cash equivalents	$ 343,656	$ 396,832	$ 258,771	$ 1,195,242	$ 40,907	$ 2,235,408
Receivables:						
Customers, net	731,701	171,576	181,278	2,072	56,798	1,143,425
Intergovernmental and other	77	-	317,217	11,361	-	328,655
Inventory and prepaids	334,530	78,402	6,730	135,119	-	554,781
Total current assets	1,409,964	646,810	763,996	1,343,794	97,705	4,262,269
Noncurrent assets:						
Restricted assets:						
Equity in pooled cash and cash equivalents	375,254	236,320	312,992	-	-	924,566
Note receivable	-	-	-	3,637,500	-	3,637,500
Capital assets:						
Non-depreciable	116,963	790,545	1,629,198	-	-	2,536,706
Depreciable, net	3,106,724	1,602,552	4,693,204	-	-	9,402,480
Total noncurrent assets	3,598,941	2,629,417	6,635,394	3,637,500	-	16,501,252
Total assets	5,008,905	3,276,227	7,399,390	4,981,294	97,705	20,763,521
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows related to pensions	175,878	78,528	92,441	-	-	346,847
Total deferred outflows of resources	175,878	78,528	92,441	-	-	346,847
LIABILITIES						
Current liabilities:						
Accounts payable	371,858	20,445	22,928	9,259	56,178	480,668
Construction costs payable	-	-	197,932	-	-	197,932
Accrued wages	9,937	4,117	2,791	-	-	16,845
Unearned revenue	-	-	-	3,450,096	-	3,450,096
Other postemployment benefit liability	1,872	778	967	-	-	3,617
Bonds and notes payable, current	47,814	33,626	160,685	-	-	242,125
Total current liabilities	431,481	58,966	385,303	3,459,355	56,178	4,391,283
Noncurrent liabilities:						
Liabilities payable from restricted assets:						
Customer deposits	375,254	94,165	52,189	-	-	521,608
Interest payable	687	2,180	15,579	-	-	18,446
Advances from other funds	-	166,316	340,736	-	-	507,052
Compensated absences	18,212	17,132	17,647	-	-	52,991
Other postemployment benefit liability	35,570	14,788	18,367	-	-	68,725
Net pension liability	262,525	117,215	137,982	-	-	517,722
Bonds and notes payable, noncurrent portion	-	995,904	3,064,494	-	-	4,060,398
Total noncurrent liabilities	692,248	1,407,700	3,646,994	-	-	5,746,942
Total liabilities	1,123,729	1,466,666	4,032,297	3,459,355	56,178	10,138,225
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to pensions	24,028	10,728	12,629	-	-	47,385
NET POSITION						
Net investment in capital assets	3,175,873	1,406,078	2,899,291	-	-	7,481,242
Restricted for:						
Debt retirement	-	2,802	7,191	-	-	9,993
Utility system improvements (expendable)	-	137,173	246,407	-	-	383,580
Unrestricted	861,153	331,308	294,016	1,521,939	41,527	3,049,943
Total net position	$ 4,037,026	$ 1,877,361	$ 3,446,905	$ 1,521,939	$ 41,527	$ 10,924,758

CITY OF FORT MEADE, FLORIDA

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

For the year ended September 30, 2023

	Business-type Activities - Enterprise Funds					
	Electric Fund	Water Fund	Sewer Fund	Mobile Home Park Fund	*[Non-Major]* Solid Waste Fund	Total
OPERATING REVENUES:						
Charges for services	$ 6,131,918	$ 1,019,655	$ 1,293,838	$ 432,278	$ 638,517	$ 9,516,206
Total operating revenue	6,131,918	1,019,655	1,293,838	432,278	638,517	9,516,206
OPERATING EXPENSES:						
Personnel services	762,936	342,234	307,532	39,879	-	1,452,581
Purchased power	4,286,346	-	-	-	-	4,286,346
Operating expenses	733,796	494,159	671,082	463,059	645,313	3,007,409
Depreciation	257,124	100,377	389,712	24,428	-	771,641
Total operating expenses	6,040,202	936,770	1,368,326	527,366	645,313	9,517,977
OPERATING INCOME (LOSS)	91,716	82,885	(74,488)	(95,088)	(6,796)	(1,771)
NONOPERATING REVENUE (EXPENSE)						
Investment income (loss)	148	229	275	11,475	-	12,127
Interest expense	(3,071)	(26,949)	(103,742)	-	-	(133,762)
Gain on disposal of property	780	-	8,997	1,100,963	-	1,110,740
Contribution from, (to) joint venture	-	14,605	-	-	-	14,605
Other, net	22,830	55,029	(200,177)	5,850	20	(116,448)
Total nonoperating revenues (expense)	20,687	42,914	(294,647)	1,118,288	20	887,262
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	112,403	125,799	(369,135)	1,023,200	(6,776)	885,491
CAPITAL CONTRIBUTIONS						
Capital grants and contributions	-	-	900,413	-	-	900,413
Impact fees	-	13,300	27,020	-	-	40,320
Total capital contributions	-	13,300	927,433	-	-	940,733
TRANSFERS IN (OUT)	(717,345)	571,938	299,173	(65,406)	(9,163)	79,197
CHANGE IN NET POSITION	(604,942)	711,037	857,471	957,794	(15,939)	1,905,421
NET POSITION, beginning of year	4,641,968	1,166,324	2,589,434	564,145	57,466	9,019,337
NET POSITION, end of year	$ 4,037,026	$ 1,877,361	$ 3,446,905	$ 1,521,939	$ 41,527	$ 10,924,758

CITY OF FORT MEADE, FLORIDA
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
For the year ended September 30, 2023

	Business Type Activities - Enterprise Funds					
					[Non-Major]	
	Electric Fund	Water Fund	Sewer Fund	Mobile Home Park Fund	Solid Waste Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:						
Receipts from customers	$ 6,821,509	$ 955,387	$ 1,275,363	$ 425,836	$ 632,424	$ 10,110,519
Payments to suppliers	(5,310,323)	(558,197)	(730,739)	(460,271)	(635,636)	(7,695,166)
Payments for salaries and benefits	(708,383)	(319,077)	(287,343)	(39,956)	-	(1,354,759)
Other cash payments	-	-	(200,177)	-	-	(200,177)
Net cash flows from operating activities	802,803	78,113	57,104	(74,391)	(3,212)	860,417
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Transfers (to) from other funds	(717,345)	571,938	299,173	(65,406)	(9,163)	79,197
Payment of interfund borrowings	-	-	(21,297)	-	-	(21,297)
Increase (decrease) in deposits	(5,208)	2,360	2,221	-	-	(627)
Net cash flows from noncapital financing activities	(722,553)	574,298	280,097	(65,406)	(9,163)	57,273
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Acquisition and construction of capital assets, net of related payables	(314,804)	(636,793)	(1,164,701)	-	-	(2,116,298)
Loan proceeds	-	-	145,799	-	-	145,799
Principal paid on notes, bonds and lease obligations	(59,989)	(32,757)	(160,402)	-	-	(253,148)
Interest paid on borrowings and other debt costs	(3,739)	(27,021)	(97,884)	-	-	(128,644)
Proceeds from the sale of assets, net of closing costs	780	-	-	1,028,312	-	1,029,092
Capital contributions received, including impact fees, net of change in related receivables	-	13,300	610,216	-	-	623,516
Net cash flows from capital and related financing activities	(377,752)	(683,271)	(666,972)	1,028,312	-	(699,683)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest on invested funds	148	229	275	114	-	766
Other income	22,830	55,029	-	5,850	20	83,729
Net cash flows from investing activities	22,978	55,258	275	5,964	20	84,495
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(274,524)	24,398	(329,496)	894,479	(12,355)	302,502
CASH AND CASH EQUIVALENTS, beginning of year	993,434	608,754	901,259	300,763	53,262	2,857,472
CASH AND CASH EQUIVALENTS, end of year	$ 718,910	$ 633,152	$ 571,763	$ 1,195,242	$ 40,907	$ 3,159,974

Continued…

CITY OF FORT MEADE, FLORIDA
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (concluded)
For the year ended September 30, 2023

	Business Type Activities - Enterprise Funds					
	Electric Fund	Water Fund	Sewer Fund	Mobile Home Park Fund	*[Non-Major]* Solid Waste Fund	Total
As shown in the Accompanying Financial Statements						
Equity in pooled cash and cash equivalents	$ 343,656	$ 396,832	$ 258,771	$ 1,195,242	$ 40,907	$ 2,235,408
Restricted equity in pooled cash and cash equivalents	375,254	236,320	312,992	-	-	924,566
Total cash and cash equivalents	$ 718,910	$ 633,152	$ 571,763	$ 1,195,242	$ 40,907	$ 3,159,974
Noncash financing and investing activities:						
Joint venture loan guarantee return	$ -	$ (14,605)	$ -	$ -	$ -	$ -
Reconciliation of operating income (loss) to net cash flows from operating activities:						
Operating income (loss)	$ 91,716	$ 82,885	$ (74,488)	$ (95,088)	$ (6,796)	$ (1,771)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:						
Depreciation expense	257,124	100,377	389,712	24,428	-	771,641
Nonoperating revenue (expense) reported as operating cash flow	-	-	(200,177)	-	-	(200,177)
(Increase) decrease in inventory and prepaids	(43,868)	(6,836)	(2,728)	-	-	(53,432)
(Increase) decrease in accounts receivable	689,668	(64,268)	(18,475)	(2,072)	(6,093)	598,760
(Increase) decrease in amounts due from other governments	(77)	-	-	-	-	(77)
Increase (decrease) in accounts payable	(246,313)	(57,202)	(56,929)	2,788	9,677	(347,979)
Increase (decrease) in unearned revenue	-	-	-	(4,370)	-	(4,370)
Increase (decrease) in accrued wages and compensated absences	345	(275)	(4,764)	(77)	-	(4,771)
(Increase) decrease in deferred outflows related to pensions	(7,246)	(891)	3,754	-	-	(4,383)
Increase (decrease) in deferred inflows related to pensions	(10,081)	(4,976)	(6,828)	-	-	(21,885)
Increase (decrease) in net pension liability	62,523	25,136	23,892	-	-	111,551
Increase (decrease) in other postemployment benefit liability	9,012	4,163	4,135	-	-	17,310
Net cash flows from operating activities	$ 802,803	$ 78,113	$ 57,104	$ (74,391)	$ (3,212)	$ 860,417

CITY OF FORT MEADE, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
September 30, 2023

	Pension Trust Funds	Custodial Fund
ASSETS		
Equity in pooled cash and cash equivalents	$ -	$ 36,352
Receivables, net		
City	27,294	-
Investments, at fair value:		
Cash and short-term money market funds	96,833	-
Fixed income investment pools	1,950,494	-
Equity investment pools	3,983,987	-
Real estate investment pool	885,330	-
Total investments	6,916,644	-
Total assets	6,943,938	36,352
LIABILITIES		
Accounts payable	11,847	-
Due to other governments	-	36,352
Total Liabilities	11,847	36,352
NET POSITION		
Restricted for pension benefits	$ 6,932,091	$ -

CITY OF FORT MEADE, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS
For the year ended September 30, 2023

	Pension Trust Funds	Custodial Fund
ADDITIONS		
Contributions:		
City	$ 370,388	$ -
Fees collected on behalf of other governments	-	165,199
Total contributions	370,388	165,199
Investment income:		
Investment income	559,987	-
Less investment expenses	(13,794)	-
Net investment income	546,193	-
Total additions	916,581	165,199
DEDUCTIONS		
Administrative expenses:		
Legal	8,101	-
Actuarial	45,726	-
Travel, training and other	20,160	-
Total administrative expenses	73,987	-
Payments to retirees and participants	451,088	-
Remittance of fees to other governments	-	165,199
Total deductions	525,075	165,199
CHANGE IN NET POSITION	391,506	-
NET POSITION, beginning of year	6,540,585	-
NET POSITION, end of year	$ 6,932,091	$ -

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 until sold on September 6, 2023, operated a mobile home park.

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

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

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

B. BASIS OF PRESENTATION

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

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

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

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

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

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

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

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

Reported as Major Governmental Funds:

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

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

Reported as Non-Major Governmental Funds:

- **Stormwater Fund** is used to account for the operations associated with the collection and distribution of stormwater.

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.

- **Mobile Home Park Fund** is used to account for the operations associated with the City-owned mobile home park. The City sold the mobile home park during the fiscal year ending September 30, 2023. See Note 6 for more information on this sale.

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.

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 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, 2023, the allowance for doubtful accounts was zero for the governmental activities and totaled $122,704 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 $440,780 as of September 30, 2023.

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 leased 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 was recognized when earned. Effective September 6, 2023, the mobile home park was sold. See Note 6 for more information on this sale.

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:

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

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

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

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

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

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

The City has two items that qualify for reporting as deferred inflows of resources. The first item of deferred inflows of resources is reported in the governmental funds balance sheet and represents unavailable revenues that were not received within 60 days of year-end. This type of deferred inflows only arises under the modified accrual basis of accounting. The second item is the deferred inflows related to pensions. The deferred inflows related to pensions is an aggregate of items related to pensions as calculated in accordance with GASB Cod. Sec. P20 and will be recognized as a reduction to pension expense in future reporting years.

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

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

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

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

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

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

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

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

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

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.

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

- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

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

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

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

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

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

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

EQUITY CLASSIFICATIONS -

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

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

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

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

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

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

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

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

Committed — This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Commission. These amounts cannot be used for any other purpose unless the City Commission removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The City did not have any committed resources as of September 30, 2023.

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 reports amounts appropriated in the subsequent year budget as assigned fund balance.

Unassigned — all other spendable amounts.

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

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

NOTE 2 - PROPERTY TAX CALENDAR

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the Polk County Property Appraiser and the Polk County Tax Collector. The laws of the state regulating tax assessments are also designed to assure a consistent property valuation method state-wide. Florida Statutes permit municipalities to levy property taxes at a rate of up to 10.00 mills. The City's millage rate for fiscal year ended September 30, 2023 was 8.000.

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.

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

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

NOTE 3 - BUDGETARY LAW AND PRACTICE

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

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

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

NOTE 4 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

Deficit Fund Balance or Net Position of Individual Funds - As of September 30, 2023, 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, 2023, the following budgetary funds had an excess of expenditures over appropriations:

GENERAL FUND:

	Budgeted Amounts		Actual Amounts (GAAP basis)	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Department:				
General government:				
Legislative	97,405	129,680	131,047	(1,367)
Other general government	558,309	1,340,220	1,362,573	(22,353)
Public safety:				
Police	1,366,668	1,344,025	1,352,736	(8,711)
Inspections	114,370	120,975	122,758	(1,783)

NOTE 5 - DEPOSITS AND INVESTMENTS

On September 30, 2023, the carrying amount of the City's deposits and investments (excluding fiduciary funds) is summarized below:

Equity in pooled cash and cash equivalents:		
Cash on hand	$	1,040
Cash deposits in financial institutions:		
Insured or fully collateralized bank deposits		6,749,846
Total equity in pooled cash and cash equivalents	$	6,750,886
Investments:		
None	$	-

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 than 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 in 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, 2023. The FMPTF is established as a trust whereby governmental entities with employee pension plans may elect to join the trust (becoming a participating employer), and with the trust providing the plans with administrative and investment services for the benefit of participating employers, participating employees and beneficiaries. All employee pension plan assets with the FMPTF are included in the trust's Master Trust Fund. Employee pension plan assets are invested by the FMPTF through the Florida Municipal Investment Trust (FMIvT) for the benefit of participating employers, participating employees and beneficiaries.

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

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

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NOTE 5 - DEPOSITS AND INVESTMENTS (cont…)

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

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

NOTE 5 - DEPOSITS AND INVESTMENTS (cont…)

As of September 30, 2023, the fair value of the City's pension plan investments with the FMIvT were as follows:

General Employees Pension Trust Fund:		
FMIvT Cash Fund	$	75,487
FMIvT Broad Market High Quality Bond Fund		787,225
FMIvT Core Plus Fixed Income Fund		733,305
FMIvT Diversified Large Cap Equity Fund		1,315,636
FMIvT Diversified Small to Mid Cap Equity Fund		749,481
FMIvT International Equity Fund		1,040,646
FMIvT Core Real Estate Fund		690,169
Total	$	5,391,949
Police Officers' Pension Trust Fund:		
FMIvT Cash Fund	$	15,982
FMIvT Broad Market High Quality Bond Fund		166,667
FMIvT Core Plus Fixed Income Fund		155,251
FMIvT Diversified Large Cap Equity Fund		278,539
FMIvT Diversified Small to Mid Cap Equity Fund		158,676
FMIvT International Equity Fund		220,319
FMIvT Core Real Estate Fund		146,119
Total	$	1,141,553
Firefighters' Pension Trust Fund:		
FMIvT Cash Fund	$	5,364
FMIvT Broad Market High Quality Bond Fund		55,939
FMIvT Core Plus Fixed Income Fund		52,107
FMIvT Diversified Large Cap Equity Fund		93,487
FMIvT Diversified Small to Mid Cap Equity Fund		53,257
FMIvT International Equity Fund		73,946
FMIvT Core Real Estate Fund		49,042
Total	$	383,142

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

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

NOTE 5 - DEPOSITS AND INVESTMENTS (concluded)

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

Investment Type	Fitch Rating	Fair Value	Modified Duration	Weighted Average Maturity
General Employees Pension Trust Fund:				
Cash and short-term money market	Not Rated	$ 75,487	0.00	0.00
FMIvT Broad Market High Quality Bond Fund	AAf/S4	787,225	5.58	6.90
FMIvT Core Plus Fixed Income Fund	Not Rated	733,305	6.80	8.03
		$ 1,596,017		
Police Officers' Pension Trust Fund:				
Cash and short-term money market	Not Rated	$ 15,982	0.00	0.00
FMIvT Broad Market High Quality Bond Fund	AAf/S4	166,667	5.58	6.90
FMIvT Core Plus Fixed Income Fund	Not Rated	155,251	6.80	8.03
		$ 337,900		
Firefighters' Pension Trust Fund:				
Cash and short-term money market	Not Rated	$ 5,364	0.00	0.00
FMIvT Broad Market High Quality Bond Fund	AAf/S4	55,939	5.58	6.90
FMIvT Core Plus Fixed Income Fund	Not Rated	52,107	6.80	8.03
		$ 113,410		

NOTE 6 – NOTE RECEIVABLE

Effective September 9, 2023, the City sold the City mobile home park for $4,850,000. This transaction included a cash payment and the issuance of a $3,637,500 mortgage note receivable. The mortgage note receivable bears interest at 4.75% and requires monthly interest-only payments beginning on November 15, 2023 and continuing until maturity which is November 15, 2028 at which time the entire principal balance will be due and payable. Because of the amounts and terms of this sale the City is accounting for this sale using the installment method as required by GASB Cod. Sec R30. The installment method apportions each cash receipt between cost recovered and gain at the same ratio as total cost and total gain bear to the sales value.

Balances of the unrecognized gain and prepaid closing costs at September 30, 2023 and the recognition of each during the year then ended are shown below:

	Unrecognized Gain	Prepaid Closing Costs
Result of sale	4,600,128	184,188
Gain recognized	(1,150,032)	-
Cost recognized	-	(49,069)
Ending balance	3,450,096	135,119

NOTE 7 - CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2023, was as follows:

	Balance October 1, 2022	Transfers and minor adjustments	Increases	Decreases	Balance September 30, 2023
Governmental Activities:					
Capital assets, not being depreciated:					
Land	$ 794,008	$ -	$ 199,724	$ -	$ 993,732
Construction in process	52,462	(16,529)	28,561	-	64,494
Total capital assets, not being depreciated	846,470	(16,529)	228,285	-	1,058,226
Capital assets, being depreciated:					
Buildings and improvements	3,984,445	14,377	52,382	-	4,051,204
Right to use leased equipment	38,550	-	-	-	38,550
Equipment	3,135,742	2,152	1,160,559	(44,540)	4,253,913
Infrastructure	10,566,701	-	-	-	10,566,701
Total capital assets, being depreciated	17,725,438	16,529	1,212,941	(44,540)	18,910,368
Less accumulated depreciation for:					
Buildings and improvements	(2,673,314)	-	(155,220)	-	(2,828,534)
Right to use leased equipment	(11,259)	-	(11,259)	-	(22,518)
Equipment	(1,896,043)	-	(275,631)	44,540	(2,127,134)
Infrastructure	(8,439,720)	-	(124,519)	-	(8,564,239)
Total accumulated depreciation	(13,020,336)	-	(566,629)	44,540	(13,542,425)
Total capital assets being depreciated, net	4,705,102	16,529	646,312	-	5,367,943
Governmental activities capital assets, net	$ 5,551,572	$ -	$ 874,597	$ -	$ 6,426,169
Business-type activities:					
Capital assets, not being depreciated:					
Land	$ 345,838	$ -	$ -	$ (10,864)	$ 334,974
Construction-in-progress	568,876	(337,034)	1,980,501	(10,611)	2,201,732
Total capital assets, not being depreciated	914,714	(337,034)	1,980,501	(21,475)	2,536,706
Capital assets, being depreciated:					
Buildings, utility plant and improvements	21,156,050	297,254	98,295	(579,822)	20,971,777
Equipment	2,741,832	39,780	235,436	(37,453)	2,979,595
Total capital assets, being depreciated	23,897,882	337,034	333,731	(617,275)	23,951,372
Less accumulated depreciation for:					
Buildings, utility plant and improvements	(12,777,833)	-	(560,261)	380,197	(12,957,897)
Equipment	(1,397,291)	-	(211,380)	17,676	(1,590,995)
Total accumulated depreciation	(14,175,124)	-	(771,641)	397,873	(14,548,892)
Total capital assets being depreciated, net	9,722,758	337,034	(437,910)	(219,402)	9,402,480
Business-type activities capital assets, net	$ 10,637,472	$ -	$ 1,542,591	$ (240,877)	$ 11,939,186

NOTE 7 - CAPITAL ASSETS (cont…)

Depreciation expense was charged to the following programs and functions:

Governmental Activities:		
General government	$	82,597
Law enforcement		6,241
Fire control		111,075
Building inspections		2,293
Stormwater		104,115
Community redevelopment		16,949
Roads and streets		137,727
Library		9,082
Recreation		29,477
Parks		67,073
Total depreciation expense - governmental activities	$	566,629

Business-type Activities:		
Electric	$	257,124
Water		100,377
Sewer		389,712
Mobile home park		24,428
Total depreciation expense - business-type activities	$	771,641

NOTE 8 – LEASES

Lease payable – The following is information related to the City's lease's payable on September 30, 2023:

	Balances as of September 30, 2023							
Leased asset(s)	Cost	Accumulated Amortization	Lease Payable	Payment Frequency	Payment Amount	Interest Rate	Inception Year	Lease Term at Inception (months)
Multifunction copiers (*)	$ 29,329	$ (16,369)	$ 13,736	Monthly	$ 760	6.0%	2021	48
Phone system	9,221	(6,149)	3,259	Monthly	281	6.0%	2022	36
Governmental activities	38,550	(22,518)	16,995					

NOTE 9 - LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the year ended September 30, 2023:

	Balance October 1, 2022	Increases	Decreases	Balance September 30, 2023	Amounts Due within One Year
Governmental Activities:					
Long-term debt:					
5th Cent Local Option Fuel Tax Revenue Notes, Series 2011	$ 632,952	$ -	$ (94,970)	$ 537,982	$ 98,950
Promissory note, 2018	339,776	-	(339,776)	-	-
Redevelopment revenue bond, Series 2022	978,620	-	(58,450)	920,170	60,030
Installment notes	116,694	-	(56,342)	60,352	24,956
Total long-term debt	2,068,042	-	(549,538)	1,518,504	183,936
Other liabilities:					
Leases payable	28,094	-	(11,099)	16,995	11,783
Net pension liability	696,135	131,139	-	827,274	-
Other postemployment benefits liability	101,863	10,415	-	112,278	5,614
Compensated absences	96,728	-	(2,712)	94,016	-
Total other liabilities	922,820	141,554	(13,811)	1,050,563	17,397
Total long-term obligations	$ 2,990,862	$ 141,554	$ (563,349)	2,569,067	$ 201,333
Less amounts due in one year				(201,333)	
Total noncurrent obligations due in more than one year				$ 2,367,734	
Business-type Activities:					
Long-term debt:					
Revenue bonds and certificates:					
Sewer Revenue Refunding Bonds, 2020	$ 2,798,587	$ -	$ (84,044)	$ 2,714,543	$ 86,509
FDEP Note WW531120	66,778	-	(475)	66,303	3,590
FDEP Note WW531121	-	145,799	-	145,799	-
Water Revenue Refunding Bonds, 2021	1,019,776	-	(32,758)	987,018	33,626
Other long-term debt					
Joint venture loan guarantee	57,115	-	(14,605)	42,510	-
Installment notes	482,221	-	(135,871)	346,350	118,400
Total long-term debt	4,424,477	145,799	(267,753)	4,302,523	242,125
Other liabilities:					
Net pension liability	406,171	111,551	-	517,722	-
Other postemployment benefits liability	55,032	17,310	-	72,342	3,617
Compensated absences	47,900	8,514	(3,423)	52,991	-
Total other liabilities	509,103	137,375	(3,423)	643,055	3,617
Total long-term obligations	$ 4,933,580	$ 283,174	$ (271,176)	4,945,578	$ 245,742
Less amounts due in one year				(245,742)	
Total noncurrent obligations due in more than one year				$ 4,699,836	

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 9 - LONG-TERM OBLIGATIONS (cont…)

Bonds and notes outstanding on September 30, 2023, consisted of the following for governmental and business-type activities:

Governmental activities	Purpose	Maturity	Interest Rate	Original Amount	Outstanding Amount
Long-term debt:					
5th Cent Local Option Fuel Tax					
Revenue Notes, Series 2011	1	2028	4.190%	$ 1,450,000	$ 537,982
Redevelopment revenue bond, Series 2022	10	2036	2.700%	1,000,000	920,170
Installment notes:					
Equipment purchase note, 2021A	7	2026	3.740%	34,623	21,426
Equipment purchase note, 2021B	8	2024	3.740%	32,120	8,233
Equipment purchase note, 2021C	9	2026	3.740%	50,083	30,693
Total governmental activities					$ 1,518,504
Business-type activities					
Long-term debt:					
Revenue bonds and certificates:					
Sewer Revenue Refunding Bonds, 2020	2	2045	3.196%	$ 2,950,000	$ 2,714,543
Water Revenue Refunding Bonds, 2021	4	2047	2.650%	1,068,066	987,018
FDEP Note WW531120	5	2041	0.300%	66,778	66,303
FDEP Note WW531121	5	2029	0.002%	145,799	145,799
Other long-term debt:					
Installment notes:					
Equipment purchase note, 2020C	3	2023	2.870%	184,865	47,814
Equipment purchase note, 2022	11	2027	3.740%	374,417	298,536
Joint venture loan guarantee	6	2034	1.890%	46,419	42,510
Total business-type activities					$ 4,302,523

1. Resurface City streets, loan is secured by a pledge of and lien upon the City's fifth-cent local option fuel taxes. Principal is due annually and interest due semiannually.
2. Refunding of prior sewer fund long term debts used for water and sewer system improvements and secured by sewer system revenues. Principal and interest are due semiannually.
3. Purchase of equipment to be used in electric fund operations and secured by the equipment financed. Principal and interest is due annually.
4. 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.
5. Major sewer rehabilitation improvements and inflow and infiltration remediation and secured by sewer net revenues. Principal and interest is due semiannually.
6. Proportionate share of joint venture debt that is guaranteed by the joint venture members. These costs were incurred to pursue alternative water sources. See Note 16 for more information.
7. Purchase of fire department radios and secured by the equipment financed. Principal and interest is due annually.

NOTE 9 - LONG-TERM OBLIGATIONS (cont…)

8. Purchase of a vehicle to be used in general government operations and secured by the equipment financed. Principal and interest is due annually.

9. Purchase of two vehicles to be used in general government operations and secured by the equipment financed. Principal and interest is due annually.

10. Financing for the acquisition of property for the expansion of the community center complex and related improvements and is secured by the CRA's tax increment revenue as defined in Section 163.387(1), Florida Statutes. Principal is due annually on September 1 and interest is due semiannually on March 1 and September 1.

11. Purchase of a sewer line cleaning truck secured by the equipment financed. Principal and interest is due annually.

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

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

Joint Venture Loan Guarantee – The City has entered into an agreement with the Florida Department of Environmental Protection (FDEP) to guarantee to pay the principal and interest of their proportional share of SRF loan funds borrowed by the Polk Regional Water Cooperative to fund the projects of the combined projects implementation agreement. The SRF loan bears interest at 1.89% and principal and interest are due semiannually beginning on February 15, 2025, for a ten-year term to maturity on August 15, 2034. As of September 30, 2023, the Polk Regional Water Cooperative has borrowed $9,005,398 through this SRF funding of which, $42,510 has been guaranteed by the City and has been recorded as a liability in the City's water enterprise fund. See Note 16 for more information on the Polk Regional Water Cooperative and its relationship with the City.

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

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

NOTE 9 - LONG-TERM OBLIGATIONS (cont…)

- Equipment purchase agreements – The lessor/lender typically has the right to declare the unpaid principal components of the remaining payment to be due and payable upon default and in some cases, can forcibly repossess the asset securing the purchase agreement.

- Sewer Revenue Refunding Bonds, 2020 – Any amounts that are greater than thirty days overdue shall bear interest at the annual rate of 15.196%.

- Redevelopment Revenue Bond, Series 2022 – Upon default the bond shall bear interest at 4.7% until the event of default has been cured.

- The State of Florida Department of Environmental Protection Revolving Fund Notes (FDEP Note WW531120 and 531121) contain provisions that in the event of default and subject to the rights of superior liens on the pledged revenues, the lender may request a court to appoint a receiver to management the water and sewer systems, intercept the delinquent amount from any unobligated funds due to the City under any revenue or tax sharing fund established by the State of Florida, impose a penalty in the amount not to exceed a rate of 18 percent per annum on the amount due, notify financial market credit rating agencies and potential creditors, sue for payment of amounts due and may accelerate the repayment schedule or increase the interest rate on the unpaid principal on the loan to as much as 1.667 times the loan interest rate.

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	$ 4,019,329	$ 173,446	$ 315,224	181.74%
Water system revenue only	9/1/2045	$ 1,315,197	$ 59,781	$ 183,262	306.56%
5th Cent local option gas tax revenue	9/1/2028	$ 607,455	$ 121,491	$ 120,913	99.52%
Communications services tax, solid waste franchise fee and half-cent sales tax	6/1/2024	$ -	$ 341,423	$ 624,556	182.93%
CRA tax increment revenues	9/1/2036	$ 1,104,363	$ 85,022	$ 433,760	510.17%

NOTE 9 - LONG-TERM OBLIGATIONS (cont…)

Maturities - Annual debt service requirements to repay all long-term debt as of September 30, 2023, are as follows:

	Governmental Activities		Business-type Activities	
Fiscal Year Ending	Principal	Interest	Principal	Interest
2024	$ 183,936	$ 49,815	$ 242,125	$ 125,130
2025	182,102	43,092	204,781	117,973
2026	188,762	36,441	211,402	111,352
2027	176,936	29,537	281,532	107,430
2028	183,385	23,082	209,606	97,653
2029-2033	361,920	62,785	800,175	421,045
2034-2038	241,463	13,229	880,675	298,325
2039-2043	-	-	1,018,651	157,852
2044-2048	-	-	453,576	18,240
Total	$ 1,518,504	$ 257,981	$ 4,302,523	$ 1,455,000

Annual requirements to repay all leases payable as of September 30, 2023, were as follows:

	Governmental Activities	
Fiscal Year Ending	Principal	Interest
2023	$ 11,783	$ 699
2024	5,212	105
Total	$ 16,995	$ 804

Interest and other debt service expenses for the governmental activities totaled $60,144 for the year ended September 30, 2023. Interest and other debt service expenses incurred in the business-type activities totaled $133,762 for the same period.

NOTE 10 – RESTRICTED FUND BALANCE/NET POSITION

The general fund, water fund and sewer fund, each had revenue bonds outstanding on September 30, 2023. 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, 2023:

Governmental Funds/Activities	Restricted Fund Balance	Restricted Net Position
Community redevelopment	$ 242,615	$ 242,615
Community Center Complex project	1,000,000	79,830
5th Cent revenue bond debt service	10,124	8,246
Stormwater management	455,135	455,135
Fire services	24,015	24,015
Pension benefits	-	281,495
Total	$ 1,731,889	$ 1,091,336

NOTE 10 – RESTRICTED FUND BALANCE/NET POSITION (cont…)

Enterprise Funds/Business-type Activities	
Water Fund:	
Restricted for debt service - 2021 sinking fund	$ 2,802
Water impact fees restricted for system improvements	137,173
Total	$ 139,975
Sewer Fund:	
Restricted for debt service - 2020 sinking fund	$ 7,191
Sewer impact fees restricted for system improvements	246,407
Total	$ 253,598

NOTE 11 – 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, 2023, 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	340,736
		$ 507,052

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

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

Interfund transfers for the year ending September 30, 2023 consisted of:

	Transfers in:				
	General Fund	Fire Fund	Water Fund	Sewer Fund	Total
Transfers out:					
Electric Fund	$ 717,345	$ -	$ -	$ -	$ 717,345
Mobile Home Park Fund	65,406	-	-	-	65,406
Solid Waste Fund	9,163	-	-	-	9,163
Water fund	5,500	-	-	-	5,500
Sewer fund	5,500	-	-	-	5,500
American Rescue Plan Act Special Revenue Fund	91,134	1,000,000	577,438	304,673	1,973,245
Total	$ 894,048	$ 1,000,000	$ 577,438	$ 304,673	$ 2,776,159

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

NOTE 11 – INTERFUND TRANSACTIONS (cont…)

Other interfund transactions:

The general fund charged $645,874 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 12 - OTHER POSTEMPLOYMENT BENEFITS

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

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

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

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

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

Total OPEB Liability – The City's total OPEB liability as of September 30, 2023 (the measurement date) was determined by an actuarial valuation as of October 1, 2021 updated to the measurement date using the following actuarial assumptions.

Inflation	2.50%
Salary Increases	2.50%
Discount Rate	4.87%
Initial Trend Rate	7.50%
Ultimate Trend Rate	4.00%
Year to Ultimate Trend Rate	53

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

As of above actuarial valuation date of October 1, 2021 there were 46 active plan members and one inactive plan member receiving benefits.

NOTE 12 - OTHER POST EMPLOYMENT BENEFITS (cont…)

Discount Rate – The discount rate was based on a high-quality municipal bond rate of 4.87%. 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, 2023, the City recognized OPEB expense of $34,748.

Changes in Total OPEB Liability:

	Total OPEB Liability
Reporting period ending September 30, 2022	$ 156,895
Changes for the year:	
Service cost	26,788
Interest	8,621
Changes of assumptions	(1,720)
Benefit payments	(5,964)
Net changes	27,725
Reporting period ending September 30, 2023	$ 184,620

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

	1% Decrease (3.87%)	Discount Rate (4.87%)	1% Increase (5.87%)
Total OPEB liability	$ 203,121	$ 184,620	$ 168,736

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

	1% Decrease (3.00% to 6.50%)	Healthcare Cost Trend Rates (4.00% to 7.50%)	1% Increase (5.00% to 8.50%)
Total OPEB liability	$ 163,966	$ 184,620	$ 209,462

NOTE 13 – 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, 2022		
	General Employees' Pension Trust Fund	Police Officers' Pension Trust Fund	Fire-Fighters' Pension Trust Fund
Inactive plan members or beneficiaries currently receiving benefits	29	5	10
Inactive plan members entitled to but not yet receiving benefits	17	4	8
Active plan members	49	-	14
Total	95	9	32

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

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

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

NOTE 13 – 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, 2022 valuation. These contributions were for normal cost and to amortize any unfunded actuarial accrued liability, then adjusted for the frequency of payments and an assumed increase in covered payroll. Contributions expressed in dollars and as a percent of total payroll of active participants were as follows:

	General Employees' Pension Trust Fund	Police Officers' Pension Trust Fund	Fire-Fighters' Pension Trust Fund
Contribution rates:			
City	14.6%	N/A	39.6%
Plan members	0.0%	0.0%	0.0%
Actuarially determined contribution	$ 301,995	$ 17,876	$ 25,684
Contributions made	$ 321,388	$ 17,876	$ 31,124

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, 2023, 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	8.42%	8.59%	8.60%

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, 2023 were as follows:

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

NOTE 13 – 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, 2023 are shown below. The net pension liability as of September 30, 2023 for financial reporting purposes was determined by actuarial valuations as of October 1, 2022 updated to September 30, 2023 (the measurement date).

General Employees' Pension Plan:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a)-(b)
Balances at September 30, 2022	$ 6,119,382	$ 5,068,597	$ 1,050,785
Changes for the year:			
Service cost	191,657	-	191,657
Interest	413,688	-	413,688
Difference between actual and expected experience	186,259	-	186,259
Change in assumptions	189,503	-	189,503
Contributions - City	-	321,388	(321,388)
Net investment income	-	422,798	(422,798)
Benefit payments, including refunds of employee contributions	(364,661)	(364,661)	-
Administrative expense	-	(37,280)	37,280
Net changes	616,446	342,245	274,201
Balances at September 30, 2023	$ 6,735,828	$ 5,410,842	$ 1,324,986

Police Officers' Pension Plan:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a)-(b)
Balances at September 30, 2022	$ 930,431	$ 1,104,913	$ (174,482)
Changes for the year:			
Interest	60,752	-	60,752
Difference between actual and expected experience	12,114	-	12,114
Contributions - City	-	17,876	(17,876)
Net investment income	-	92,648	(92,648)
Benefit payments, including refunds of employee contributions	(60,788)	(60,788)	-
Administrative expense	-	(16,142)	16,142
Net changes	12,078	33,594	(21,516)
Balances at September 30, 2023	$ 942,509	$ 1,138,507	$ (195,998)

NOTE 13 – PENSION TRUST FUNDS (cont…)

Firefighters' Pension Plan:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a)-(b)
Balances at September 30, 2022	$ 418,596	$ 367,075	$ 51,521
Changes for the year:			
Service cost	7,300	-	7,300
Interest	27,883	-	27,883
Difference between actual and expected experience	(29,181)	-	(29,181)
Changes of assumptions	3,793	-	3,793
Contributions - City	-	31,124	(31,124)
Net investment income	-	30,747	(30,747)
Benefit payments, including refunds of employee contributions	(25,639)	(25,639)	-
Administrative expense	-	(20,565)	20,565
Net changes	(15,844)	15,667	(31,511)
Balances at September 30, 2023	$ 402,752	$ 382,742	$ 20,010

Net Pension Liability - The components of the net pension liability for each of the plans as of September 30, 2023, were as follows:

General Employees' Pension Plan:

Total pension liability	$ 6,735,828
Plan fiduciary net position	(5,410,842)
Net pension liability (asset)	$ 1,324,986
Plan fiduciary net position as a percentage of the total pension liability	80%

Police Officers' Pension Plan:

Total pension liability	$ 942,509
Plan fiduciary net position	(1,138,507)
Net pension liability (asset)	$ (195,998)
Plan fiduciary net position as a percentage of the total pension liability	121%

Firefighters' Pension Plan:

Total pension liability	$ 402,752
Plan fiduciary net position	(382,742)
Net pension liability (asset)	$ 20,010
Plan fiduciary net position as a percentage of the total pension liability	95%

NOTE 13 – PENSION TRUST FUNDS (cont…)

Actuarial Assumptions - The significant actuarial assumptions used in the October 1, 2022 valuation as updated to September 30, 2023 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	Service based	NA	3.00%
Investment rate of return	6.50%	6.75%	6.50%
Discount rate	6.50%	6.75%	6.50%
Mortality rates	PubG.H-2010	PubG.H-2010 & PubS.H-2010	PubG.H-2010 & PubS.H-2010
Date of actuarial experience study	March 8, 2023	NA	November 27, 2023

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 was used to measure the total pension liability of the police officers' plan and 6.50% was used for the general employees' and firefighters' plans, all included a 2.92% annual long-term inflation assumption. 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 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, 2023 are summarized in the following table. Each of the three pension plans uses the same money manager and target asset allocations so the information presented is the same for each of the three plans.

Asset Class	**Targeted Asset Allocation**	**Long-Term Expected Real Rate of Return**
Core bonds	15.00%	2.50%
Core plus	15.00%	2.80%
U.S. large cap equity	25.00%	7.10%
U.S. small cap equity	14.00%	8.60%
Non-U.S. equity	21.00%	8.20%
Real estate	10.00%	6.50%
Total weighted arithmetic average		6.15%

NOTE 13 – 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 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 or one percentage point higher than the current rate:

	Current Discount Rate	Net Pension Liability (Asset)		
		1% Decrease	Current Discount	1% Increase
General Employees'	6.50%	$ 2,070,598	$ 1,324,986	$ 695,947
Police Officers'	6.75%	(112,688)	(195,998)	(267,998)
Firefighters'	6.50%	63,223	20,010	(16,125)
City's Net Pension Liability		$ 2,021,133	$ 1,148,998	$ 411,824

Pension Expense and Deferred Outflows and Inflows of Resources Related to Pension - For the year ended September 30, 2023, the City recognized a net pension expense of $594,646 consisting of pension expense for the general employees' pension plan of $526,143, the firefighters' pension plan of $25,753 and the police officers' pension plan of $42,750. On September 30, 2023, 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	$ 169,976	$ 167,101
Change in assumptions	330,487	26,793
Difference between projected and actual earnings on Plan investments	517,688	-
Total	$ 1,018,151	$ 193,894

General Employees' Pension Trust Fund:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 162,974	$ 102,461
Change in assumptions	321,502	18,810
Difference between projected and actual earnings on Plan investments	403,196	-
Total	$ 887,672	$ 121,271

Police Officers' Pension Trust Fund:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on Plan investments	$ 85,497	$ -
Total	$ 85,497	$ -

NOTE 13 – PENSION TRUST FUNDS (cont…)

Firefighters' Pension Trust Fund:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 7,002	$ 64,640
Change in assumptions	8,985	7,983
Difference between projected and actual earnings on Plan investments	28,995	-
Total	$ 44,982	$ 72,623

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
2024	$ 176,378	$ 21,512	$ (7,186)	$ 190,704
2025	147,557	19,634	(7,735)	159,456
2026	275,477	48,363	1,804	325,644
2027	35,794	(4,012)	(7,578)	24,204
2028	61,264	-	(6,946)	54,318
Thereafter	69,931	-	-	69,931
	$ 766,401	$ 85,497	$ (27,641)	$ 824,257

NOTE 13 – PENSION TRUST FUNDS (cont…)

The Statements of Fiduciary Net Position for the City's pension trust funds as of September 30, 2023 are as follows:

	Pension Trust Funds			
	General Employees' Pension Trust Fund	Police Officers' Pension Trust Fund	Firefighters' Pension Trust Fund	Total
ASSETS				
Receivables, net				
City	$ 24,298	$ -	$ 2,996	$ 27,294
Investments, at fair value:				
Cash and short-term money market funds	75,487	15,982	5,364	96,833
Fixed income investment pools	1,520,530	321,918	108,046	1,950,494
Equity investment pools	3,105,763	657,534	220,690	3,983,987
Real estate investment pool	690,169	146,119	49,042	885,330
Total investments	5,391,949	1,141,553	383,142	6,916,644
Total assets	5,416,247	1,141,553	386,138	6,943,938
LIABILITIES				
Accounts payable	5,405	3,046	3,396	11,847
Total Liabilities	5,405	3,046	3,396	11,847
NET POSITION				
Restricted for pension benefits	$ 5,410,842	$ 1,138,507	$ 382,742	$ 6,932,091

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NOTE 13 – 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, 2023 are as follows:

	Pension Trust Funds			
	General Employees' Pension Trust Fund	Police Officers' Pension Trust Fund	Firefighters' Pension Trust Fund	Total
ADDITIONS				
Contributions:				
City	$ 321,388	$ 17,876	$ 31,124	$ 370,388
Total contributions	321,388	17,876	31,124	370,388
Investment income				
Investment income	433,514	94,962	31,511	559,987
Less investment expenses	(10,716)	(2,314)	(764)	(13,794)
Net investment income	422,798	92,648	30,747	546,193
Total additions	744,186	110,524	61,871	916,581
DEDUCTIONS				
Administrative expenses:				
Legal	4,028	-	4,073	8,101
Actuarial	23,034	11,346	11,346	45,726
Other fees	10,218	4,796	5,146	20,160
Total administrative expenses	37,280	16,142	20,565	73,987
Payments to retirees and participants	364,661	60,788	25,639	451,088
Total deductions	401,941	76,930	46,204	525,075
CHANGE IN NET POSITION	342,245	33,594	15,667	391,506
NET POSITION, beginning of year	5,068,597	1,104,913	367,075	6,540,585
NET POSITION, end of year	$ 5,410,842	$ 1,138,507	$ 382,742	$ 6,932,091

NOTE 14 - 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 15 - 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 16 - COMMITMENT AND CONTINGENCIES

Grants - During the 2023 fiscal year, the City received, and recorded revenues related to various grants. These grants are for specific purposes and are subject to review and audit by the grantor agencies. Such audits could result in requests for reimbursement for expenditures disallowed under the terms of the grants. Based upon prior experience, City management believes such disallowances, if any, will be immaterial.

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

Contract with Polk County Sheriff - The original five-year agreement expired as of September 30, 2013 and automatically renews annually. The total annual cost is approximately $1,311,000 and is payable quarterly.

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NOTE 16 - 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 16 - 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 17 – 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 17 – 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, 2023, the total annual working capital needs of the PRWC was $235,000 of which the City's proportionate share was $1,855.

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

Combined projects design funding - The PRWC has entered into a state revolving fund (SRF) loan agreement with the State of Florida Department of Environmental Protection (FDEP) to borrow up to $13,624,438 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 February 15, 2025 for a ten-year term to maturity on August 15, 2034.

As of September 30, 2022, $9,005,398 of SRF funds have been drawn by the PRWC. The City's proportionate share of this liability totaled $42,510 as of September 30, 2023 and has been recorded as a City liability and as a nonoperating expense in the business-type activities/water enterprise fund. See Note 9 for more detail.

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

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



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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF FORT MEADE, FLORIDA

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

for the year ended September 30, 2023

	Budgeted Amounts		Actual Amounts (GAAP basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	$ 2,369,508	$ 2,074,500	$ 1,975,970	$ (98,530)
Licenses and permits	212,000	258,700	236,733	(21,967)
Intergovernmental revenue	1,808,297	682,000	1,076,674	394,674
Charges for services	8,880	17,130	16,381	(749)
Fines and forfeitures	113,840	107,000	100,827	(6,173)
Other	9,600	22,830	52,149	29,319
Total revenues	4,522,125	3,162,160	3,458,734	296,574
EXPENDITURES:				
General government:				
Legislative	97,405	129,680	131,047	(1,367)
Executive	508,223	580,806	497,360	83,446
Finance	(62,542)	(23,040)	(49,585)	26,545
Legal	60,000	18,520	18,511	9
Planning	263,160	249,630	202,608	47,022
Other general government	558,309	1,340,220	1,362,573	(22,353)
Public safety:				
Police	1,366,668	1,344,025	1,352,736	(8,711)
Fire	700,000	-	-	-
Inspections	114,370	120,975	122,758	(1,783)
Transportation - streets	570,806	457,050	450,588	6,462
Culture/recreation:				
Library	251,015	244,835	240,632	4,203
Recreation	56,965	42,920	42,533	387
Historic museum	289,597	308,865	306,733	2,132
Parks	936,864	631,535	616,680	14,855
Total expenditures	5,710,840	5,446,021	5,295,174	150,847
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(1,188,715)	(2,283,861)	(1,836,440)	447,421
OTHER FINANCING SOURCES (USES):				
Transfers in	1,188,715	894,051	894,048	(3)
Insurance recoveries	-	4,000	2,619	(1,381)
Total other financing sources (uses)	1,188,715	898,051	896,667	(1,384)
NET CHANGE IN FUND BALANCE	$ -	$ (1,385,810)	$ (939,773)	$ 446,037

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, 2023

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Taxes	$ 400,000	$ 433,800	$ 433,760	$ (40)
Other	-	6,710	7,098	388
Total revenues	400,000	440,510	440,858	348
EXPENDITURES:				
Economic environment	244,095	215,385	214,617	768
Capital outlay	1,150,000	37,750	37,318	432
Debt service	31,355	84,900	84,873	27
Total expenditures	1,425,450	338,035	336,808	1,227
NET CHANGE IN FUND BALANCE	$ (1,025,450)	$ 102,475	$ 104,050	$ 1,575

CITY OF FORT MEADE, FLORIDA

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET TO ACTUAL – AMERICAN RESCUE PLAN ACT SPECIAL REVENUE FUND

for the year ended September 30, 2023

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Intergovernmental	$ -	$ -	$ 1,988,436	$ 1,988,436
Total revenues	-	-	1,988,436	1,988,436
EXPENDITURES:				
Capital outlay	825,000	15,191	15,191	-
Total expenditures	825,000	15,191	15,191	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(825,000)	(15,191)	1,973,245	1,988,436
OTHER FINANCING SOURCES:				
Transfers (out)	(1,642,500)	(1,898,630)	(1,973,245)	(74,615)
TOTAL OTHER FINANCING SOURCES	(1,642,500)	(1,898,630)	(1,973,245)	(74,615)
NET CHANGE IN FUND BALANCE	$ (2,467,500)	$ (1,913,821)	$ -	$ 1,913,821

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, 2023

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Charges for services	$ 404,280	$ 385,620	$ 385,339	$ (281)
Total revenues	404,280	385,620	385,339	(281)
EXPENDITURES:				
Public safety	339,280	335,970	339,719	(3,749)
Capital outlay	65,000	1,095,650	1,089,862	5,788
Debt service	-	7,695	8,974	(1,279)
Total expenditures	404,280	1,439,315	1,438,555	760
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(1,053,695)	(1,053,216)	479
OTHER FINANCING SOURCES (USES):				
Transfers in	-	1,000,000	1,000,000	-
Total other financing sources	-	1,000,000	1,000,000	-
NET CHANGE IN FUND BALANCE	$ -	$ (53,695)	$ (53,216)	$ 479

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

	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019
Total pension liability					
Service cost	$ 191,657	$ 142,780	$ 109,584	$ 70,978	$ 82,796
Interest	413,688	402,752	397,080	396,911	392,798
Change in assumptions	189,503	-	168,066	(94,057)	-
Change in benefit terms	-	13,566	-	-	-
Difference between expected and actual experience	186,259	(68,007)	(61,417)	(38,807)	(49,622)
Benefit payments, including refunds of of employee contributions	(364,661)	(364,124)	(367,757)	(374,697)	(336,094)
Other	-	-	-	-	-
Net change in total pension liability	616,446	126,967	245,556	(39,672)	89,878
Total pension liability, beginning	6,119,382	5,992,415	5,746,859	5,786,531	5,696,653
Total pension liability, ending (a)	$ 6,735,828	$ 6,119,382	$ 5,992,415	$ 5,746,859	$ 5,786,531
Plan fiduciary net position					
Contributions - City	$ 321,388	$ 177,573	$ 183,188	$ 212,954	$ 212,649
Net investment income (loss)	422,798	(794,415)	998,473	319,816	252,312
Benefit payments, including refunds of employee contributions	(364,661)	(364,124)	(367,757)	(374,697)	(336,094)
Administrative expenses	(37,280)	(37,202)	(18,654)	(18,147)	(16,105)
Net change in plan fiduciary net position	342,245	(1,018,168)	795,250	139,926	112,762
Plan fiduciary net position, beginning	5,068,597	6,086,765	5,291,515	5,151,589	5,038,827
Plan fiduciary net position, ending (b)	$ 5,410,842	$ 5,068,597	$ 6,086,765	$ 5,291,515	$ 5,151,589
Net pension liability (asset) (a)-(b)	$ 1,324,986	$ 1,050,785	$ (94,350)	$ 455,344	$ 634,942
Plan fiduciary net position as a percentage of total pension liability	80.33%	82.83%	101.57%	92.08%	89.03%
Covered payroll	$ 2,208,600	$ 2,093,630	$ 1,755,771	$ 1,557,647	$ 1,426,810
Net pension liability as a percentage of covered payroll	59.99%	50.19%	-5.37%	29.23%	44.50%

Continued…

	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Total pension liability					
Service cost	$ 94,223	$ 80,887	$ 74,627	$ 120,880	$ 54,173
Interest	382,952	342,263	289,888	352,438	338,837
Change in assumptions	-	373,615	854,987	-	-
Change in benefit terms	26,719	-	-	-	-
Difference between expected and actual experience	(26,337)	95,640	(39,575)	-	-
Benefit payments, including refunds of of employee contributions	(337,146)	(308,763)	(425,529)	(290,965)	(203,762)
Other	(4,218)	5,532	(97)	-	-
Net change in total pension liability	136,193	589,174	754,301	182,353	189,248
Total pension liability, beginning	5,560,460	4,971,286	4,216,985	4,034,632	3,845,384
Total pension liability, ending (a)	$ 5,696,653	$ 5,560,460	$ 4,971,286	$ 4,216,985	$ 4,034,632
Plan fiduciary net position					
Contributions - City	$ 275,513	$ 236,582	194,344	$ 211,212	$ 168,984
Net investment income (loss)	342,535	559,921	332,639	(6,348)	335,315
Benefit payments, including refunds of employee contributions	(337,146)	(308,763)	(425,529)	(221,451)	(203,762)
Administrative expenses	(27,180)	(28,154)	(26,270)	(21,732)	(37,664)
Net change in plan fiduciary net position	253,722	459,586	75,184	(38,319)	262,873
Plan fiduciary net position, beginning	4,785,105	4,325,519	4,250,335	4,288,654	4,025,781
Plan fiduciary net position, ending (b)	$ 5,038,827	$ 4,785,105	$ 4,325,519	$ 4,250,335	$ 4,288,654
Net pension liability (asset) (a)-(b)	$ 657,826	$ 775,355	$ 645,767	$ (33,350)	$ (254,022)
Plan fiduciary net position as a percentage of total pension liability	88.45%	86.06%	87.01%	100.79%	106.30%
Covered payroll	$ 1,257,028	$ 1,064,675	$ 1,012,380	$ 1,130,621	$ 1,045,343
Net pension liability as a percentage of covered payroll	52.33%	72.83%	63.79%	Not Applicable	Not Applicable

Change in Benefit Terms:

For measurement date September 30, 2022:

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

For measurement date September 30, 2018:

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

Changes of Assumptions:

For measurement date September 30, 2023:

- The discount rate was decreased from 6.75% per annum to 6.50% per annum.
- Assumed individual salary increase rates increased for the first 15 years of credited service.
- Assumed normal retirement rates were adjusted to be generally lower than previously assumed.
- Assumed withdrawal rates were changed to be based on unisex service rather than sex distinct tables and adjusted to be generally more withdrawal than previously assumed.

For measurement date September 30, 2021:

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

For measurement date September 30, 2020:

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

For measurement date September 30, 2017:

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

For measurement date September 30, 2016:

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

CITY OF FORT MEADE, FLORIDA

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

	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019
Total pension liability					
Service cost	$ -	$ -	$ -	$ -	$ -
Interest	60,752	68,242	83,753	86,536	86,653
Change in benefit terms	-	-	-	-	-
Difference between expected and actual experience	12,114	(118,409)	(223,822)	22,473	17,278
Change of assumptions	-	-	21,992	(62,010)	-
Benefit payments, including refunds of of employee contributions	(60,788)	(60,788)	(74,005)	(99,519)	(111,675)
Other	-	-	-	-	-
Net change in total pension liability	12,078	(110,955)	(192,082)	(52,520)	(7,744)
Total pension liability, beginning	930,431	1,041,386	1,233,468	1,285,988	1,293,732
Total pension liability, ending (a)	$ 942,509	$ 930,431	$ 1,041,386	$ 1,233,468	$ 1,285,988
Plan fiduciary net position					
Contributions - City	$ 17,876	$ 16,810	$ 11,426	$ 32,551	$ 32,551
Net investment income (loss)	92,648	(174,912)	222,013	70,432	56,844
Benefit payments, including refunds of employee contributions	(60,788)	(60,788)	(74,005)	(99,519)	(111,675)
Administrative expenses	(16,142)	(16,374)	(14,288)	(14,052)	(4,352)
Net change in plan fiduciary net position	33,594	(235,264)	145,146	(10,588)	(26,632)
Plan fiduciary net position, beginning	1,104,913	1,340,177	1,195,031	1,205,619	1,232,251
Plan fiduciary net position, ending (b)	$ 1,138,507	$ 1,104,913	$ 1,340,177	$ 1,195,031	$ 1,205,619
Net pension liability (asset) (a)-(b)	$ (195,998)	$ (174,482)	$ (298,791)	$ 38,437	$ 80,369
Plan fiduciary net position as a percentage of total pension liability	120.80%	118.75%	128.69%	96.88%	93.75%
Covered payroll	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Net pension liability as a percentage of covered payroll	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

Continued…

CITY OF FORT MEADE, FLORIDA

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

	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Total pension liability					
Service cost	$ -	$ -	$ -	$ -	$ -
Interest	98,463	93,323	75,723	98,246	100,802
Change in benefit terms	602	-	-	-	-
Difference between expected and actual experience	(159,735)	100,344	37,536	-	-
Change of assumptions	-	62,090	236,518	-	-
Benefit payments, including refunds of of employee contributions	(101,324)	(181,252)	(98,915)	(98,293)	(98,915)
Other	(1,414)	1,007	729		
Net change in total pension liability	(163,408)	75,512	251,591	(47)	1,887
Total pension liability, beginning	1,457,140	1,381,628	1,130,037	1,130,084	1,128,197
Total pension liability, ending (a)	$ 1,293,732	$ 1,457,140	$ 1,381,628	$ 1,130,037	$ 1,130,084
Plan fiduciary net position					
Contributions - City	$ 28,866	$ 23,448	$ -	$ 52,583	$ 31,528
Net investment income (loss)	84,397	151,276	94,500	(742)	103,645
Benefit payments, including refunds of employee contributions	(101,324)	(181,252)	(98,915)	(98,915)	(98,915)
Administrative expenses	(7,927)	(8,228)	(10,157)	(6,705)	(12,002)
Net change in plan fiduciary net position	4,012	(14,756)	(14,572)	(53,779)	24,256
Plan fiduciary net position, beginning	1,228,239	1,242,995	1,257,567	1,311,346	1,287,090
Plan fiduciary net position, ending (b)	$ 1,232,251	$ 1,228,239	$ 1,242,995	$ 1,257,567	$ 1,311,346
Net pension liability (asset) (a)-(b)	$ 61,481	$ 228,901	$ 138,633	$ (127,530)	$ (181,262)
Plan fiduciary net position as a percentage of total pension liability	95.25%	84.29%	89.97%	111.29%	116.04%
Covered payroll	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Net pension liability as a percentage of covered payroll	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

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

	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019
Total pension liability					
Service cost	$ 7,300	$ 8,113	$ 8,226	$ 7,193	$ 7,004
Interest	27,883	27,757	28,944	28,463	32,333
Difference between expected and actual experience	(29,181)	(5,301)	(20,427)	16,335	(62,870)
Change of assumptions	3,793	-	9,317	(18,627)	-
Change of benefit terms	-	-	-	-	-
Benefit payments, including refunds of of employee contributions	(25,639)	(30,161)	(26,271)	(28,771)	(35,114)
Other	-	-	-	-	-
Net change in total pension liability	(15,844)	408	(211)	4,593	(58,647)
Total pension liability, beginning	418,596	418,188	418,399	413,806	472,453
Total pension liability, ending (a)	402,752	418,596	418,188	418,399	413,806
Plan fiduciary net position					
Contributions - City	31,124	22,610	20,927	20,334	22,190
Net investment income (loss)	30,747	(59,972)	72,791	22,536	16,789
Benefit payments, including refunds of employee contributions	(25,639)	(30,161)	(26,271)	(28,771)	(35,114)
Administrative expenses	(20,565)	(19,226)	(13,681)	(14,766)	(6,883)
Net change in plan fiduciary net position	15,667	(86,749)	53,766	(667)	(3,018)
Plan fiduciary net position, beginning	367,075	453,824	400,058	400,725	403,743
Plan fiduciary net position, ending (b)	$ 382,742	$ 367,075	$ 453,824	$ 400,058	$ 400,725
Net pension liability (asset) (a)-(b)	$ 20,010	$ 51,521	$ (35,636)	$ 18,341	$ 13,081
Plan fiduciary net position as a percentage of total pension liability	95.03%	87.69%	108.52%	95.62%	96.84%
Covered payroll	$ 78,698	$ 80,621	$ 75,284	$ 89,240	$ 81,265
Net pension liability as a percentage of covered payroll	25.43%	63.91%	-47.34%	20.55%	16.10%

Continued…

	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Total pension liability					
Service cost	$ 9,784	$ 7,842	$ 8,083	$ 5,064	$ 4,760
Interest	31,650	29,804	23,685	29,647	29,146
Difference between expected and actual experience	(992)	1,643	7,462	-	-
Change of assumptions	-	20,001	76,545	-	-
Change of benefit terms	2,766	-	-	-	-
Benefit payments, including refunds of of employee contributions	(26,886)	(36,347)	(26,611)	(25,157)	(31,032)
Other	3,659	(3,135)	199	-	-
Net change in total pension liability	19,981	19,808	89,363	9,554	2,874
Total pension liability, beginning	452,472	432,664	343,301	333,747	330,873
Total pension liability, ending (a)	472,453	452,472	432,664	343,301	333,747
Plan fiduciary net position					
Contributions - City	33,737	19,114	21,565	23,025	12,509
Net investment income (loss)	25,057	41,560	24,708	(1,241)	28,946
Benefit payments, including refunds of employee contributions	(26,886)	(36,616)	(26,611)	(25,723)	(31,032)
Administrative expenses	(7,683)	(7,639)	(8,491)	(1,841)	(4,773)
Net change in plan fiduciary net position	24,225	16,419	11,171	(5,780)	5,650
Plan fiduciary net position, beginning	379,518	363,099	351,928	357,708	352,058
Plan fiduciary net position, ending (b)	$ 403,743	$ 379,518	$ 363,099	$ 351,928	$ 357,708
Net pension liability (asset) (a)-(b)	$ 68,710	$ 72,954	$ 69,565	$ (8,627)	$ (23,961)
Plan fiduciary net position as a percentage of total pension liability	85.46%	83.88%	83.92%	102.51%	107.18%
Covered payroll	$ 99,642	$ 86,938	$ 90,926	$ 74,908	$ 65,337
Net pension liability as a percentage of covered payroll	68.96%	83.91%	76.51%	Not Applicable	Not Applicable

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, 2023:

- The discount rate was decreased from 6.75% per annum to 6.50% per annum.
- Assumed individual salary increase rates decreased for all years prior to retirement.
- Assumed withdrawal rates were changed to be based on unisex service rather than sex distinct age table and adjusted to be generally more withdrawal than previously assumed.

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.

Year Ended September 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess (Deficiency)	Covered Payroll	Contributions as a % of Covered Payroll
General Employees' Pension Trust Fund:					
2023	$ 301,995	$ 321,388	$ 19,393	$ 2,208,600	14.55%
2022	$ 203,161	$ 177,573	$ (25,588)	$ 2,093,630	8.48%
2021	$ 192,341	$ 183,188	$ (9,153)	$ 1,755,771	10.43%
2020	$ 178,708	$ 212,954	$ 34,246	$ 1,557,647	13.67%
2019	$ 212,649	$ 212,649	$ -	$ 1,426,810	14.90%
2018	$ 206,094	$ 275,513	$ 69,419	$ 1,257,028	21.92%
2017	$ 196,391	$ 236,582	$ 40,191	$ 1,064,675	22.22%
2016	$ 185,943	$ 194,344	$ 8,401	$ 1,012,380	19.20%
2015	$ 201,031	$ 211,212	$ 10,181	$ 1,130,621	18.68%
2014	$ 168,984	$ 168,984	$ -	$ 1,045,343	16.17%
Police Officers' Pension Trust Fund:					
2023	$ 17,876	$ 17,876	$ -	Not Applicable	Not Applicable
2022	$ 16,810	$ 16,810	$ -	Not Applicable	Not Applicable
2021	$ 11,426	$ 11,426	$ -	Not Applicable	Not Applicable
2020	$ 26,973	$ 32,551	$ 5,578	Not Applicable	Not Applicable
2019	$ 32,551	$ 32,551	$ -	Not Applicable	Not Applicable
2018	$ 28,866	$ 28,866	$ -	Not Applicable	Not Applicable
2017	$ 27,063	$ 23,448	$ (3,615)	Not Applicable	Not Applicable
2016	$ 21,902	$ -	$ (21,902)	Not Applicable	Not Applicable
2015	$ 23,985	$ 52,583	$ 28,598	Not Applicable	Not Applicable
2014	$ 31,528	$ 31,528	$ -	Not Applicable	Not Applicable
Firefighters' Pension Trust Fund:					
2023	$ 25,684	$ 31,124	$ 5,440	$ 78,698	39.55%
2022	$ 24,239	$ 22,610	$ (1,629)	$ 80,621	28.04%
2021	$ 21,561	$ 20,927	$ (634)	$ 75,284	27.80%
2020	$ 20,334	$ 20,334	$ -	$ 89,240	22.79%
2019	$ 18,749	$ 22,190	$ 3,441	$ 81,265	27.31%
2018	$ 29,354	$ 33,737	$ 4,383	$ 99,642	33.86%
2017	$ 22,972	$ 19,114	$ (3,858)	$ 86,938	21.99%
2016	$ 21,565	$ 21,565	$ -	$ 90,926	23.72%
2015	$ 19,944	$ 23,025	$ 3,081	$ 74,908	30.74%
2014	$ 15,589	$ 12,509	$ (3,080)	$ 65,337	19.15%

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

- Valuation Date: October 1, 2022 for fiscal year 2023 contributions.
- Actuarial cost method - General employees' and firefighters' retirement plans: Frozen entry age actuarial cost method.
- Actuarial cost method – Police officers' retirement plan: Entry age normal actuarial cost method.
- Amortization method – Level dollar amount over a period of up to 30 years for the general employees' and firefighters' retirement plan and 15 years for the police officers' retirement plan.
- Asset valuation method: The actuarial value of the assets is equal to the market value of assets, adjusted to reflect a five-year phase-in of the difference between the expected market value for each of the last five years.
- Inflation: no explicit inflation rate was used.
- Salary increases: General employees' and firefighters' retirement plans: 3.0%. This assumption is not applicable to the police officers' retirement plan.
- Investment rate of return: 6.75%.
- Retirement age: 100% retirement is assumed at the earliest of:

General Employees Retirement Plan

(a) any age with 40 years of service
(b) age 60 with 35 years of service
(c) age 62 with 30 years of service
(d) age 65 with 10 years of service
(e) age 70

Firefighters' Retirement Plan

(a) any age with 40 years of service
(b) age 55 with 30 years of service
(c) age 60 with 10 years of service
(d) age 65

Police Officers' Retirement Plan

(a) any age with 40 years of service
(b) age 55 with 30 years of service
(c) age 60 with 10 years of service
(d) age 65

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

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

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

	Average Money-Weighted Rate of Return, gross of Investment Expenses - Pension Trust Funds		
	General Employees'	Police Officers'	Fire Fighters'
For the year ended September 30:			
2014	8.40%	8.30%	8.50%
2015	0.11%	0.30%	0.11%
2016	8.35%	8.25%	7.97%
2017	13.41%	13.56%	13.14%
2018	7.55%	7.55%	7.42%
2019	5.14%	4.98%	5.12%
2020	6.33%	6.20%	6.24%
2021	19.31%	19.40%	19.31%
2022	-13.29%	-13.27%	-13.17%
2023	8.42%	8.59%	8.60%

CITY OF FORT MEADE, FLORIDA

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

Measurement date	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Reporting period ending	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Total OPEB Liability						
Service cost	$ 26,788	$ 26,605	$ 21,808	$ 20,816	$ 9,058	$ 9,615
Interest	8,621	3,912	3,027	4,097	4,262	3,700
Change in assumptions	(1,720)	(5,596)	(4,579)	6,078	8,062	(6,697)
Difference between expected and actual experience	-	(761)	-	(15,176)	-	-
Benefit payments	(5,964)	(4,731)	(4,878)	(4,984)	(5,992)	(5,523)
Net change in total OPEB liability	27,725	19,429	15,378	10,831	15,390	1,095
Total OPEB liability, beginning	156,895	137,466	122,088	111,257	95,867	94,772
Total OPEB liability, ending	$ 184,620	$ 156,895	$ 137,466	$ 122,088	$ 111,257	$ 95,867
Covered-employee payroll	$ 1,544,747	$ 1,507,070	$ 1,374,164	$ 1,340,648	$ 1,599,888	$ 1,522,797
Total OPEB liability as a percentage of covered-employee payroll	11.95%	10.41%	10.00%	9.11%	6.95%	6.30%
Changes in Assumptions:						
Discount rate used	4.87%	4.77%	2.43%	2.14%	3.58%	4.18%

Notes to Schedule:

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

Changes in Assumptions:

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



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OTHER SUPPLEMENTARY INFORMATION

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, 2023

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Licenses and permits	$ 224,917	$ 220,000	$ 215,998	$ (4,002)
Other	-	400	499	99
Total revenues	224,917	220,400	216,497	(3,903)
EXPENDITURES:				
Physical environment	202,077	141,795	137,618	4,177
Capital outlay	3,000	13,355	9,083	4,272
Debt service	13,840	14,605	14,576	29
Total expenditures	218,917	169,755	161,277	8,478
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	6,000	50,645	55,220	4,575
OTHER FINANCING SOURCES (USES):				
Transfers out	(6,000)	-	-	-
Insurance recoveries	-	830	830	-
Total other financing sources (uses)	(6,000)	830	830	-
NET CHANGE IN FUND BALANCE	$ -	$ 51,475	$ 56,050	$ 4,575

GOVERNMENT AUDITING SECTION

CITY OF FORT MEADE, FLORIDA
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
for the year ended September 30, 2023

State Agency/Pass-through Entity/State Project	CSFA#	Contract/Grant Identification	Total Expenditures
State of Florida Department of Environmental Protection			
Direct program:			
Wastewater Treatment Facility Construction - Loan	37.077	WW531121	$ 145,799
Wastewater Treatment Facility Construction - Grant	37.077	WW531121	731,663
Total Florida Department of Environmental Protection			877,462
Total Expenditures of State Financial Assistance			$ 877,462

GENERAL - The accompanying Schedule of State Financial Assistance (the Schedule) presents the activity of all state financial assistance programs of the City of Fort Meade, Florida (the City). The Schedule presents only a selected portion of the operations of the City and is not intended to and does not present the financial position, changes in net position, or cash flows of the City. The information in the Schedule is presented in accordance with the requirements of Section 215.97, Florida Statues. Therefore, some amounts presented in the Schedule may differ from amounts presented or used in the preparation of the basic financial statements for the fiscal year ended September 30, 2023.

BASIS OF ACCOUNTING - The accompanying Schedule is presented in compliance with generally accepted accounting principles, which is described in Note 1 to City's basic financial statements for the year ended September 30, 2023.

LOANS OUTSTANDING – The City had the following loan balances outstanding on September 30, 2023:

State Grantor / Program Title	Ending Balance
Department of Environmental Protection:	
Wastewater Treatment Facility Construction – WW531120	$66,303
Wastewater Treatment Facility Construction – WW531121	$145,799
	$212,102

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY CHAPTER 10.550, *RULES OF THE AUDITOR GENERAL*

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

Report on Compliance for Each Major State Project

Opinion on Each Major State Project
We have audited the City of Fort Meade, Florida's (the City) compliance with the types of compliance requirements described in the Florida Department of Financial Services' State Projects *Compliance Supplement* that could have a direct and material effect on each of the City's major state projects for the year ended September 30, 2023. The City's major state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questions costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state projects for the year ended September 30, 2023.

Basis for Opinion on Each Major State Project
We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standard applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Chapter 10.550, *Rules of the Auditor General.* Our responsibilities under those standards and Chapter 10.550, *Rules of the Auditor General* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state project. Our audit does not provide a legal determination of the City's compliance requirements referred to above.

Responsibilities of Management for Compliance
Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable the City's state projects.

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY CHAPTER 10.550, *RULES OF THE AUDITOR GENERAL*

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material non-compliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and Chapter 10.550, *Rules of the Audit* General, will always detect material non-compliance when it exists. The risk of not detecting material non-compliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and Chapter 10.550, *Rules of the Auditor* General, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material non-compliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Chapter 10.550, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY CHAPTER 10.550, *RULES OF THE AUDITOR GENERAL*

a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.550, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

Purvis Gray

June 6, 2024
Sarasota, Florida

CITY OF FORT MEADE, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of Auditor's Report Issued:	Unmodified
Internal Control over Financial Reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	Yes
Non-compliance material to financial statements noted?	Yes

State Financial Assistance Projects

Internal Control over Major Programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of Auditor's Report Issued on Compliance for Major Programs:	Unmodified

Identification of Major Projects:

State Financial Assistance Projects

State of Florida Department of Environmental Protection	
Wastewater Treatment Facility Construction	CSFA No. 37.077
Dollar Threshold Used to Distinguish Between Type A and Type B - State Projects:	$300,000

CITY OF FORT MEADE, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

SECTION II – FINANCIAL STATEMENT FINDINGS

- **2023-01 Management Override of Procurement Process – Significant Deficiency**

  Condition: Prior to the audit, the City discovered that a $642,000 purchase for a new fire truck was made without receiving the prerequisite approval for purchases over $25,000 from the City Commission.

  Criteria: Procurement controls should be in place to ensure that purchases in excess of $25,000 have obtained prior approval from the City Commission in accordance with the City's procurement policy. Additionally, Florida Statutes §166.241(2) requires that a municipality's budget regulate its expenditures, prohibiting any expenditures or contract that are not in accordance with the adopted budget.

  Cause: The City failed to obtain necessary approvals prior to approving the purchase.

  Effect: The City was not in compliance with its purchasing policy. Additionally, this purchase was in excess of existing budget appropriations requiring subsequent budget amendments.

  Recommendation: We recommend that management include additional procedures within the City's procurement process to clearly distinguish and properly document the nature of a purchase, whether it is a change order or a new purchase approval, to ensure compliance with established approval requirements.

- **2023-02 Bank Reconciliation Process – Material Weakness**

  Condition: During the audit, we noted that bank reconciliations were not being performed in a timely manner. The April 2023 reconciliation was not reviewed and approved until November 2023. Additionally, based on our testing of completed bank reconciliations we determined that they were not being completed correctly.

  Criteria: Bank reconciliations should be performed correctly on a timely basis to ensure the accuracy of financial records, detect and correct errors promptly, and safeguard against potentially fraudulent activity.

  Cause: Due to a delay in the prior year's financial reporting and turnover within the finance department, City staff experienced delays in routine functions.

  Effect: Lack of timely and accurate bank reconciliations could result in errors or irregularities not being detected on a timely basis.

  Recommendation: We recommend the City implement procedures to ensure that all bank accounts are reconciled within the following month, and that any identified discrepancies be properly investigated and corrected.

CITY OF FORT MEADE, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

- **2023-03 Manual Adjusting Entries – Significant Deficiency**

  Condition: During the audit, we noted that for 2 out of 25 manual adjusting entries tested, the same individual was responsible for both preparing and reviewing the adjusting entries.

  Criteria: Proper segregation of duties is essential in the financial reporting process to ensure that no single individual has control over all aspects of a financial transactions, thereby reducing the risk of errors or fraudulent activity.

  Cause: Due to limited staffing resources and turnover within the finance department, the City did not obtain secondary review.

  Effect: The lack of segregation of duties increases the risk of undetected errors or potentially fraudulent activities in the financial records.

  Recommendation: We recommend that management adopt additional procedures to ensure a proper segregation of duties in the preparation and review of manual adjusting entries.

SECTION III – FEDERAL AWARD AND STATE PROJECT FINDINGS AND QUESTIONED COSTS

No matters were reported.

PURVIS GRAY

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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 6, 2024.

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We considered the deficiency described in the accompanying schedule of findings and questioned costs as item 2023-02 to be a material weakness.

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*

A *significant deficiency* is a deficiency, or 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. We considered the deficiencies described in the accompanying schedule of findings and questioned costs as items 2023-01 and 2023-03 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of non-compliance that is required to be reported under *Government Auditing Standards* which is included as 2023-01 in the Schedule of Findings and Questioned Costs.

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.

Purvis Gray

June 6, 2024
Sarasota, Florida

PURVIS GRAY

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, 2023. City management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material non-compliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

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

In our opinion, the City complied, in all material respects, with the aforementioned requirements during the fiscal year ended September 30, 2023.

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

Purvis Gray

June 6, 2024
Sarasota, Florida

PURVIS GRAY

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE FOR THE U.S. TREASURY CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS PROGRAM (CSLFRF) REQUIREMENTS FOR AN ALTERNATIVE CSLFRF COMPLIANCE EXAMINATION ENGAGEMENT

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

We have examined the City of Fort Meade, Florida's (the City) compliance with the compliance requirements "activities allowed or unallowed" and "allowable cost/cost/principles" (the specified requirements) as described in Part IV "Requirements for an Alternative Compliance Examination Engagement for Recipients that Would Otherwise be Required to Undergo a Single Audit or Program-Specific Audit as a Result of Receiving Coronavirus State and Local Fiscal Recovery Funds" of the CSLFRF section of the 2023 OMB *Compliance Supplement* (referred to herein as Requirements for an Alternative CSLFRF Compliance Examination Engagement) during the year ended September 30, 2023. Management of the City is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in the Requirements for an Alternative CSLFRF Compliance Examination Engagement. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material 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.

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

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

In our opinion, the City complied, in all material respects, with the specified requirements referenced above during the year ended September 30, 2023.

Purvis Gray

June 6, 2024
Sarasota, Florida

PURVIS GRAY

REVISED 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, 2023, and have issued our report thereon dated July 25, 2024.

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;* Independent Auditor's Report on Compliance for Each State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Reports on an examination conducted in accordance with AICPA *Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General* and Part IV "Requirements for an Alternative Compliance Examination Engagement for Recipients that Would Otherwise be Required to Undergo a Single Audit or Program-Specific Audit as a Result of Receiving Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)" of the CSLFRF section of the 2023 OMB *Compliance Supplement*. Disclosures in those reports, which are dated June 6, 2024, should be considered in conjunction with this revised 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. Finding 2022-03, Inventory Management Controls, was tested and found to be corrected. The below findings have not been corrected and have been included as follows:

Tabulation of Uncorrected Audit Findings		
Current Year Finding No.	**2021-22 FY Finding No.**	**2020-21 FY Finding No.**
2023-05	2022-01	2021-02
2023-02	2022-02	N/A

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

REVISED MANAGEMENT LETTER

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 revised management letter, unless disclosed in the notes to the financial statements. The required disclosure for the primary government and component units is made in Note 1.

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

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

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

- **2023-04 Internal Service Charges**
  Internal service charges can be an efficient way to allocate shared costs across a City's various funds. However, charges should be allocated based on underlying costs associated with using those services, in accordance with established cost allocation plans and interfund agreements. The City changed its methodology for allocating internal service charges across the City's funds, resulting in significant increases to some departments. However, due to turnover in the finance department, management was not able to explain the methodology for the new allocation. Additionally, we noted that budgeted charges were in excess of associated budgeted internal service charges by $49,585.

- **2023-05 Excess Expenditures Over Budget Appropriations**
  Budget monitoring and timely amendment is necessary to ensure that entities operate within the financial resources available to them. Additionally, Florida Statutes §166.241(2) requires that a municipality's budget regulate its expenditures, prohibiting any expenditures or contract that are not in accordance with the adopted budget. During the audit, we noted that the City expended amounts beyond their budget appropriations within the Legislative, Other General Government, Police, and Inspections Departments within the General Fund in the amounts of $1,367, $22,353, $8,711, and $1,783, respectively.

Special District Component Unit
Section 10.554(1)(i)5.c., *Rules of the Auditor General,* requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, and to provide the financial information necessary for proper reporting of the component unit within the audited

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

REVISED MANAGEMENT LETTER

financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component unit that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes. Specific information required by Section 218.39(3)(c), Florida Statutes and Section 10.554(1)(i)(6), *Rules of the Auditor General*, for the City's Community Redevelopment Agency (CRA) is reported in the CRA's separately issued financial statements.

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General,* requires us to communicate non-compliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

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

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

July 25, 2024
Sarasota, Florida

OTHER INFORMATION

City of Fort Meade

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MEMORANDUM
General Memo #GM-24-032

To: City Commission
From: Interim City Manager Dustin Burke
Date: June 6, 2024
Subject: Management's Response to the Independent Auditor's Report for the Fiscal Year Ended September 30, 2023

Dear Honorable Mayor and City Commissioners,

Thank you for the opportunity to respond to the findings identified in the independent auditor's report for the fiscal year ended September 30, 2023. We appreciate the auditor's thorough examination and recommendations for improvement.

We acknowledge that some of the issues raised in the findings occurred prior to the current administration taking office. Since then, we have been working diligently to address these concerns and implement corrective actions to strengthen our financial management and reporting processes. Below, we have provided our responses to each finding, highlighting the steps taken to date:

Finding 2023-01: Management Override of Procurement Process

> Response: We have implemented enhanced monitoring processes to ensure compliance with the City's procurement policy and Florida Statutes. These processes include additional oversight and verification to ensure that all purchases above $25,000 receive prior approval from the City Commission. We are committed to enforcing these processes to prevent any future occurrences of non-compliance.

Finding 2023-02: Bank Reconciliation Process

> Response: We have established improved monitoring processes and accountability measures to ensure timely and accurate bank reconciliations. These processes include clear deadlines for reconciliations and regular review by management. We will continue to enforce these processes to ensure that all bank accounts are reconciled within the following month and any discrepancies are promptly investigated and corrected.

Finding 2023-03: Manual Adjusting Entries

Response: We understand the importance of proper segregation of duties in the financial reporting process. We will adopt additional procedures to ensure that manual adjusting entries are prepared and reviewed by separate individuals to reduce the risk of errors or fraudulent activity.

Finding 2023-04: Internal Service Charges

Response: As part of our ongoing budgeting process, we are currently conducting a thorough review of our internal service charge allocation methodology. We will ensure that our cost allocation plans and interfund agreements are updated to reflect a clear and consistent approach for allocating charges based on the underlying costs associated with using those services. This review will be completed in time for the upcoming budget cycle.

Finding 2023-05: Excess Expenditures Over Budget Appropriations

Response: We have already implemented enhanced reporting requirements and spending checks to ensure compliance with Florida Statutes and prevent expenditures from exceeding budget appropriations. We will continue to enforce these measures and closely monitor our budgets to ensure that we operate within the available financial resources.

We are committed to addressing these findings and implementing the necessary corrective actions to improve our financial management and reporting processes. We take these issues seriously and will work diligently to resolve them and prevent future occurrences.

Sincerely,

Dustin Burke

Dustin Burke
Interim City Manager