

# **CITY OF FORT MEADE, FLORIDA**



## **FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORTS SEPTEMBER 30, 2024**

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

**AS OF SEPTEMBER 30, 2024**

**CITY COMMISSION**

**Mayor, Commissioner**  
Petrina McCutchen

**Vice Mayor, Commissioner**  
Samuel Berrien

**Commissioner**  
James Possum Shail

**Commissioner**  
James Watts

**Commissioner**  
Jaret Williams

**APPOINTED OFFICIALS**

**City Manager**  
Edward Dean

**City Attorney**  
Shirlyon McWhorter

# City of Fort Meade, Florida

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## **FINANCIAL SECTION**



## **INDEPENDENT AUDITORS' REPORT**

To the Honorable Mayor and City Commission Members,  
City of Fort Meade, Florida:

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited 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, 2024, 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 accompanying financial statements 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, 2024, 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 (GAAS) and the standards applicable to financial audit contained in *Government Auditing Standards* (GAS), issued by the Comptroller general of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section 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 these 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.

### ***Auditors' 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 auditors' 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 GAAS and GAS 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 collusion, 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgment 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 judgment, 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 and required supplementary information, as listed in the table of contents, 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

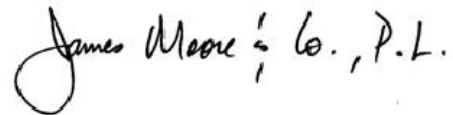
### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and other schedules and schedule of expenditures of state financial assistance as required by Section 215.97, Florida Statutes, *Florida Single Audit Act*, is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and other schedules and schedule of expenditures of state financial assistance is the responsibility of management and was derived from and relate 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 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 information is fairly stated, in all material respects, in relation to the 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 October 23, 2025, 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 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 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.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive, flowing style.

Daytona Beach, Florida  
October 23, 2025

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 2024 by \$21,546,733 (net position) compared to \$18,783,424 in the prior year. Of this amount, \$3,478,224 (unrestricted net position) may be used to meet the City's ongoing obligations at the close of fiscal year 2024 compared to \$3,968,979 in the prior year.
- The City's total net position increased by \$2,763,309 or 15% during the year compared to \$2,362,223 in the prior year. The net position for governmental activities increased by \$1,455,863 or 19%, while the business-type activities' net position increased by \$1,307,446 or 12%.
- Total combined revenues resulting from governmental activities and business-type activities decreased \$1,034,844 or 6% when compared to the prior year.
- Total combined expenses resulting from governmental activities and business-type activities decreased \$1,435,930 or 9% 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 \$3,948,927 compared to \$3,273,500 as of the prior year. General fund unassigned and assigned fund balance totaled \$1,023,230 as of September 30, 2024, which is 24% of total general fund expenditures for the year ended September 30, 2024 compared to \$1,031,896 as of the end of the prior year which represented 19% 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 \$21,546,733. The following table reflects a summary of net position compared to the prior year. For additional information, see the statement of net position by referencing the table of contents of this report.

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

|                                  | <b>Governmental Activities</b> |                            | <b>Business-type Activities</b> |                             | <b>Total Primary Government</b> |                             |
|----------------------------------|--------------------------------|----------------------------|---------------------------------|-----------------------------|---------------------------------|-----------------------------|
|                                  | <b><u>2024</u></b>             | <b><u>2023</u></b>         | <b><u>2024</u></b>              | <b><u>2023</u></b>          | <b><u>2024</u></b>              | <b><u>2023</u></b>          |
| Current and other assets         | \$ 4,919,396                   | \$ 4,470,407               | \$ 7,637,361                    | \$ 8,317,283                | \$ 12,556,757                   | \$ 12,787,690               |
| Capital assets                   | 6,903,039                      | 6,426,169                  | 14,877,679                      | 11,939,186                  | 21,780,718                      | 18,365,355                  |
| <b>Total assets</b>              | <b><u>11,822,435</u></b>       | <b><u>10,896,576</u></b>   | <b><u>22,515,040</u></b>        | <b><u>20,256,469</u></b>    | <b><u>34,337,475</u></b>        | <b><u>31,153,045</u></b>    |
| Deferred outflows                | 245,651                        | 671,304                    | 160,860                         | 346,847                     | 406,511                         | 1,018,151                   |
| Current liabilities              | 490,145                        | 993,638                    | 5,370,512                       | 4,685,595                   | 5,860,657                       | 5,679,233                   |
| Non-current liabilities          | 1,937,987                      | 2,569,067                  | 4,940,584                       | 4,945,578                   | 6,878,571                       | 7,514,645                   |
| <b>Total liabilities</b>         | <b><u>2,428,132</u></b>        | <b><u>3,562,705</u></b>    | <b><u>10,311,096</u></b>        | <b><u>9,631,173</u></b>     | <b><u>12,739,228</u></b>        | <b><u>13,193,878</u></b>    |
| Deferred inflows                 | 325,425                        | 146,509                    | 132,600                         | 47,385                      | 458,025                         | 193,894                     |
| Net position:                    |                                |                            |                                 |                             |                                 |                             |
| Net investment in capital assets | 6,423,121                      | 5,848,294                  | 9,593,169                       | 7,481,242                   | 16,016,290                      | 13,329,536                  |
| Restricted                       | 1,611,945                      | 1,091,336                  | 440,274                         | 393,573                     | 2,052,219                       | 1,484,909                   |
| Unrestricted                     | 1,279,463                      | 919,036                    | 2,198,761                       | 3,049,943                   | 3,478,224                       | 3,968,979                   |
| <b>Total net position</b>        | <b><u>\$ 9,314,529</u></b>     | <b><u>\$ 7,858,666</u></b> | <b><u>\$ 12,232,204</u></b>     | <b><u>\$ 10,924,758</u></b> | <b><u>\$ 21,546,733</u></b>     | <b><u>\$ 18,783,424</u></b> |

On September 30, 2024 approximately 74% (71% as of September 30, 2023) of the City's net position reflects its investment in capital assets (land, buildings, improvements, infrastructure, vehicles and equipment) net of any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, this component of net position is not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Approximately 10% of the City's net position represents resources that are subject to external restrictions on how they may be used. That compares to 8% in the prior year. The remaining balance of unrestricted net position, \$3,478,224 or 16% of the City's net position in 2024 may be used to meet the City's ongoing obligations to citizens and creditors. This is a decrease in unrestricted net position of \$490,755 or 12% for the year.

**CITY OF FORT MEADE, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**September 30, 2024**

**Statement of Activities.** The 2024 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 |                      |
|                                                      | <u>2024</u>             | <u>2023</u>         | <u>2024</u>              | <u>2023</u>          | <u>2024</u>              | <u>2023</u>          |
| <b>Revenues:</b>                                     |                         |                     |                          |                      |                          |                      |
| <i>Program Revenues:</i>                             |                         |                     |                          |                      |                          |                      |
| Charges for services                                 | \$ 938,921              | \$ 877,948          | \$ 9,054,089             | \$ 9,516,206         | \$ 9,993,010             | \$ 10,394,154        |
| Operating grants/contrib.                            | 62,337                  | 265,240             | -                        | -                    | 62,337                   | 265,240              |
| Capital grants/contrib.                              | 1,467,788               | 1,997,584           | 1,782,908                | 940,733              | 3,250,696                | 2,938,317            |
| <i>General revenues:</i>                             |                         |                     |                          |                      |                          |                      |
| Property taxes - General                             | 1,109,617               | 1,069,866           | -                        | -                    | 1,109,617                | 1,069,866            |
| Property taxes - CRA                                 | 567,904                 | 433,760             | -                        | -                    | 567,904                  | 433,760              |
| Pub svc tax/franchise fees                           | 601,329                 | 656,060             | -                        | -                    | 601,329                  | 656,060              |
| Transportation fuel taxes                            | 341,461                 | 346,107             | -                        | -                    | 341,461                  | 346,107              |
| State shared revenue                                 | 779,937                 | 812,141             | -                        | -                    | 779,937                  | 812,141              |
| Other                                                | 120,784                 | 43,758              | 304,080                  | 1,206,596            | 424,864                  | 1,250,354            |
| <b>Total revenues</b>                                | <u>5,990,078</u>        | <u>6,502,464</u>    | <u>11,141,077</u>        | <u>11,663,535</u>    | <u>17,131,155</u>        | <u>18,165,999</u>    |
| <b>Expenses:</b>                                     |                         |                     |                          |                      |                          |                      |
| <i>Governmental activities:</i>                      |                         |                     |                          |                      |                          |                      |
| General government                                   | 1,655,255               | 1,749,298           | -                        | -                    | 1,655,255                | 1,749,298            |
| Law enforcement                                      | 1,379,540               | 1,383,851           | -                        | -                    | 1,379,540                | 1,383,851            |
| Fire control                                         | 911,794                 | 453,166             | -                        | -                    | 911,794                  | 453,166              |
| Building inspections                                 | 116,188                 | 129,146             | -                        | -                    | 116,188                  | 129,146              |
| Stormwater                                           | 293,038                 | 253,381             | -                        | -                    | 293,038                  | 253,381              |
| Roads and streets                                    | 355,696                 | 449,993             | -                        | -                    | 355,696                  | 449,993              |
| Library                                              | 215,082                 | 235,748             | -                        | -                    | 215,082                  | 235,748              |
| Recreation                                           | 94,930                  | 383,958             | -                        | -                    | 94,930                   | 383,958              |
| Parks                                                | 514,512                 | 633,881             | -                        | -                    | 514,512                  | 633,881              |
| Community redevelopment                              | 209,175                 | 233,899             | -                        | -                    | 209,175                  | 233,899              |
| Interest on long-term debt                           | 52,735                  | 60,144              | -                        | -                    | 52,735                   | 60,144               |
| <i>Business-type activities:</i>                     |                         |                     |                          |                      |                          |                      |
| Electric                                             | -                       | -                   | 5,234,950                | 6,043,273            | 5,234,950                | 6,043,273            |
| Water                                                | -                       | -                   | 1,185,017                | 949,114              | 1,185,017                | 949,114              |
| Sewer                                                | -                       | -                   | 1,410,392                | 1,672,245            | 1,410,392                | 1,672,245            |
| Solid waste                                          | -                       | -                   | 738,553                  | 645,313              | 738,553                  | 645,313              |
| Mobile home park                                     | -                       | -                   | 989                      | 527,366              | 989                      | 527,366              |
| <b>Total expenses</b>                                | <u>5,797,945</u>        | <u>5,966,465</u>    | <u>8,569,901</u>         | <u>9,837,311</u>     | <u>14,367,846</u>        | <u>15,803,776</u>    |
| Increase (decrease) in net position before transfers | <u>192,133</u>          | <u>535,999</u>      | <u>2,571,176</u>         | <u>1,826,224</u>     | <u>2,763,309</u>         | <u>2,362,223</u>     |
| <b>Transfers in (out)</b>                            | <u>1,263,730</u>        | <u>(79,197)</u>     | <u>(1,263,730)</u>       | <u>79,197</u>        | <u>-</u>                 | <u>-</u>             |
| Change in Net Position                               | <u>1,455,863</u>        | <u>456,802</u>      | <u>1,307,446</u>         | <u>1,905,421</u>     | <u>2,763,309</u>         | <u>2,362,223</u>     |
| Net position - Beginning                             | <u>7,858,666</u>        | <u>7,401,864</u>    | <u>10,924,758</u>        | <u>9,019,337</u>     | <u>18,783,424</u>        | <u>16,421,201</u>    |
| Net position - Ending                                | <u>\$ 9,314,529</u>     | <u>\$ 7,858,666</u> | <u>\$ 12,232,204</u>     | <u>\$ 10,924,758</u> | <u>\$ 21,546,733</u>     | <u>\$ 18,783,424</u> |

### 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 2024, governmental activities' net position increased by \$1,455,863 compared to an increase of \$456,802 in the prior year.

Overall, total revenues-governmental activities were down \$512,386 or 8%, total expenses were down \$168,520 or 3% and a \$1,342,927 increase in the net transfer from/to the business-type activities. Following are *significant* changes in the statement of activities from 2023 to 2024:

- Capital grants and contributions decreased by approximately \$530,000 in 2024 compared to 2023 mainly due to the recognition of approximately \$412,000 of American Rescue Plan Act State and Local Fiscal Recovery Fund grant revenue in 2024 compared to approximately \$1,990,000 in 2023. This decrease was partially offset by increased grant funding for fire function equipment of approximately \$839,000.
- Property taxes are up \$173,895 or 12% in 2024 compared to 2023. The City's millage rate for 2024 was 8.0000 which is unchanged from 2023. The taxable value of the real and personal property within the City increased by 10% from 2023 to 2024.
- Operating grants and contributions decreased by approximately \$203,000 or 76% mainly due to a \$200,000 grant to the City in 2023 which did not recur in 2024.
- The remaining program and general revenues were up \$46,000 or 2% for myriad reasons.
- The transfer to the business-type activities of \$79,197 in 2023 changed to a transfer *from* the business-type activities of \$1,263,730 in 2024, a swing of \$1,342,927. This was mainly due to a \$385,000 decrease in the transfer of American Rescue Plan Act grant funds to the business-type activities to pay for water and sewer project costs and a \$957,700 increase in the transfer from the business-type activities, mainly from the mobile home park function whose transfer increased by \$806,700.

On the expense side:

- Fire control expenses increased by approximately \$459,000 or 101% in 2024 compared to 2023 due to various reasons but of significance was an increase in personnel-related expenses of approximately \$357,000 (302%) and an increase of approximately \$113,000 in depreciation expense as a significant amount of capital assets were placed into service during 2024.
- Recreation expenses decreased by approximately \$290,000 or 75% mainly due to \$270,000 of noncapitalized planning expenses associated with the agricultural center at Peace River Park incurred in 2023 that did not recur in 2024.
- Parks expenses decreased by approximately \$119,000 or 19% mainly due to a decrease of approximately \$48,500 in personnel-related expenses or 14% and decreased hurricane response expenses of approximately \$20,000 or 73%.
- Roads and streets expenses decreased by approximately \$95,000 or 21% mainly due to a decrease of approximately \$54,000 in hurricane response expenses or 63%, including tree removal and replacement expenses.

- Remaining program expenses decreased by \$124,454 or 3% in 2024 compared to 2023 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 \$1,307,446 compared to an increase of \$1,905,421 in the prior year.

The main reasons for the improvement in the results of operations from 2023 to 2024 were as follows:

- Total revenue decreased \$522,458 or 4% from 2023 to 2024, and total expenses decreased by \$1,267,410 or 13% and net transfers increased by \$1,342,927.
- Capital grants and contribution revenue increased by approximately \$842,175 or 90% mainly due to a \$886,000 increase in sewer grants and impact fees in 2024 compared to 2023.
- Charges for services decreased by approximately \$462,000 or 5% mainly due to a decline of \$275,000 or 4% in the electric function as amounts charged to City customers decreased as power costs decreased. The charges for services of the mobile home park function declined by \$433,000 or 100% as the mobile home park was sold in 2023.
- Other revenue decreased by approximately \$902,000 or 75% mainly due to the partial recognition of the gain on the sale of the City's mobile home park in 2023 which was effective on September 7, 2023. The partial recognition of the gain recognized in 2023 was \$1,110,400 and since interest-only payments were made on the purchase in 2024, no gain was recognized in 2024.
- Total expenses decreased by approximately \$1,267,000 or 13% mainly due to the following:
  - The expenses of the electric function decreased by \$808,323 or 13% for various reasons but of significance was a \$725,415 or 17% 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 decreased by approximately \$527,000 or 100% due to September 7, 2023 sale of the mobile home park.
  - Remaining functional expenses rose by about \$67,300, or 2%, due to a variety of changes across multiple expense categories for different reasons.

### **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 \$3,948,927. Of this amount, \$1,096,409 or 28% is non-spendable, \$2,019,051 or 51% is legally restricted for specific purposes and \$833,467 or 21% 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 \$1,023,230, and total fund balance was \$2,129,763. This represents 24% (19% in prior year) and 49% (29% in prior year) respectively, of total general fund expenditures for the year ended September 30, 2024.

In the General Fund, the change in fund balance for the year improved from a decrease of \$939,773 in 2023 to an increase of \$578,028, an improvement of \$1,517,801. Following is a summary of the changes from 2023 to 2024:

- Total revenue decreased by \$19,393 or approximately 1% in 2024 compared to 2023 for a variety of reasons.
- Expenditures decreased by \$978,907 or 18%. The following are the significant revenue changes from the prior year.
  - Culture/recreation expenditures decreased by approximately \$349,000 or 33% mainly due to \$270,000 of planning expenditures associated with the agricultural center at Peace River Park incurred in 2023 that did not recur in 2024.
  - Debt service expenditures decreased by approximately \$367,500 or 71% due to the payoff of long-term debt in 2023.
  - Capital outlay expenditures decreased by approximately \$202,006, or 52%, compared to the prior year. The decrease primarily reflects the completion of several significant projects in the prior year, resulting in fewer capital purchases and construction needs in the current year. Expenditures also vary from year to year depending on the timing, scope, and nature of capital projects undertaken.
  - 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, increased by approximately \$558,300 or 62% due to increased transfers into the general fund in 2024 compared to 2023, net of a 2024 transfer from the general fund to the fire special revenue fund of \$319,058.

*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 \$1,524,253 compared to \$1,242,615 at the end of the prior year.

- Revenues were \$440,858 in 2023 and \$588,293 in 2024. This increase was due to increased property values within the CRA district.
- Expenditures were \$336,808 in 2023 and \$306,655 in 2024. This decrease was due to a wide variety of factors affecting many expenditure categories, none of which are individually significant.

*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 decreased from \$1,988,436 in 2023 to \$412,049 in 2024 as the City incurred fewer costs funded by this grant revenue in 2024 compared to 2023. 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* – The most significant change in this fund's activity in 2024 was the purchase of fire vehicles and equipment totaling \$873,685 of which \$839,031 was paid for by State grant revenue.

**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 2023 to 2024, by major fund:

- In the electric fund, the change in net position improved from a decrease of \$604,942 in 2023 to a decrease of \$209,929 in 2024, an improvement of \$398,013 mainly due to increased operating income in 2024 that was partially offset by a \$147,255 increase in interfund transfers. Operating revenues decreased by 4% and operating expenses decreased by 13%. The electric fund transferred \$717,345 to the general fund in 2023 and \$864,600 in 2024.
- In the water fund, the change in net position deteriorated from an increase of \$711,037 in 2023 to an increase of \$370,876 in 2024, a decline of \$340,161. Charges for services increased by \$45,117 or 4% and operating expenses increased by \$213,181 or 23%. The water fund received a transfer of \$577,438 in 2023 from the American Rescue Plan Act special revenue fund and \$434,043 in 2024.
- In the sewer fund, the change in net position improved from an increase of \$857,471 in 2023 to an increase of \$1,770,509 in 2024, an improvement of \$913,038. Charges for services increased by \$65,165 or 5% and operating expenses decreased \$53,286 or 4%. The sewer fund received a transfer of \$304,673 in 2023 from the American Rescue Plan Act special revenue fund and \$55,845 in 2024. The sewer fund received capital grants in 2023 of \$900,413 which increased to \$1,721,868 in 2024 due to an increase in grant-funded sewer projects.
- The mobile home park fund reported a change in net position of \$957,794 on 2023 mainly due to 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. For 2024 this fund mainly reported interest income of \$220,996 and transfers out totaling \$875,002 and a decrease in net position of \$625,795.

**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 \$8,158,839 of net position restricted for pension benefits on September 30, 2024. This is an increase of \$1,226,748 or 18% for the year. The combined funds reported net investment income of \$1,350,071 for 2024 compared to \$546,193 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 2024 general fund budget anticipated a decrease in fund balance of \$262,075 as budgeted expenditures were greater than budgeted revenues and other financing sources. The original budget was amended as actual revenue and expenditures differed from the original budget estimates. The budget amendment decreased budgeted revenue by \$154,425, increased other financing sources by \$997,133 and decreased budgeted expenditures by \$456,917 resulting in an amended anticipated increase in fund balance of \$1,037,550.

Actual results for 2024 increased fund balance by \$578,028 which was \$459,522 less than the anticipated change in fund balance of \$1,037,550 discussed above. Actual revenues came in \$89,867 or 3% more than the amended budget amounts. Expenditures came in \$121,610 or 3% more than budgeted amounts, spread across all departments. Other financing sources, net with other financing uses, came in \$427,779 or 23% lower than budgeted amounts due to lower than anticipated interfund transfers.

#### **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, 2024, totals \$21,780,718 (net of accumulated depreciation), an increase of approximately \$3,415,363 (19%) for the current year. Following is a schedule of capital assets at the end of the current and prior year:

| <p align="center"><b>Capital Assets Activity</b><br/> (net of accumulated depreciation)<br/> as of September 30,</p> |                                |                     |                                 |                      |                                 |                      |
|----------------------------------------------------------------------------------------------------------------------|--------------------------------|---------------------|---------------------------------|----------------------|---------------------------------|----------------------|
|                                                                                                                      | <b>Governmental Activities</b> |                     | <b>Business-type Activities</b> |                      | <b>Total Primary Government</b> |                      |
|                                                                                                                      | <b>2024</b>                    | <b>2023</b>         | <b>2024</b>                     | <b>2023</b>          | <b>2024</b>                     | <b>2023</b>          |
| Land                                                                                                                 | \$ 993,732                     | \$ 993,732          | \$ 334,974                      | \$ 334,974           | \$ 1,328,706                    | \$ 1,328,706         |
| Buildings and improvements                                                                                           | 1,174,738                      | 1,222,670           | 8,568,173                       | 8,013,880            | 9,742,911                       | 9,236,550            |
| Right to use leased equipment                                                                                        | 4,773                          | 16,032              | -                               | -                    | 4,773                           | 16,032               |
| Equipment                                                                                                            | 2,682,267                      | 2,126,779           | 1,882,094                       | 1,388,600            | 4,564,361                       | 3,515,379            |
| Infrastructure                                                                                                       | 1,899,145                      | 2,002,462           | -                               | -                    | 1,899,145                       | 2,002,462            |
| Construction in progress                                                                                             | 148,384                        | 64,494              | 4,092,438                       | 2,201,732            | 4,240,822                       | 2,266,226            |
| <b>Total</b>                                                                                                         | <b>\$ 6,903,039</b>            | <b>\$ 6,426,169</b> | <b>\$ 14,877,679</b>            | <b>\$ 11,939,186</b> | <b>\$ 21,780,718</b>            | <b>\$ 18,365,355</b> |

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 \$5,803,414 (excluding accrued compensated absences, other postemployment liability, leases payable and net pension liabilities) compared to \$5,778,517 at the previous year end, an increase of \$24,897 or <1% due to \$450,959 of new borrowing that was partially offset by principal payments of \$426,062. The following is a summary of the outstanding debt:

| Outstanding Debt     |                         |                     |                          |                     |                          |                     |
|----------------------|-------------------------|---------------------|--------------------------|---------------------|--------------------------|---------------------|
| as of September 30,  |                         |                     |                          |                     |                          |                     |
|                      | Governmental Activities |                     | Business-type Activities |                     | Total Primary Government |                     |
|                      | 2024                    | 2023                | 2024                     | 2023                | 2024                     | 2023                |
| Revenue notes        | \$ 1,299,172            | \$ 1,458,152        | \$ 4,240,896             | \$ 3,913,663        | \$ 5,540,068             | \$ 5,371,815        |
| Other long-term debt | 35,396                  | 60,352              | 227,950                  | 346,350             | 263,346                  | 406,702             |
| Total                | <u>\$ 1,334,568</u>     | <u>\$ 1,518,504</u> | <u>\$ 4,468,846</u>      | <u>\$ 4,260,013</u> | <u>\$ 5,803,414</u>      | <u>\$ 5,778,517</u> |

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, 2025 was increased from 8.0000 in 2024 to 8.5000 in 2025, an increase of 6%.
- The taxable value of real and personal property within the City increased by 10%. Combined with the higher millage rate, this is expected to generate an additional \$668,240 in budgeted ad valorem revenue for 2025 (for both general and community redevelopment purposes) compared to actual revenues reported in 2024.

**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, 2024**

|                                             | Primary Government         |                             |                      |
|---------------------------------------------|----------------------------|-----------------------------|----------------------|
|                                             | Governmental<br>Activities | Business-type<br>Activities | Total                |
| <b>ASSETS</b>                               |                            |                             |                      |
| Equity in pooled cash and cash equivalents  | \$ 1,067,049               | \$ 2,174,157                | \$ 3,241,206         |
| Receivables, current:                       |                            |                             |                      |
| Customer accounts, net                      | 47,869                     | 1,043,049                   | 1,090,918            |
| Intergovernmental                           | 252,505                    | 29,476                      | 281,981              |
| Franchise and public service taxes          | 52,062                     | -                           | 52,062               |
| Other                                       | 16,480                     | -                           | 16,480               |
| Inventory and prepaids                      | 3,847                      | 582,946                     | 586,793              |
| Internal balances                           | 804,032                    | (804,032)                   | -                    |
| Restricted assets:                          |                            |                             |                      |
| Equity in pooled cash and cash equivalents  | 2,220,985                  | 974,265                     | 3,195,250            |
| Note receivable, noncurrent                 | -                          | 3,637,500                   | 3,637,500            |
| Net pension asset                           | 454,567                    | -                           | 454,567              |
| Capital assets:                             |                            |                             |                      |
| Non-depreciable                             | 1,142,116                  | 4,427,412                   | 5,569,528            |
| Depreciable, net                            | 5,760,923                  | 10,450,267                  | 16,211,190           |
| <b>TOTAL ASSETS</b>                         | <b>11,822,435</b>          | <b>22,515,040</b>           | <b>34,337,475</b>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>       |                            |                             |                      |
| Deferred outflows related to pensions       | 245,651                    | 160,860                     | 406,511              |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b> | <b>245,651</b>             | <b>160,860</b>              | <b>406,511</b>       |
| <b>LIABILITIES</b>                          |                            |                             |                      |
| Accounts payable and accrued expenses       | 291,619                    | 533,944                     | 825,563              |
| Construction costs payable                  | -                          | 815,664                     | 815,664              |
| Accrued wages                               | 50,224                     | 30,653                      | 80,877               |
| Due to other governments                    | 12,802                     | -                           | 12,802               |
| Unearned revenue                            | 133,967                    | 3,450,096                   | 3,584,063            |
| Accrued interest payable                    | 1,533                      | 15,436                      | 16,969               |
| Customer deposits                           | -                          | 524,719                     | 524,719              |
| Long-term obligations:                      |                            |                             |                      |
| Due within one year                         | 187,594                    | 204,725                     | 392,319              |
| Due in more than one year                   | 1,750,393                  | 4,735,859                   | 6,486,252            |
| <b>TOTAL LIABILITIES</b>                    | <b>2,428,132</b>           | <b>10,311,096</b>           | <b>12,739,228</b>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>        |                            |                             |                      |
| Deferred inflows related to pensions        | 325,425                    | 132,600                     | 458,025              |
| <b>NET POSITION</b>                         |                            |                             |                      |
| Net investment in capital assets            | 6,423,121                  | 9,593,169                   | 16,016,290           |
| Restricted for:                             |                            |                             |                      |
| Debt service                                | 8,591                      | 10,335                      | 18,926               |
| Pension benefits                            | 454,567                    | -                           | 454,567              |
| Community Center Complex project            | 139,860                    | -                           | 139,860              |
| Community redevelopment                     | 524,253                    | -                           | 524,253              |
| Stormwater management                       | 484,674                    | -                           | 484,674              |
| Water and sewer system improvements         | -                          | 429,939                     | 429,939              |
| Unrestricted                                | 1,279,463                  | 2,198,761                   | 3,478,224            |
| <b>TOTAL NET POSITION</b>                   | <b>\$ 9,314,529</b>        | <b>\$ 12,232,204</b>        | <b>\$ 21,546,733</b> |

**CITY OF FORT MEADE, FLORIDA**  
**STATEMENT OF ACTIVITIES**  
For the year ended September 30, 2024

| FUNCTIONS/PROGRAMS                                          | Program Revenues     |                      |                                    |                                 | Net (Expense) Revenue and Changes in Net Position |                          |                      |
|-------------------------------------------------------------|----------------------|----------------------|------------------------------------|---------------------------------|---------------------------------------------------|--------------------------|----------------------|
|                                                             | Expenses             | Charges for Services | Operating Grants and Contributions | Capital Grant and Contributions | Governmental Activities                           | Business-Type Activities | Total                |
| <b>PRIMARY GOVERNMENT:</b>                                  |                      |                      |                                    |                                 |                                                   |                          |                      |
| <b>Governmental activities:</b>                             |                      |                      |                                    |                                 |                                                   |                          |                      |
| General government                                          | \$ 1,655,255         | \$ 103,842           | \$ 185                             | \$ 553,945                      | \$ (997,283)                                      | \$ -                     | \$ (997,283)         |
| Law enforcement                                             | 1,379,540            | 89,111               | -                                  | 54,836                          | (1,235,593)                                       | -                        | (1,235,593)          |
| Fire control                                                | 911,794              | 388,056              | -                                  | 829,882                         | 306,144                                           | -                        | 306,144              |
| Building inspections                                        | 116,188              | 125,317              | -                                  | -                               | 9,129                                             | -                        | 9,129                |
| Stormwater                                                  | 293,038              | 221,425              | -                                  | -                               | (71,613)                                          | -                        | (71,613)             |
| Roads and streets                                           | 355,696              | -                    | 14,231                             | -                               | (341,465)                                         | -                        | (341,465)            |
| Library                                                     | 215,082              | 7,230                | 47,921                             | 1,835                           | (158,096)                                         | -                        | (158,096)            |
| Recreation                                                  | 94,930               | 240                  | -                                  | -                               | (94,690)                                          | -                        | (94,690)             |
| Parks                                                       | 514,512              | 3,700                | -                                  | -                               | (510,812)                                         | -                        | (510,812)            |
| Community redevelopment                                     | 209,175              | -                    | -                                  | 27,290                          | (181,885)                                         | -                        | (181,885)            |
| Interest on long-term debt                                  | 52,735               | -                    | -                                  | -                               | (52,735)                                          | -                        | (52,735)             |
| <b>Total governmental activities</b>                        | <u>5,797,945</u>     | <u>938,921</u>       | <u>62,337</u>                      | <u>1,467,788</u>                | <u>(3,328,899)</u>                                | <u>-</u>                 | <u>(3,328,899)</u>   |
| <b>Business-type activities</b>                             |                      |                      |                                    |                                 |                                                   |                          |                      |
| Electric                                                    | 5,234,950            | 5,856,807            | -                                  | -                               | -                                                 | 621,857                  | 621,857              |
| Water                                                       | 1,185,017            | 1,064,772            | -                                  | 19,000                          | -                                                 | (101,245)                | (101,245)            |
| Sewer                                                       | 1,410,392            | 1,359,003            | -                                  | 1,763,908                       | -                                                 | 1,712,519                | 1,712,519            |
| Mobile home park                                            | 989                  | 29,200               | -                                  | -                               | -                                                 | 28,211                   | 28,211               |
| Solid waste                                                 | 738,553              | 744,307              | -                                  | -                               | -                                                 | 5,754                    | 5,754                |
| <b>Total business-type activities</b>                       | <u>8,569,901</u>     | <u>9,054,089</u>     | <u>-</u>                           | <u>1,782,908</u>                | <u>-</u>                                          | <u>2,267,096</u>         | <u>2,267,096</u>     |
| <b>TOTAL PRIMARY GOVERNMENT</b>                             | <u>\$ 14,367,846</u> | <u>\$ 9,993,010</u>  | <u>\$ 62,337</u>                   | <u>\$ 3,250,696</u>             | <u>(3,328,899)</u>                                | <u>2,267,096</u>         | <u>(1,061,803)</u>   |
| <b>GENERAL REVENUES</b>                                     |                      |                      |                                    |                                 |                                                   |                          |                      |
| Taxes:                                                      |                      |                      |                                    |                                 |                                                   |                          |                      |
| Property taxes, levied for general purposes                 |                      |                      |                                    |                                 | 1,109,617                                         | -                        | 1,109,617            |
| Property taxes, levied for community redevelopment purposes |                      |                      |                                    |                                 | 567,904                                           | -                        | 567,904              |
| Public service taxes and franchise fees                     |                      |                      |                                    |                                 | 601,329                                           | -                        | 601,329              |
| Fuel taxes levied for transportation purposes               |                      |                      |                                    |                                 | 341,461                                           | -                        | 341,461              |
| State shared revenue                                        |                      |                      |                                    |                                 | 779,937                                           | -                        | 779,937              |
| Investment earnings                                         |                      |                      |                                    |                                 | 29,280                                            | 236,204                  | 265,484              |
| Miscellaneous                                               |                      |                      |                                    |                                 | 24,174                                            | 67,876                   | 92,050               |
| Gain on disposal of capital assets                          |                      |                      |                                    |                                 | 67,330                                            | -                        | 67,330               |
| <b>TRANSFERS</b>                                            |                      |                      |                                    |                                 | <u>1,263,730</u>                                  | <u>(1,263,730)</u>       | <u>-</u>             |
| Total general revenues and transfers                        |                      |                      |                                    |                                 | <u>4,784,762</u>                                  | <u>(959,650)</u>         | <u>3,825,112</u>     |
| <b>CHANGE IN NET POSITION</b>                               |                      |                      |                                    |                                 | <u>1,455,863</u>                                  | <u>1,307,446</u>         | <u>2,763,309</u>     |
| <b>NET POSITION, beginning of year</b>                      |                      |                      |                                    |                                 | <u>7,858,666</u>                                  | <u>10,924,758</u>        | <u>18,783,424</u>    |
| <b>NET POSITION, end of year</b>                            |                      |                      |                                    |                                 | <u>\$ 9,314,529</u>                               | <u>\$ 12,232,204</u>     | <u>\$ 21,546,733</u> |

**CITY OF FORT MEADE, FLORIDA**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
September 30, 2024

|                                                                 | General<br>Fund     | Community<br>Redevelopment<br>Agency | American<br>Rescue Plan<br>Act Special<br>Revenue<br>Fund | Fire<br>Fund      | [Non-Major]<br>Stormwater<br>Fund | Total               |
|-----------------------------------------------------------------|---------------------|--------------------------------------|-----------------------------------------------------------|-------------------|-----------------------------------|---------------------|
| <b>ASSETS</b>                                                   |                     |                                      |                                                           |                   |                                   |                     |
| Equity in pooled cash<br>and cash equivalents                   | \$ 1,067,049        | \$ 1,552,968                         | \$ 167,240                                                | \$ -              | \$ 490,653                        | \$ 3,277,910        |
| Receivables, net:                                               |                     |                                      |                                                           |                   |                                   |                     |
| Customer accounts, net                                          | 46,386              | 1,483                                | -                                                         | -                 | -                                 | 47,869              |
| Intergovernmental                                               | 71,992              | 27,290                               | -                                                         | 151,556           | 1,667                             | 252,505             |
| Franchise and public service taxes                              | 52,062              | -                                    | -                                                         | -                 | -                                 | 52,062              |
| Other                                                           | 16,480              | -                                    | -                                                         | -                 | -                                 | 16,480              |
| Inventory                                                       | 3,847               | -                                    | -                                                         | -                 | -                                 | 3,847               |
| Advances to other funds                                         | 1,092,562           | -                                    | -                                                         | -                 | -                                 | 1,092,562           |
| Restricted assets:                                              |                     |                                      |                                                           |                   |                                   |                     |
| Equity in pooled cash<br>and cash equivalents                   | 10,124              | -                                    | -                                                         | -                 | -                                 | 10,124              |
| <b>TOTAL ASSETS</b>                                             | <b>\$ 2,360,502</b> | <b>\$ 1,581,741</b>                  | <b>\$ 167,240</b>                                         | <b>\$ 151,556</b> | <b>\$ 492,320</b>                 | <b>\$ 4,753,359</b> |
| <b>LIABILITIES</b>                                              |                     |                                      |                                                           |                   |                                   |                     |
| Accounts payable                                                | 186,347             | 28,534                               | 33,273                                                    | 38,066            | 5,399                             | 291,619             |
| Accrued wages and benefits                                      | 31,590              | 1,664                                | -                                                         | 14,723            | 2,247                             | 50,224              |
| Due to other governments                                        | 12,802              | -                                    | -                                                         | -                 | -                                 | 12,802              |
| Advances from other funds                                       | -                   | -                                    | -                                                         | 288,530           | -                                 | 288,530             |
| Unearned revenue                                                | -                   | -                                    | 133,967                                                   | -                 | -                                 | 133,967             |
| <b>TOTAL LIABILITIES</b>                                        | <b>230,739</b>      | <b>30,198</b>                        | <b>167,240</b>                                            | <b>341,319</b>    | <b>7,646</b>                      | <b>777,142</b>      |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                            |                     |                                      |                                                           |                   |                                   |                     |
| Unavailable revenue                                             | -                   | 27,290                               | -                                                         | -                 | -                                 | 27,290              |
| <b>FUND BALANCE</b>                                             |                     |                                      |                                                           |                   |                                   |                     |
| Nonspendable:                                                   |                     |                                      |                                                           |                   |                                   |                     |
| Inventory                                                       | 3,847               | -                                    | -                                                         | -                 | -                                 | 3,847               |
| Advances to other funds                                         | 1,092,562           | -                                    | -                                                         | -                 | -                                 | 1,092,562           |
| Restricted for:                                                 |                     |                                      |                                                           |                   |                                   |                     |
| Debt service                                                    | 10,124              | -                                    | -                                                         | -                 | -                                 | 10,124              |
| Community Center Complex project                                | -                   | 1,000,000                            | -                                                         | -                 | -                                 | 1,000,000           |
| Community redevelopment                                         | -                   | 524,253                              | -                                                         | -                 | -                                 | 524,253             |
| Stormwater management                                           | -                   | -                                    | -                                                         | -                 | 484,674                           | 484,674             |
| Unassigned                                                      | 1,023,230           | -                                    | -                                                         | (189,763)         | -                                 | 833,467             |
| <b>TOTAL FUND BALANCES</b>                                      | <b>2,129,763</b>    | <b>1,524,253</b>                     | <b>-</b>                                                  | <b>(189,763)</b>  | <b>484,674</b>                    | <b>3,948,927</b>    |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS<br/>AND FUND BALANCE</b> | <b>\$ 2,360,502</b> | <b>\$ 1,581,741</b>                  | <b>\$ 167,240</b>                                         | <b>\$ 151,556</b> | <b>\$ 492,320</b>                 | <b>\$ 4,753,359</b> |

**CITY OF FORT MEADE, FLORIDA****RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION**September 30, 2024

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

|                                                                                                                                                                                                                                                                                 |                            |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|
| <b>FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>                                                                                                                                                                                                                                 | \$ 3,948,927               |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.                                                                                                                                          | 6,903,039                  |
| Revenues not received within the "availability" period are deferred at the fund level and recognized in the statement of activities                                                                                                                                             | 27,290                     |
| The net pension asset is not a current financial resource and therefore is not reported as an asset in governmental funds.                                                                                                                                                      | 454,567                    |
| 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.                                                                                           | 245,651                    |
| 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.                                                                                              | (325,425)                  |
| Interest payable on long-term debt does not require current financial resources and therefore, is not reported as a liability in the governmental funds.                                                                                                                        | (1,533)                    |
| Long-term liabilities (including bonds, notes and leases payable, compensated absences liability, other postemployment benefits liability and net pension liabilities) are not due and payable in the current period and, therefore are not reported in the governmental funds. |                            |
| This is the amount of the long-term liabilities.                                                                                                                                                                                                                                | (1,937,987)                |
| <b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>                                                                                                                                                                                                                                  | <u><u>\$ 9,314,529</u></u> |

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

For the year ended September 30, 2024

|                                           | General<br>Fund | Community<br>Redevelopment<br>Agency | American<br>Rescue Plan<br>Act Special<br>Revenue<br>Fund | Fire<br>Fund | [Non-Major]<br>Stormwater<br>Fund | Total        |
|-------------------------------------------|-----------------|--------------------------------------|-----------------------------------------------------------|--------------|-----------------------------------|--------------|
| <b>REVENUES:</b>                          |                 |                                      |                                                           |              |                                   |              |
| Taxes                                     | \$ 1,962,470    | \$ 567,904                           | \$ -                                                      | \$ -         | \$ -                              | \$ 2,530,374 |
| Licenses, permits and special assessments | 233,529         | -                                    | -                                                         | -            | 221,425                           | 454,954      |
| Intergovernmental revenue                 | 1,041,814       | -                                    | 412,049                                                   | 839,031      | -                                 | 2,292,894    |
| Charges for services                      | 11,324          | -                                    | -                                                         | 388,056      | -                                 | 399,380      |
| Fines and forfeitures                     | 149,426         | -                                    | -                                                         | -            | -                                 | 149,426      |
| Other                                     | 40,778          | 20,389                               | -                                                         | -            | 5,390                             | 66,557       |
| Total revenues                            | 3,439,341       | 588,293                              | 412,049                                                   | 1,227,087    | 226,815                           | 5,893,585    |
| <b>EXPENDITURES:</b>                      |                 |                                      |                                                           |              |                                   |              |
| Current:                                  |                 |                                      |                                                           |              |                                   |              |
| General government                        | 1,567,869       | -                                    | -                                                         | -            | -                                 | 1,567,869    |
| Public safety                             | 1,488,659       | -                                    | 51,736                                                    | 639,562      | -                                 | 2,179,957    |
| Physical environment                      | -               | -                                    | -                                                         | -            | 191,772                           | 191,772      |
| Economic environment                      | -               | 176,278                              | -                                                         | -            | -                                 | 176,278      |
| Transportation                            | 216,933         | -                                    | -                                                         | -            | -                                 | 216,933      |
| Culture/recreation                        | 706,845         | -                                    | -                                                         | -            | -                                 | 706,845      |
| Capital outlay                            | 189,294         | 43,002                               | 166,087                                                   | 873,685      | -                                 | 1,272,068    |
| Debt service                              |                 |                                      |                                                           |              |                                   |              |
| Interest and issuance costs               | 24,240          | 27,345                               | -                                                         | 912          | 582                               | 53,079       |
| Principal                                 | 122,427         | 60,030                               | -                                                         | 8,062        | 4,922                             | 195,441      |
| Total expenditures                        | 4,316,267       | 306,655                              | 217,823                                                   | 1,522,221    | 197,276                           | 6,560,242    |
| <b>EXCESS (DEFICIENCY) OF REVENUES</b>    |                 |                                      |                                                           |              |                                   |              |
| OVER EXPENDITURES                         | (876,926)       | 281,638                              | 194,226                                                   | (295,134)    | 29,539                            | (666,657)    |
| <b>OTHER FINANCING SOURCES:</b>           |                 |                                      |                                                           |              |                                   |              |
| Transfers in                              | 1,774,012       | -                                    | 319,058                                                   | 3,002        | -                                 | 2,096,072    |
| Transfers (out)                           | (319,058)       | -                                    | (513,284)                                                 | -            | -                                 | (832,342)    |
| Sale of general capital assets            | -               | -                                    | -                                                         | 68,330       | -                                 | 68,330       |
| Insurance recoveries                      | -               | -                                    | -                                                         | 10,024       | -                                 | 10,024       |
| <b>TOTAL OTHER FINANCING SOURCES</b>      | 1,454,954       | -                                    | (194,226)                                                 | 81,356       | -                                 | 1,342,084    |
| <b>NET CHANGE IN FUND BALANCE</b>         | 578,028         | 281,638                              | -                                                         | (213,778)    | 29,539                            | 675,427      |
| <b>FUND BALANCE, beginning of year</b>    | 1,551,735       | 1,242,615                            | -                                                         | 24,015       | 455,135                           | 3,273,500    |
| <b>FUND BALANCE, end of year</b>          | \$ 2,129,763    | \$ 1,524,253                         | \$ -                                                      | \$ (189,763) | \$ 484,674                        | \$ 3,948,927 |

**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, 2024

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**Amounts reported for governmental activities in the statement of activities are different because:****NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS** **\$ 675,427**

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.   | 1,159,334 |
| This is the amount of depreciation recorded in the current period.     | (667,064) |
| This is the book value of dispositions recorded in the current period. | (15,400)  |

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 | 18,141 |
|-------------------------------------------------------------------|--------|

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<br>in the governmental funds. | 183,936 |
| This is the repayment of leases payable                                                                  | 11,505  |
| This is the change in accrued interest payable on long-term debt.                                        | 345     |
| This is the change in accrued compensated absences during the year.                                      | 6,490   |
| This is the change in the total OPEB liability during the year.                                          | 13,669  |

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.  | (178,916) |
| This amount represents the change in deferred outflows related to pensions. | (425,653) |
| This amount represents the change in the net pension asset.                 | 258,569   |
| This amount represents the change in the net pension liability.             | 415,480   |

|                                                          |                            |
|----------------------------------------------------------|----------------------------|
| <b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b> | <b><u>\$ 1,455,863</u></b> |
|----------------------------------------------------------|----------------------------|

**CITY OF FORT MEADE, FLORIDA**  
**STATEMENT OF NET POSITION – PROPRIETARY FUNDS**  
September 30, 2024

|                                             | Business Type Activities - Enterprise Funds |              |              |                       |                  |               |
|---------------------------------------------|---------------------------------------------|--------------|--------------|-----------------------|------------------|---------------|
|                                             |                                             |              |              |                       | [Non-Major]      |               |
|                                             | Electric Fund                               | Water Fund   | Sewer Fund   | Mobile Home Park Fund | Solid Waste Fund | Total         |
| ASSETS                                      |                                             |              |              |                       |                  |               |
| Current assets:                             |                                             |              |              |                       |                  |               |
| Equity in pooled cash and cash equivalents  | \$ 340,496                                  | \$ 492,593   | \$ 738,653   | \$ 562,259            | \$ 40,156        | \$ 2,174,157  |
| Receivables:                                |                                             |              |              |                       |                  |               |
| Customers, net                              | 630,597                                     | 172,714      | 182,846      | -                     | 56,892           | 1,043,049     |
| Intergovernmental and other                 | 15                                          | -            | 18,100       | 11,361                | -                | 29,476        |
| Inventory and prepaids                      | 367,003                                     | 76,181       | 4,642        | 135,120               | -                | 582,946       |
| Total current assets                        | 1,338,111                                   | 741,488      | 944,241      | 708,740               | 97,048           | 3,829,628     |
| Noncurrent assets:                          |                                             |              |              |                       |                  |               |
| Restricted assets:                          |                                             |              |              |                       |                  |               |
| Equity in pooled cash and cash equivalents  | 377,467                                     | 241,225      | 355,573      | -                     | -                | 974,265       |
| Note receivable                             | -                                           | -            | -            | 3,637,500             | -                | 3,637,500     |
| Capital assets:                             |                                             |              |              |                       |                  |               |
| Non-depreciable                             | 116,963                                     | 262,395      | 4,048,054    | -                     | -                | 4,427,412     |
| Depreciable, net                            | 3,292,586                                   | 2,415,588    | 4,742,093    | -                     | -                | 10,450,267    |
| Total noncurrent assets                     | 3,787,016                                   | 2,919,208    | 9,145,720    | 3,637,500             | -                | 19,489,444    |
| Total assets                                | 5,125,127                                   | 3,660,696    | 10,089,961   | 4,346,240             | 97,048           | 23,319,072    |
| DEFERRED OUTFLOWS OF RESOURCES              |                                             |              |              |                       |                  |               |
| Deferred outflows related to pensions       | 83,444                                      | 37,416       | 40,000       | -                     | -                | 160,860       |
| Total deferred outflows of resources        | 83,444                                      | 37,416       | 40,000       | -                     | -                | 160,860       |
| LIABILITIES                                 |                                             |              |              |                       |                  |               |
| Current liabilities:                        |                                             |              |              |                       |                  |               |
| Accounts payable                            | 384,416                                     | 43,121       | 49,671       | -                     | 56,736           | 533,944       |
| Construction costs payable                  | -                                           | -            | 815,664      | -                     | -                | 815,664       |
| Accrued wages                               | 21,688                                      | 6,599        | 2,366        | -                     | -                | 30,653        |
| Unearned revenue                            | -                                           | -            | -            | 3,450,096             | -                | 3,450,096     |
| Other postemployment benefit liability      | 2,061                                       | 858          | 927          | -                     | -                | 3,846         |
| Bonds and notes payable, current            | -                                           | 34,517       | 166,362      | -                     | -                | 200,879       |
| Total current liabilities                   | 408,165                                     | 85,095       | 1,034,990    | 3,450,096             | 56,736           | 5,035,082     |
| Noncurrent liabilities:                     |                                             |              |              |                       |                  |               |
| Liabilities payable from restricted assets: |                                             |              |              |                       |                  |               |
| Customer deposits                           | 377,467                                     | 94,522       | 52,730       | -                     | -                | 524,719       |
| Interest payable                            | -                                           | 2,105        | 13,331       | -                     | -                | 15,436        |
| Advances from other funds                   | 318,276                                     | 166,316      | 319,440      | -                     | -                | 804,032       |
| Compensated absences                        | 19,649                                      | 20,752       | 21,922       | -                     | -                | 62,323        |
| Other postemployment benefit liability      | 39,160                                      | 16,309       | 17,615       | -                     | -                | 73,084        |
| Net pension liability                       | 146,973                                     | 65,903       | 70,455       | -                     | -                | 283,331       |
| Joint venture loan guarantee                | -                                           | 49,154       | -            | -                     | -                | 49,154        |
| Bonds and notes payable, noncurrent portion | -                                           | 918,876      | 3,349,091    | -                     | -                | 4,267,967     |
| Total noncurrent liabilities                | 901,525                                     | 1,333,937    | 3,844,584    | -                     | -                | 6,080,046     |
| Total liabilities                           | 1,309,690                                   | 1,419,032    | 4,879,574    | 3,450,096             | 56,736           | 11,115,128    |
| DEFERRED INFLOWS OF RESOURCES               |                                             |              |              |                       |                  |               |
| Deferred inflows related to pensions        | 68,784                                      | 30,843       | 32,973       | -                     | -                | 132,600       |
| NET POSITION                                |                                             |              |              |                       |                  |               |
| Net investment in capital assets            | 3,409,549                                   | 1,724,590    | 4,459,030    | -                     | -                | 9,593,169     |
| Restricted for:                             |                                             |              |              |                       |                  |               |
| Debt retirement                             | -                                           | 2,876        | 7,459        | -                     | -                | 10,335        |
| Utility system improvements (expendable)    | -                                           | 141,492      | 288,447      | -                     | -                | 429,939       |
| Unrestricted                                | 420,548                                     | 379,279      | 462,478      | 896,144               | 40,312           | 2,198,761     |
| Total net position                          | \$ 3,830,097                                | \$ 2,248,237 | \$ 5,217,414 | \$ 896,144            | \$ 40,312        | \$ 12,232,204 |

**CITY OF FORT MEADE, FLORIDA**
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION – PROPRIETARY FUNDS**

For the year ended September 30, 2024

|                                                  | Business-type Activities - Enterprise Funds |              |              |                       |                              | Total         |
|--------------------------------------------------|---------------------------------------------|--------------|--------------|-----------------------|------------------------------|---------------|
|                                                  | Electric Fund                               | Water Fund   | Sewer Fund   | Mobile Home Park Fund | [Non-Major] Solid Waste Fund |               |
| <b>OPERATING REVENUES:</b>                       |                                             |              |              |                       |                              |               |
| Charges for services                             | \$ 5,856,807                                | \$ 1,064,772 | \$ 1,359,003 | \$ 29,200             | \$ 744,307                   | \$ 9,054,089  |
| Total operating revenue                          | 5,856,807                                   | 1,064,772    | 1,359,003    | 29,200                | 744,307                      | 9,054,089     |
| <b>OPERATING EXPENSES:</b>                       |                                             |              |              |                       |                              |               |
| Personnel services                               | 804,176                                     | 393,863      | 317,126      | -                     | -                            | 1,515,165     |
| Purchased power                                  | 3,560,931                                   | -            | -            | -                     | -                            | 3,560,931     |
| Operating expenses                               | 578,513                                     | 609,575      | 596,703      | 989                   | 738,553                      | 2,524,333     |
| Depreciation                                     | 290,718                                     | 146,513      | 401,211      | -                     | -                            | 838,442       |
| Total operating expenses                         | 5,234,338                                   | 1,149,951    | 1,315,040    | 989                   | 738,553                      | 8,438,871     |
| <b>OPERATING INCOME (LOSS)</b>                   | 622,469                                     | (85,179)     | 43,963       | 28,211                | 5,754                        | 615,218       |
| <b>NONOPERATING REVENUE (EXPENSE)</b>            |                                             |              |              |                       |                              |               |
| Investment income (loss)                         | 1,671                                       | 4,384        | 9,153        | 220,996               | -                            | 236,204       |
| Interest expense                                 | (612)                                       | (28,422)     | (95,352)     | -                     | -                            | (124,386)     |
| Contribution from, (to) joint venture            | -                                           | (6,644)      | -            | -                     | -                            | (6,644)       |
| Other, net                                       | 34,143                                      | 33,694       | -            | -                     | 39                           | 67,876        |
| Total nonoperating revenues (expense)            | 35,202                                      | 3,012        | (86,199)     | 220,996               | 39                           | 173,050       |
| <b>INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</b> | 657,671                                     | (82,167)     | (42,236)     | 249,207               | 5,793                        | 788,268       |
| <b>CAPITAL CONTRIBUTIONS</b>                     |                                             |              |              |                       |                              |               |
| Capital grants and contributions                 | -                                           | -            | 1,721,868    | -                     | -                            | 1,721,868     |
| Impact fees                                      | -                                           | 19,000       | 42,040       | -                     | -                            | 61,040        |
| Total capital contributions                      | -                                           | 19,000       | 1,763,908    | -                     | -                            | 1,782,908     |
| <b>TRANSFERS IN (OUT)</b>                        | (864,600)                                   | 434,043      | 48,837       | (875,002)             | (7,008)                      | (1,263,730)   |
| <b>CHANGE IN NET POSITION</b>                    | (206,929)                                   | 370,876      | 1,770,509    | (625,795)             | (1,215)                      | 1,307,446     |
| <b>NET POSITION, beginning of year</b>           | 4,037,026                                   | 1,877,361    | 3,446,905    | 1,521,939             | 41,527                       | 10,924,758    |
| <b>NET POSITION, end of year</b>                 | \$ 3,830,097                                | \$ 2,248,237 | \$ 5,217,414 | \$ 896,144            | \$ 40,312                    | \$ 12,232,204 |

**CITY OF FORT MEADE, FLORIDA**  
**STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS**  
For the year ended September 30, 2024

|                                                                                             | Business Type Activities - Enterprise Funds |              |              |                       |                              | Total        |
|---------------------------------------------------------------------------------------------|---------------------------------------------|--------------|--------------|-----------------------|------------------------------|--------------|
|                                                                                             | Electric Fund                               | Water Fund   | Sewer Fund   | Mobile Home Park Fund | [Non-Major] Solid Waste Fund |              |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                                                |                                             |              |              |                       |                              |              |
| Receipts from customers                                                                     | \$ 5,957,973                                | \$ 1,063,634 | \$ 1,357,435 | \$ 31,271             | \$ 744,213                   | \$ 9,154,526 |
| Payments to suppliers                                                                       | (4,159,359)                                 | (584,678)    | (567,872)    | (10,264)              | (737,995)                    | (6,060,168)  |
| Payments for salaries and benefits                                                          | (765,571)                                   | (376,245)    | (308,810)    | 16                    | -                            | (1,450,610)  |
| Net cash flows from operating activities                                                    | 1,033,043                                   | 102,711      | 480,753      | 21,023                | 6,218                        | 1,643,748    |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>                                     |                                             |              |              |                       |                              |              |
| Transfers (to) from other funds                                                             | (864,600)                                   | 434,043      | 48,837       | (875,002)             | (7,008)                      | (1,263,730)  |
| Proceeds (payment) of interfund borrowings                                                  | 318,276                                     | -            | (21,296)     | -                     | -                            | 296,980      |
| Increase (decrease) in deposits                                                             | 2,213                                       | 357          | 541          | -                     | -                            | 3,111        |
| Net cash flows from noncapital financing activities                                         | (544,111)                                   | 434,400      | 28,082       | (875,002)             | (7,008)                      | (963,639)    |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>                            |                                             |              |              |                       |                              |              |
| Acquisition and construction of capital assets, net of related payables                     | (476,580)                                   | (431,399)    | (2,251,224)  | -                     | -                            | (3,159,203)  |
| Loan proceeds                                                                               | -                                           | -            | 450,959      | -                     | -                            | 450,959      |
| Principal paid on notes, bonds and lease obligations                                        | (47,814)                                    | (33,627)     | (160,685)    | -                     | -                            | (242,126)    |
| Interest paid on borrowings and other debt costs                                            | (1,299)                                     | (28,497)     | (97,600)     | -                     | -                            | (127,396)    |
| Capital contributions received, including impact fees, net of change in related receivables | -                                           | 19,000       | 2,063,025    | -                     | -                            | 2,082,025    |
| Net cash flows from capital and related financing activities                                | (525,693)                                   | (474,523)    | 4,475        | -                     | -                            | (995,741)    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                                 |                                             |              |              |                       |                              |              |
| Interest on invested funds                                                                  | 1,671                                       | 4,384        | 9,153        | 220,996               | -                            | 236,204      |
| Other income                                                                                | 34,143                                      | 33,694       | -            | -                     | 39                           | 67,876       |
| Net cash flows from investing activities                                                    | 35,814                                      | 38,078       | 9,153        | 220,996               | 39                           | 304,080      |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>                                 | (947)                                       | 100,666      | 522,463      | (632,983)             | (751)                        | (11,552)     |
| <b>CASH AND CASH EQUIVALENTS, beginning of year</b>                                         | 718,910                                     | 633,152      | 571,763      | 1,195,242             | 40,907                       | 3,159,974    |
| <b>CASH AND CASH EQUIVALENTS, end of year</b>                                               | \$ 717,963                                  | \$ 733,818   | \$ 1,094,226 | \$ 562,259            | \$ 40,156                    | \$ 3,148,422 |

Continued...

**CITY OF FORT MEADE, FLORIDA**

**STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (concluded)**

For the year ended September 30, 2024

|                                                                                               | Business Type Activities - Enterprise Funds |                   |                     |                       |                              | Total               |
|-----------------------------------------------------------------------------------------------|---------------------------------------------|-------------------|---------------------|-----------------------|------------------------------|---------------------|
|                                                                                               | Electric Fund                               | Water Fund        | Sewer Fund          | Mobile Home Park Fund | [Non-Major] Solid Waste Fund |                     |
| <b>As shown in the Accompanying Financial Statements</b>                                      |                                             |                   |                     |                       |                              |                     |
| Equity in pooled cash and cash equivalents                                                    | \$ 340,496                                  | \$ 492,593        | \$ 738,653          | \$ 562,259            | \$ 40,156                    | \$ 2,174,157        |
| Restricted equity in pooled cash and cash equivalents                                         | 377,467                                     | 241,225           | 355,573             | -                     | -                            | 974,265             |
| <b>Total cash and cash equivalents</b>                                                        | <u>\$ 717,963</u>                           | <u>\$ 733,818</u> | <u>\$ 1,094,226</u> | <u>\$ 562,259</u>     | <u>\$ 40,156</u>             | <u>\$ 3,148,422</u> |
| <b>Noncash financing and investing activities:</b>                                            |                                             |                   |                     |                       |                              |                     |
| Joint venture loan guarantee                                                                  | \$ -                                        | \$ 6,644          | \$ -                | \$ -                  | \$ -                         | \$ -                |
| <b>Reconciliation of operating income (loss) to net cash flows from operating activities:</b> |                                             |                   |                     |                       |                              |                     |
| Operating income (loss)                                                                       | \$ 622,469                                  | \$ (85,179)       | \$ 43,963           | \$ 28,211             | \$ 5,754                     | \$ 615,218          |
| Adjustments to reconcile operating income (loss) to net cash flows from operating activities: |                                             |                   |                     |                       |                              |                     |
| Depreciation expense                                                                          | 290,718                                     | 146,513           | 401,211             | -                     | -                            | 838,442             |
| (Increase) decrease in inventory and prepaids                                                 | (32,473)                                    | 2,221             | 2,088               | -                     | -                            | (28,164)            |
| (Increase) decrease in accounts receivable                                                    | 101,104                                     | (1,138)           | (1,568)             | 2,071                 | (94)                         | 100,375             |
| (Increase) decrease in amounts due from other governments                                     | 62                                          | -                 | -                   | -                     | -                            | 62                  |
| Increase (decrease) in accounts payable                                                       | 12,558                                      | 22,676            | 26,743              | (9,259)               | 558                          | 53,276              |
| Increase (decrease) in accrued wages and compensated absences                                 | 13,188                                      | 6,102             | 3,850               | -                     | -                            | 23,140              |
| (Increase) decrease in deferred outflows related to pensions                                  | 92,434                                      | 41,112            | 52,441              | -                     | -                            | 185,987             |
| Increase (decrease) in deferred inflows related to pensions                                   | 44,756                                      | 20,115            | 20,344              | -                     | -                            | 85,215              |
| Increase (decrease) in net pension liability                                                  | (115,552)                                   | (51,312)          | (67,527)            | -                     | -                            | (234,391)           |
| Increase (decrease) in other postemployment benefit liability                                 | 3,779                                       | 1,601             | (792)               | -                     | -                            | 4,588               |
| <b>Net cash flows from operating activities</b>                                               | <u>\$ 1,033,043</u>                         | <u>\$ 102,711</u> | <u>\$ 480,753</u>   | <u>\$ 21,023</u>      | <u>\$ 6,218</u>              | <u>\$ 1,643,748</u> |

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

September 30, 2024

|                                            | <b>Pension Trust<br/>Funds</b> | <b>Custodial<br/>Fund</b> |
|--------------------------------------------|--------------------------------|---------------------------|
| <b>ASSETS</b>                              |                                |                           |
| Equity in pooled cash and cash equivalents | \$ -                           | \$ 71,521                 |
| Receivables, net                           |                                |                           |
| City                                       | 52,372                         | -                         |
| Investments, at fair value:                |                                |                           |
| Cash and short-term money market funds     | 113,490                        | -                         |
| Fixed income investment pools              | 2,375,195                      | -                         |
| Equity investment pools                    | 4,855,775                      | -                         |
| Real estate investment pool                | 762,007                        | -                         |
| Total investments                          | 8,106,467                      | -                         |
| Total assets                               | 8,158,839                      | 71,521                    |
| <b>LIABILITIES</b>                         |                                |                           |
| Due to other governments                   | -                              | 71,521                    |
| Total Liabilities                          | -                              | 71,521                    |
| <b>NET POSITION</b>                        |                                |                           |
| Restricted for pension benefits            | \$ 8,158,839                   | \$ -                      |

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

For the year ended September 30, 2024

|                                               | <b>Pension Trust<br/>Funds</b> | <b>Custodial<br/>Fund</b> |
|-----------------------------------------------|--------------------------------|---------------------------|
| <b>ADDITIONS</b>                              |                                |                           |
| Contributions:                                |                                |                           |
| City                                          | \$ 406,576                     | \$ -                      |
| Fees collected on behalf of other governments | -                              | 245,098                   |
| Total contributions                           | 406,576                        | 245,098                   |
| Investment income:                            |                                |                           |
| Investment income                             | 1,362,056                      | -                         |
| Less investment expenses                      | (11,985)                       | -                         |
| Net investment income                         | 1,350,071                      | -                         |
| Total additions                               | 1,756,647                      | 245,098                   |
| <b>DEDUCTIONS</b>                             |                                |                           |
| Administrative expenses:                      |                                |                           |
| Legal                                         | 573                            | -                         |
| Actuarial                                     | 67,476                         | -                         |
| Travel, training and other                    | 8,979                          | -                         |
| Total administrative expenses                 | 77,028                         | -                         |
| Payments to retirees and participants         | 452,871                        | -                         |
| Remittance of fees to other governments       | -                              | 245,098                   |
| Total deductions                              | 529,899                        | 245,098                   |
| <b>CHANGE IN NET POSITION</b>                 | 1,226,748                      | -                         |
| <b>NET POSITION, beginning of year</b>        | 6,932,091                      | -                         |
| <b>NET POSITION, end of year</b>              | \$ 8,158,839                   | \$ -                      |

## **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. While this fund does not meet the technical criteria to be reported as a major fund, to remain consistent and provide transparency, the City has elected to report this fund as major until all funds received into this fund have been utilized.
- **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 ended September 30, 2023 (see Note 6 for additional details). Because the sale has not yet been fully recognized, this fund will continue to be reported until completion of the recognition process, after which management intends to close the fund.

**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, 2024, no allowance for doubtful accounts was considered necessary for governmental activities, while an allowance of \$137,105 was recorded for 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 \$442,400 as of September 30, 2024.

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.

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

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

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

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

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

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

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

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

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

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

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

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

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

The City has 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, 2024.

**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, 2024 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, 2024, no individual fund had a deficit fund balance or net position deficit with the exception of the fire special revenue fund that reports a deficit fund balance of \$189,763 at September 30, 2024.

*Excess of Expenditures Over Budget Appropriations in Individual Funds* - For the year ended September 30, 2024, the following budgetary funds had an excess of expenditures over appropriations:

#### **General Fund:**

|                          | <b>Budgeted Amounts</b> |              | <b>Actual<br/>Amounts<br/>(GAAP<br/>basis)</b> | <b>Variance with<br/>Final Budget<br/>Favorable<br/>(Unfavorable)</b> |
|--------------------------|-------------------------|--------------|------------------------------------------------|-----------------------------------------------------------------------|
|                          | <b>Original</b>         | <b>Final</b> |                                                |                                                                       |
| <b>Department:</b>       |                         |              |                                                |                                                                       |
| General government:      |                         |              |                                                |                                                                       |
| Legislative              | \$ 127,410              | \$ 130,182   | \$ 131,228                                     | \$ (1,046)                                                            |
| Executive                | 482,310                 | 469,930      | 474,862                                        | (4,932)                                                               |
| Finance                  | 118,801                 | 162,852      | 164,479                                        | (1,627)                                                               |
| Planning                 | 197,023                 | 124,430      | 165,067                                        | (40,637)                                                              |
| Public safety:           |                         |              |                                                |                                                                       |
| Fire                     | -                       | -            | 53,112                                         | (53,112)                                                              |
| Inspections              | 136,433                 | 111,179      | 111,859                                        | (680)                                                                 |
| Transportation - streets | 472,213                 | 357,138      | 430,692                                        | (73,554)                                                              |
| Culture/recreation:      |                         |              |                                                |                                                                       |
| Parks                    | 597,423                 | 446,995      | 449,757                                        | (2,762)                                                               |

**NOTE 4 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY** (cont...)

**Stormwater Special Revenue Fund:** Actual expenditures exceeded budgeted appropriations by \$720 for the year ended September 30, 2024.

**American Rescue Plan Act Special Revenue Fund:** Actual expenditures exceeded budgeted appropriations by \$290 for the year ended September 30, 2024.

**NOTE 5 - DEPOSITS AND INVESTMENTS**

On September 30, 2024, 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    |    | 6,435,416        |
| Total equity in pooled cash and cash equivalents | \$ | <u>6,436,456</u> |

**Investments:**

|      |    |          |
|------|----|----------|
| None | \$ | <u>-</u> |
|------|----|----------|

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

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

- Securities issued by the United States Treasury for which the full faith and credit of the United States government guarantees fully all principal and interest payments. At the time of purchase, these securities may not have a maturity of greater 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.

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

- 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, P1 from Moody's or F1+ from Fitch. At the time of purchase, these securities may not have a maturity of greater than one year.
- 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.

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

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

| Type of Investment                 | Maximum<br>Portfolio<br>Concentration | Maximum<br>Individual Issue<br>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%                                          |

**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, 2024. 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.

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

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

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

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

As of September 30, 2024, the fair value of the City's pension plan investments with the FMLvT were as follows:

**General Employees Pension Trust Fund:**

|                                                |                     |
|------------------------------------------------|---------------------|
| FMLvT Cash Fund                                | \$ 88,445           |
| FMLvT Broad Market High Quality Bond Fund      | 909,723             |
| FMLvT Core Plus Fixed Income Fund              | 941,311             |
| FMLvT Diversified Large Cap Equity Fund        | 1,573,063           |
| FMLvT Diversified Small to Mid Cap Equity Fund | 916,041             |
| FMLvT International Equity Fund                | 1,295,092           |
| FMLvT Core Real Estate Fund                    | 593,846             |
| Total                                          | <u>\$ 6,317,521</u> |

**Police Officers' Pension Trust Fund:**

|                                                |                     |
|------------------------------------------------|---------------------|
| FMLvT Cash Fund                                | \$ 18,065           |
| FMLvT Broad Market High Quality Bond Fund      | 185,809             |
| FMLvT Core Plus Fixed Income Fund              | 192,261             |
| FMLvT Diversified Large Cap Equity Fund        | 321,295             |
| FMLvT Diversified Small to Mid Cap Equity Fund | 187,099             |
| FMLvT International Equity Fund                | 264,520             |
| FMLvT Core Real Estate Fund                    | 121,291             |
| Total                                          | <u>\$ 1,290,340</u> |

**Firefighters' Pension Trust Fund:**

|                                                |                   |
|------------------------------------------------|-------------------|
| FMLvT Cash Fund                                | \$ 6,980          |
| FMLvT Broad Market High Quality Bond Fund      | 71,799            |
| FMLvT Core Plus Fixed Income Fund              | 74,292            |
| FMLvT Diversified Large Cap Equity Fund        | 124,153           |
| FMLvT Diversified Small to Mid Cap Equity Fund | 72,298            |
| FMLvT International Equity Fund                | 102,214           |
| FMLvT Core Real Estate Fund                    | 46,870            |
| Total                                          | <u>\$ 498,606</u> |

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

The FMLvT, 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 FMLvT investment pools and are not exposed to custodial credit risk and are excluded from the concentration risk disclosure.

| Investment Type                              | Fitch<br>Rating | Fair<br>Value       | Modified<br>Duration | Weighted<br>Average<br>Maturity |
|----------------------------------------------|-----------------|---------------------|----------------------|---------------------------------|
| <b>General Employees Pension Trust Fund:</b> |                 |                     |                      |                                 |
| Cash and short-term money market             | Not Rated       | \$ 88,445           | 0.00                 | 0.00                            |
| FMLvT Broad Market High Quality Bond Fund    | AAf/S4          | 909,723             | 5.10                 | 7.10                            |
| FMLvT Core Plus Fixed Income Fund            | Not Rated       | 941,311             | 6.24                 | 6.66                            |
|                                              |                 | <u>\$ 1,939,479</u> |                      |                                 |
| <b>Police Officers' Pension Trust Fund:</b>  |                 |                     |                      |                                 |
| Cash and short-term money market             | Not Rated       | \$ 18,065           | 0.00                 | 0.00                            |
| FMLvT Broad Market High Quality Bond Fund    | AAf/S4          | 185,809             | 5.10                 | 7.10                            |
| FMLvT Core Plus Fixed Income Fund            | Not Rated       | 192,261             | 6.24                 | 6.66                            |
|                                              |                 | <u>\$ 396,135</u>   |                      |                                 |
| <b>Firefighters' Pension Trust Fund:</b>     |                 |                     |                      |                                 |
| Cash and short-term money market             | Not Rated       | \$ 6,980            | 0.00                 | 0.00                            |
| FMLvT Broad Market High Quality Bond Fund    | AAf/S4          | 71,799              | 5.10                 | 7.10                            |
| FMLvT Core Plus Fixed Income Fund            | Not Rated       | 74,292              | 6.24                 | 6.66                            |
|                                              |                 | <u>\$ 153,071</u>   |                      |                                 |

**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 principal payment 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 on September 30, 2024 and the recognition of each during the year then ended are shown below:

|                 |             | Unrecognized<br>Gain | Prepaid<br>Closing<br>Costs |
|-----------------|-------------|----------------------|-----------------------------|
| Result of sale  | Fiscal Year | 4,600,128            | 184,188                     |
| Gain recognized | 2023        | (1,150,032)          | -                           |
| Cost recognized | 2023        | -                    | (49,069)                    |
| Gain recognized | 2024        | -                    | -                           |
| Cost recognized | 2024        | -                    | -                           |
| Ending balance  |             | <u>3,450,096</u>     | <u>135,119</u>              |

**NOTE 7 - CAPITAL ASSETS**

Capital assets activity for the year ended September 30, 2024, was as follows:

|                                               | Balance<br>October 1,<br>2023 | Transfers<br>and minor<br>adjustments | Increases    | Decreases   | Balance<br>September 30,<br>2024 |
|-----------------------------------------------|-------------------------------|---------------------------------------|--------------|-------------|----------------------------------|
| <b>Governmental Activities:</b>               |                               |                                       |              |             |                                  |
| <b>Capital assets, not being depreciated:</b> |                               |                                       |              |             |                                  |
| Land                                          | \$ 993,732                    | \$ -                                  | \$ -         | \$ -        | \$ 993,732                       |
| Construction in process                       | 64,494                        | -                                     | 99,290       | (15,400)    | 148,384                          |
| Total capital assets, not being depreciated   | 1,058,226                     | -                                     | 99,290       | (15,400)    | 1,142,116                        |
| <b>Capital assets, being depreciated:</b>     |                               |                                       |              |             |                                  |
| Buildings and improvements                    | 4,051,204                     | -                                     | 106,869      | -           | 4,158,073                        |
| Right to use leased equipment                 | 38,550                        | -                                     | -            | -           | 38,550                           |
| Equipment                                     | 4,253,913                     | -                                     | 931,704      | -           | 5,185,617                        |
| Infrastructure                                | 10,566,701                    | -                                     | 21,471       | -           | 10,588,172                       |
| Total capital assets, being depreciated       | 18,910,368                    | -                                     | 1,060,044    | -           | 19,970,412                       |
| Less accumulated depreciation for:            |                               |                                       |              |             |                                  |
| Buildings and improvements                    | (2,828,534)                   | -                                     | (154,801)    | -           | (2,983,335)                      |
| Right to use leased equipment                 | (22,518)                      | -                                     | (11,259)     | -           | (33,777)                         |
| Equipment                                     | (2,127,134)                   | -                                     | (376,216)    | -           | (2,503,350)                      |
| Infrastructure                                | (8,564,239)                   | -                                     | (124,788)    | -           | (8,689,027)                      |
| Total accumulated depreciation                | (13,542,425)                  | -                                     | (667,064)    | -           | (14,209,489)                     |
| Total capital assets being depreciated, net   | 5,367,943                     | -                                     | 392,980      | -           | 5,760,923                        |
| Governmental activities capital assets, net   | \$ 6,426,169                  | \$ -                                  | \$ 492,270   | \$ (15,400) | \$ 6,903,039                     |
| <b>Business-type activities:</b>              |                               |                                       |              |             |                                  |
| <b>Capital assets, not being depreciated:</b> |                               |                                       |              |             |                                  |
| Land                                          | \$ 334,974                    | \$ -                                  | \$ -         | \$ -        | \$ 334,974                       |
| Construction-in-progress                      | 2,201,732                     | (1,093,302)                           | 2,984,008    | -           | 4,092,438                        |
| Total capital assets, not being depreciated   | 2,536,706                     | (1,093,302)                           | 2,984,008    | -           | 4,427,412                        |
| <b>Capital assets, being depreciated:</b>     |                               |                                       |              |             |                                  |
| Buildings, utility plant and improvements     | 20,971,777                    | 1,093,302                             | 13,406       | -           | 22,078,485                       |
| Equipment                                     | 2,979,595                     | -                                     | 779,521      | (1,000)     | 3,758,116                        |
| Total capital assets, being depreciated       | 23,951,372                    | 1,093,302                             | 792,927      | (1,000)     | 25,836,601                       |
| Less accumulated depreciation for:            |                               |                                       |              |             |                                  |
| Buildings, utility plant and improvements     | (12,957,897)                  | -                                     | (552,415)    | -           | (13,510,312)                     |
| Equipment                                     | (1,590,995)                   | -                                     | (286,027)    | 1,000       | (1,876,022)                      |
| Total accumulated depreciation                | (14,548,892)                  | -                                     | (838,442)    | 1,000       | (15,386,334)                     |
| Total capital assets being depreciated, net   | 9,402,480                     | 1,093,302                             | (45,515)     | -           | 10,450,267                       |
| Business-type activities capital assets, net  | \$ 11,939,186                 | \$ -                                  | \$ 2,938,493 | \$ -        | \$ 14,877,679                    |

**NOTE 7 - CAPITAL ASSETS** (cont...)

Depreciation expense was charged to the following programs and functions:

Governmental Activities:

|                                                      |    |                |
|------------------------------------------------------|----|----------------|
| General government                                   | \$ | 72,448         |
| Law enforcement                                      |    | 6,241          |
| Fire control                                         |    | 223,868        |
| Building inspections                                 |    | 2,576          |
| Stormwater                                           |    | 100,724        |
| Community redevelopment                              |    | 16,907         |
| Roads and streets                                    |    | 137,737        |
| Library                                              |    | 10,926         |
| Recreation                                           |    | 28,006         |
| Parks                                                |    | 67,631         |
| Total depreciation expense - governmental activities | \$ | <u>667,064</u> |

Business-type Activities:

|                                                       |    |                |
|-------------------------------------------------------|----|----------------|
| Electric                                              | \$ | 290,718        |
| Water                                                 |    | 146,513        |
| Sewer                                                 |    | 401,211        |
| Total depreciation expense - business-type activities | \$ | <u>838,442</u> |

**NOTE 8 – LEASES**

Lease payable – The following is information related to the City's lease's payable on September 30, 2024:

| Leased asset(s)           | Balances as of September 30, 2024 |                          |               | Payment Frequency | Payment Amount | Interest Rate | Inception Year | Lease Term at Inception (months) |
|---------------------------|-----------------------------------|--------------------------|---------------|-------------------|----------------|---------------|----------------|----------------------------------|
|                           | Cost                              | Accumulated Amortization | Lease Payable |                   |                |               |                |                                  |
| Multifunction copiers (*) | \$ 29,329                         | \$ (24,556)              | \$ 5,211      | Monthly           | \$ 760         | 6.0%          | 2021           | 48                               |
| Phone system              | 9,221                             | (9,221)                  | 279           | Monthly           | 281            | 6.0%          | 2022           | 36                               |
| Governmental activities   | 38,550                            | (33,777)                 | 5,490         |                   |                |               |                |                                  |

**NOTE 9 - LONG-TERM OBLIGATIONS**

The following is a summary of changes in long-term obligations for the year ended September 30, 2024:

|                                                        | Balance<br>October 1,<br>2023 | Increases           | Decreases             | Balance<br>September 30,<br>2024 | Amounts<br>Due within<br>One Year |
|--------------------------------------------------------|-------------------------------|---------------------|-----------------------|----------------------------------|-----------------------------------|
| <b><u>Governmental Activities:</u></b>                 |                               |                     |                       |                                  |                                   |
| <b>Long-term debt:</b>                                 |                               |                     |                       |                                  |                                   |
| 5th Cent Local Option Fuel Tax                         |                               |                     |                       |                                  |                                   |
| Revenue Notes, Series 2011                             | \$ 537,982                    | \$ -                | \$ (98,950)           | \$ 439,032                       | \$ 103,096                        |
| Redevelopment revenue bond, Series 2022                | 920,170                       | -                   | (60,030)              | 860,140                          | 61,652                            |
| Installment notes                                      | 60,352                        | -                   | (24,956)              | 35,396                           | 17,356                            |
| Total long-term debt                                   | <u>1,518,504</u>              | <u>-</u>            | <u>(183,936)</u>      | <u>1,334,568</u>                 | <u>182,104</u>                    |
| <b>Other liabilities:</b>                              |                               |                     |                       |                                  |                                   |
| Leases payable                                         | 16,995                        | -                   | (11,505)              | 5,490                            | 5,490                             |
| Net pension liability                                  | 827,274                       | -                   | (415,480)             | 411,794                          | -                                 |
| Other postemployment benefits liability                | 112,278                       | -                   | (13,669)              | 98,609                           | -                                 |
| Compensated absences                                   | 94,016                        | -                   | (6,490)               | 87,526                           | -                                 |
| Total other liabilities                                | <u>1,050,563</u>              | <u>-</u>            | <u>(447,144)</u>      | <u>603,419</u>                   | <u>5,490</u>                      |
| Total long-term obligations                            | <u>\$ 2,569,067</u>           | <u>\$ -</u>         | <u>\$ (631,080)</u>   | <u>1,937,987</u>                 | <u>\$ 187,594</u>                 |
| Less amounts due in one year                           |                               |                     |                       | <u>(187,594)</u>                 |                                   |
| Total noncurrent obligations due in more than one year |                               |                     |                       | <u>\$ 1,750,393</u>              |                                   |
| <b><u>Business-type Activities:</u></b>                |                               |                     |                       |                                  |                                   |
| <b>Long-term debt:</b>                                 |                               |                     |                       |                                  |                                   |
| Revenue bonds and certificates:                        |                               |                     |                       |                                  |                                   |
| Sewer Revenue Refunding Bonds, 2020                    | \$ 2,714,543                  | \$ -                | \$ (86,509)           | \$ 2,628,034                     | \$ 89,535                         |
| FDEP Note WW531120                                     | 66,303                        | -                   | (3,590)               | 62,713                           | 3,601                             |
| FDEP Note WW531121                                     | 145,799                       | 2,254,794           | (1,803,835)           | 596,758                          | -                                 |
| Water Revenue Refunding Bonds, 2021                    | 987,018                       | -                   | (33,627)              | 953,391                          | 34,517                            |
| Other long-term debt                                   |                               |                     |                       |                                  |                                   |
| Installment notes                                      | 346,350                       | -                   | (118,400)             | 227,950                          | 73,226                            |
| Total long-term debt                                   | <u>4,260,013</u>              | <u>2,254,794</u>    | <u>(2,045,961)</u>    | <u>4,468,846</u>                 | <u>200,879</u>                    |
| <b>Other liabilities:</b>                              |                               |                     |                       |                                  |                                   |
| Joint venture loan guarantee                           | 42,510                        | 6,644               | -                     | 49,154                           | -                                 |
| Net pension liability                                  | 517,722                       | -                   | (234,391)             | 283,331                          | -                                 |
| Other postemployment benefits liability                | 72,342                        | 4,588               | -                     | 76,930                           | 3,846                             |
| Compensated absences                                   | 52,991                        | 9,332               | -                     | 62,323                           | -                                 |
| Total other liabilities                                | <u>685,565</u>                | <u>20,564</u>       | <u>(234,391)</u>      | <u>471,738</u>                   | <u>3,846</u>                      |
| Total long-term obligations                            | <u>\$ 4,945,578</u>           | <u>\$ 2,275,358</u> | <u>\$ (2,280,352)</u> | <u>4,940,584</u>                 | <u>\$ 204,725</u>                 |
| Less amounts due in one year                           |                               |                     |                       | <u>(204,725)</u>                 |                                   |
| Total noncurrent obligations due in more than one year |                               |                     |                       | <u>\$ 4,735,859</u>              |                                   |

**Notes to Long-Term Obligations Table**

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

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

**NOTE 9 - LONG-TERM OBLIGATIONS** (cont...)

Bonds and notes outstanding on September 30, 2024, consisted of the following for governmental and business-type activities:

|                                         | Purpose | Maturity | Interest Rate | Original Amount | Outstanding Amount  |
|-----------------------------------------|---------|----------|---------------|-----------------|---------------------|
| <b>Governmental activities</b>          |         |          |               |                 |                     |
| <b>Long-term debt:</b>                  |         |          |               |                 |                     |
| 5th Cent Local Option Fuel Tax          |         |          |               |                 |                     |
| Revenue Notes, Series 2011              | 1       | 2028     | 4.190%        | \$ 1,450,000    | \$ 439,032          |
| Redevelopment revenue bond, Series 2022 | 7       | 2036     | 2.700%        | 1,000,000       | 860,140             |
| <b>Installment notes:</b>               |         |          |               |                 |                     |
| Equipment purchase note, 2021A          | 5       | 2026     | 3.740%        | 34,623          | 14,544              |
| Equipment purchase note, 2021C          | 6       | 2026     | 3.740%        | 50,083          | 20,852              |
| Total governmental activities           |         |          |               |                 | <u>\$ 1,334,568</u> |
| <b>Business-type activities</b>         |         |          |               |                 |                     |
| <b>Long-term debt:</b>                  |         |          |               |                 |                     |
| Revenue bonds and certificates:         |         |          |               |                 |                     |
| Sewer Revenue Refunding Bonds, 2020     | 2       | 2045     | 3.196%        | \$ 2,950,000    | \$ 2,628,034        |
| Water Revenue Refunding Bonds, 2021     | 3       | 2047     | 2.650%        | 1,068,066       | 953,391             |
| FDEP Note WW531120                      | 4       | 2041     | 0.300%        | 66,778          | 62,713              |
| FDEP Note WW531121                      | 4       | 2029     | 0.002%        | 145,799         | 596,758             |
| <b>Other long-term debt:</b>            |         |          |               |                 |                     |
| Installment notes:                      |         |          |               |                 |                     |
| Equipment purchase note, 2022           | 8       | 2027     | 3.740%        | 374,417         | 227,950             |
| Total business-type activities          |         |          |               |                 | <u>\$ 4,468,846</u> |

1. Resurface City streets, loan is secured by a pledge of and lien upon the City's fifth-cent local option fuel taxes. Principal is due annually and interest due semiannually.
2. Refunding of prior sewer fund long term debts used for water and sewer system improvements and secured by sewer system revenues. Principal and interest are due semiannually.
3. 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.
4. Major sewer rehabilitation improvements and inflow and infiltration remediation and secured by sewer net revenues. Principal and interest is due semiannually.
5. Purchase of fire department radios and secured by the equipment financed. Principal and interest is due annually.
6. Purchase of two vehicles to be used in general government operations and secured by the equipment financed. Principal and interest is due annually.
7. 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.
8. Purchase of a sewer line cleaning truck secured by the equipment financed. Principal and interest is due annually.

**NOTE 9 - LONG-TERM OBLIGATIONS** (cont...)

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 5<sup>th</sup> 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 August 15, 2027, for a ten-year term to maturity on February 15, 2037. As of September 30, 2024, the Polk Regional Water Cooperative has borrowed \$10,412,689 through this SRF funding of which, \$49,154 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<br>Pledged<br>Through | Total Principal<br>and Interest<br>Outstanding | Current Year<br>Principal and<br>Interest Paid | Current Year<br>Net Revenue | Percentage<br>of Net<br>Revenues to<br>Principal and<br>Interest Paid |
|------------------------------------------|-------------------------------|------------------------------------------------|------------------------------------------------|-----------------------------|-----------------------------------------------------------------------|
| Sewer revenues                           | 9/1/2045                      | \$ 4,350,572                                   | \$ 176,534                                     | \$ 445,174                  | 252.17%                                                               |
| Water system revenue only                | 9/1/2045                      | \$ 1,255,415                                   | \$ 59,782                                      | \$ 61,334                   | 102.60%                                                               |
| 5th Cent local option gas tax<br>revenue | 9/1/2028                      | \$ 485,964                                     | \$ 121,491                                     | \$ 122,190                  | 100.58%                                                               |
| CRA tax increment revenues               | 9/1/2036                      | \$ 1,019,348                                   | \$ 85,014                                      | \$ 567,904                  | 668.01%                                                               |

**NOTE 9 - LONG-TERM OBLIGATIONS** (cont...)

**Maturities** - Annual debt service requirements to repay all long-term debt as of September 30, 2024, are as follows:

| Fiscal Year Ending | Governmental Activities |            | Business-type Activities |              |
|--------------------|-------------------------|------------|--------------------------|--------------|
|                    | Principal               | Interest   | Principal                | Interest     |
| 2025               | \$ 182,104              | \$ 43,092  | \$ 200,879               | \$ 125,130   |
| 2026               | 188,760                 | 36,441     | 207,426                  | 117,973      |
| 2027               | 176,936                 | 29,537     | 253,834                  | 111,352      |
| 2028               | 183,385                 | 23,082     | 205,468                  | 107,430      |
| 2029               | 68,580                  | 16,383     | 209,841                  | 97,653       |
| 2030-2034          | 371,690                 | 52,958     | 1,116,224                | 421,045      |
| 2035-2039          | 163,113                 | 6,673      | 994,705                  | 298,325      |
| 2040-2044          | -                       | -          | 1,049,791                | 157,852      |
| 2045-2049          | -                       | -          | 230,678                  | 18,240       |
| Total              | \$ 1,334,568            | \$ 208,166 | \$ 4,468,846             | \$ 1,455,000 |

Annual requirements to repay all leases payable as of September 30, 2024, were as follows:

| Fiscal Year Ending | Governmental Activities |          |
|--------------------|-------------------------|----------|
|                    | Principal               | Interest |
| 2025               | \$ 5,490                | \$ 106   |
| Total              | \$ 5,490                | \$ 106   |

Annual requirements to repay the joint venture guarantee as of September 30, 2024 were as follows:

| Fiscal Year Ending | Business-type Activities |          |
|--------------------|--------------------------|----------|
|                    | Principal                | Interest |
| 2025               | \$ -                     | \$ -     |
| 2026               | -                        | -        |
| 2027               | 2,245                    | 465      |
| 2028               | 4,555                    | 865      |
| 2029               | 4,641                    | 779      |
| 2030-2034          | 24,561                   | 2,537    |
| 2035-2039          | 13,152                   | 397      |
| Total              | \$ 49,154                | \$ 5,043 |

Interest and other debt service expenses for the governmental activities totaled \$52,735 for the year ended September 30, 2024. Interest and other debt service expenses incurred in the business-type activities totaled \$124,386 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, 2024. 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, 2024:

|                                                         | Restricted<br>Fund<br>Balance | Restricted<br>Net<br>Position |
|---------------------------------------------------------|-------------------------------|-------------------------------|
| <b><u>Governmental Funds/Activities</u></b>             |                               |                               |
| Community redevelopment                                 | \$ 524,253                    | \$ 524,253                    |
| Community Center Complex project                        | 1,000,000                     | 139,860                       |
| 5th Cent revenue bond debt service                      | 10,124                        | 8,591                         |
| Stormwater management                                   | 484,674                       | 484,674                       |
| Pension benefits                                        | -                             | 454,567                       |
| Total                                                   | <u>\$ 2,019,051</u>           | <u>\$ 1,611,945</u>           |
| <b><u>Enterprise Funds/Business-type Activities</u></b> |                               |                               |
| <b>Water Fund:</b>                                      |                               |                               |
| Restricted for debt service - 2021 sinking fund         |                               | \$ 2,876                      |
| Water impact fees restricted for system improvements    |                               | 141,492                       |
| Total                                                   |                               | <u>\$ 144,368</u>             |
| <b>Sewer Fund:</b>                                      |                               |                               |
| Restricted for debt service - 2020 sinking fund         |                               | \$ 7,459                      |
| Sewer impact fees restricted for system improvements    |                               | 288,447                       |
| Total                                                   |                               | <u>\$ 295,906</u>             |

**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, 2024, the balance in due to/from and advances to other funds consisted of the following:

| Receivable Fund | Payable Fund  | Amount              |
|-----------------|---------------|---------------------|
| General fund    | Fire fund     | \$ 288,530          |
| General fund    | Water fund    | 166,316             |
| General fund    | Electric fund | 318,276             |
| General fund    | Sewer fund    | 319,440             |
|                 |               | <u>\$ 1,092,562</u> |

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 16 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, 2024 consisted of:

|                          | Transfers in:       |                               |                 |                   |                  |                     |
|--------------------------|---------------------|-------------------------------|-----------------|-------------------|------------------|---------------------|
|                          | General Fund        | American Rescue Plan Act Fund | Fire Fund       | Water Fund        | Sewer Fund       | Total               |
| Transfers out:           |                     |                               |                 |                   |                  |                     |
| Electric Fund            | \$ 864,600          | \$ -                          | \$ -            | \$ -              | \$ -             | \$ 864,600          |
| Mobile Home Park Fund    | 872,000             | -                             | 3,002           | -                 | -                | 875,002             |
| Solid Waste Fund         | 7,008               | -                             | -               | -                 | -                | 7,008               |
| Water fund               | 7,008               | -                             | -               | -                 | -                | 7,008               |
| Sewer fund               | 7,008               | -                             | -               | -                 | -                | 7,008               |
| General Fund             | -                   | 319,058                       | -               | -                 | -                | 319,058             |
| American Rescue Plan     |                     | -                             |                 | -                 |                  |                     |
| Act Special Revenue Fund | 16,388              | -                             | -               | 441,051           | 55,845           | 513,284             |
| Total                    | <u>\$ 1,774,012</u> | <u>\$ 319,058</u>             | <u>\$ 3,002</u> | <u>\$ 441,051</u> | <u>\$ 55,845</u> | <u>\$ 2,592,968</u> |

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 \$447,000 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, 2024 (the measurement date) was determined by an actuarial valuation as of October 1, 2023 updated to the measurement date using the following actuarial assumptions.

|                             |       |
|-----------------------------|-------|
| Inflation                   | 2.50% |
| Salary Increases            | 2.50% |
| Discount Rate               | 4.06% |
| Initial Trend Rate          | 7.00% |
| Ultimate Trend Rate         | 4.00% |
| Year to Ultimate Trend Rate | 51    |

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, 2023 there were 46 active plan members and zero 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 4.06%. 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, 2024, the City recognized OPEB expense of \$4,906.

**Changes in Total OPEB Liability:**

|                                                    | <b>Total<br/>OPEB<br/>Liability</b> |
|----------------------------------------------------|-------------------------------------|
| <b>Reporting period ending September 30, 2023</b>  | \$ 184,620                          |
| <b>Changes for the year:</b>                       |                                     |
| Service cost                                       | 20,537                              |
| Interest                                           | 8,996                               |
| Changes of assumptions                             | (12,764)                            |
| Differences between expected and actual experience | (15,163)                            |
| Benefit payments                                   | (10,687)                            |
| <b>Net changes</b>                                 | <b>(9,081)</b>                      |
| <b>Reporting period ending September 30, 2024</b>  | <b>\$ 175,539</b>                   |

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

|                      | <b>1% Decrease<br/>(3.06%)</b> | <b>Discount Rate<br/>(4.06%)</b> | <b>1% Increase<br/>(5.06%)</b> |
|----------------------|--------------------------------|----------------------------------|--------------------------------|
| Total OPEB liability | \$ 194,618                     | \$ 175,539                       | \$ 159,433                     |

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

|                      | <b>1% Decrease<br/>(3.00% to 6.00%)</b> | <b>Healthcare Cost<br/>Trend Rates<br/>(4.00% to 7.00%)</b> | <b>1% Increase<br/>(5.00% to 8.00%)</b> |
|----------------------|-----------------------------------------|-------------------------------------------------------------|-----------------------------------------|
| Total OPEB liability | \$ 156,358                              | \$ 175,539                                                  | \$ 198,717                              |

**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, 2023                          |                                              |                                             |
|---------------------------------------------------------------------|------------------------------------------------|----------------------------------------------|---------------------------------------------|
|                                                                     | General<br>Employees'<br>Pension<br>Trust Fund | Police<br>Officers'<br>Pension<br>Trust Fund | Fire-<br>Fighters'<br>Pension<br>Trust Fund |
| Inactive plan members or beneficiaries currently receiving benefits | 31                                             | 5                                            | 9                                           |
| Inactive plan members entitled to but not yet receiving benefits    | 15                                             | 4                                            | 8                                           |
| Active plan members                                                 | 44                                             | -                                            | 19                                          |
| Total                                                               | 90                                             | 9                                            | 36                                          |

**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, 2023 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<br>Employees'<br>Pension<br>Trust Fund | Police<br>Officers'<br>Pension<br>Trust Fund | Fire-<br>Fighters'<br>Pension<br>Trust Fund |
|-------------------------------------|------------------------------------------------|----------------------------------------------|---------------------------------------------|
| Contribution rates:                 |                                                |                                              |                                             |
| City                                | 12.0%                                          | N/A                                          | 38.9%                                       |
| Plan members                        | 0.0%                                           | 0.0%                                         | 0.0%                                        |
| Actuarially determined contribution | \$ 341,876                                     | \$ 17,540                                    | \$ 30,326                                   |
| Contributions made                  | \$ 277,998                                     | \$ 16,000                                    | \$ 112,578                                  |

**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, 2024, the gross money-weighted rate of return adjusted for the changing amounts actually invested, for the each of the Plans was as follows:

|                               | General<br>Employees' | Police<br>Officers' | Fire<br>Fighters' |
|-------------------------------|-----------------------|---------------------|-------------------|
| Money-Weighted Rate of Return | 19.64%                | 19.63%              | 19.80%            |

**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, 2024 were as follows:

|                                 | General<br>Employees' | Police<br>Officers' | Fire<br>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, 2024 are shown below. The net pension liability as of September 30, 2024 for financial reporting purposes was determined by actuarial valuations as of October 1, 2023 updated to September 30, 2024 (the measurement date).

**General Employees' Pension Plan:**

|                                                               | Increase (Decrease)     |                             |                               |
|---------------------------------------------------------------|-------------------------|-----------------------------|-------------------------------|
|                                                               | Total Pension Liability | Plan Fiduciary Net Position | Net Pension (Asset) Liability |
|                                                               | (a)                     | (b)                         | (a)-(b)                       |
| Balances at September 30, 2023                                | \$ 6,735,828            | \$ 5,410,842                | \$ 1,324,986                  |
| Changes for the year:                                         |                         |                             |                               |
| Service cost                                                  | 183,295                 | -                           | 183,295                       |
| Interest                                                      | 437,955                 | -                           | 437,955                       |
| Difference between actual and expected experience             | 51,009                  | -                           | 51,009                        |
| Contributions - City                                          | -                       | 277,998                     | (277,998)                     |
| Net investment income                                         | -                       | 1,054,675                   | (1,054,675)                   |
| Benefit payments, including refunds of employee contributions | (362,692)               | (364,689)                   | 1,997                         |
| Administrative expense                                        | -                       | (28,556)                    | 28,556                        |
| Net changes                                                   | 309,567                 | 939,428                     | (629,861)                     |
| Balances at September 30, 2024                                | \$ 7,045,395            | \$ 6,350,270                | \$ 695,125                    |

**Police Officers' Pension Plan:**

|                                                               | Increase (Decrease)     |                             |                               |
|---------------------------------------------------------------|-------------------------|-----------------------------|-------------------------------|
|                                                               | Total Pension Liability | Plan Fiduciary Net Position | Net Pension (Asset) Liability |
|                                                               | (a)                     | (b)                         | (a)-(b)                       |
| Balances at September 30, 2023                                | \$ 942,509              | \$ 1,138,507                | \$ (195,998)                  |
| Changes for the year:                                         |                         |                             |                               |
| Interest                                                      | 61,434                  | -                           | 61,434                        |
| Difference between actual and expected experience             | 13,392                  | -                           | 13,392                        |
| Contributions - City                                          | -                       | 16,000                      | (16,000)                      |
| Net investment income                                         | -                       | 218,326                     | (218,326)                     |
| Benefit payments, including refunds of employee contributions | (64,754)                | (64,754)                    | -                             |
| Administrative expense                                        | -                       | (17,739)                    | 17,739                        |
| Net changes                                                   | 10,072                  | 151,833                     | (141,761)                     |
| Balances at September 30, 2024                                | \$ 952,581              | \$ 1,290,340                | \$ (337,759)                  |

**NOTE 13 – PENSION TRUST FUNDS (cont...)**

**Firefighters' Pension Plan:**

|                                                               | Increase (Decrease)     |                             |                               |
|---------------------------------------------------------------|-------------------------|-----------------------------|-------------------------------|
|                                                               | Total Pension Liability | Plan Fiduciary Net Position | Net Pension (Asset) Liability |
|                                                               | (a)                     | (b)                         | (a)-(b)                       |
| Balances at September 30, 2023                                | \$ 402,752              | \$ 382,742                  | \$ 20,010                     |
| Changes for the year:                                         |                         |                             |                               |
| Service cost                                                  | 8,574                   | -                           | 8,574                         |
| Interest                                                      | 25,975                  | -                           | 25,975                        |
| Difference between actual and expected experience             | (12,452)                | -                           | (12,452)                      |
| Contributions - City                                          | -                       | 112,578                     | (112,578)                     |
| Net investment income                                         | -                       | 77,070                      | (77,070)                      |
| Benefit payments, including refunds of employee contributions | (23,428)                | (23,428)                    | -                             |
| Administrative expense                                        | -                       | (30,733)                    | 30,733                        |
| Net changes                                                   | (1,331)                 | 135,487                     | (136,818)                     |
| Balances at September 30, 2024                                | \$ 401,421              | \$ 518,229                  | \$ (116,808)                  |

**Net Pension Liability** - The components of the net pension liability for each of the plans as of September 30, 2024, were as follows:

**General Employees' Pension Plan:**

|                                                                            |                   |
|----------------------------------------------------------------------------|-------------------|
| Total pension liability                                                    | \$ 7,045,395      |
| Plan fiduciary net position                                                | (6,350,270)       |
| Net pension liability (asset)                                              | <u>\$ 695,125</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 90%               |

**Police Officers' Pension Plan:**

|                                                                            |                     |
|----------------------------------------------------------------------------|---------------------|
| Total pension liability                                                    | \$ 952,581          |
| Plan fiduciary net position                                                | (1,290,340)         |
| Net pension liability (asset)                                              | <u>\$ (337,759)</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 135%                |

**Firefighters' Pension Plan:**

|                                                                            |                     |
|----------------------------------------------------------------------------|---------------------|
| Total pension liability                                                    | \$ 401,421          |
| Plan fiduciary net position                                                | (518,229)           |
| Net pension liability (asset)                                              | <u>\$ (116,808)</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 129%                |

**NOTE 13 – PENSION TRUST FUNDS** (cont...)

**Actuarial Assumptions** - The significant actuarial assumptions used in the October 1, 2023 valuation as updated to September 30, 2024 and used to measure the total pension liability were as follows:

|                                    | General<br>Employees'<br>Pension<br>Trust Fund | Police<br>Officers'<br>Pension<br>Trust Fund | Fire-<br>Fighters'<br>Pension<br>Trust Fund |
|------------------------------------|------------------------------------------------|----------------------------------------------|---------------------------------------------|
| Inflation                          | 2.50%                                          | 2.50%                                        | 2.50%                                       |
| 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 &<br>PubS.H-2010                 | PubG.H-2010 &<br>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 2.50% 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, 2024 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<br>Asset<br>Allocation | Long-Term<br>Expected Real<br>Rate of Return |
|-----------------------------------|---------------------------------|----------------------------------------------|
| Core bonds                        | 15.00%                          | 2.50%                                        |
| Core plus                         | 15.00%                          | 2.80%                                        |
| U.S. large cap equity             | 25.00%                          | 7.10%                                        |
| U.S. small cap equity             | 14.00%                          | 8.50%                                        |
| Non-U.S. equity                   | 21.00%                          | 8.20%                                        |
| Real estate                       | 10.00%                          | 6.40%                                        |
| Total weighted arithmetic average |                                 | 6.12%                                        |

**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<br>Discount<br>Rate | Net Pension Liability (Asset) |                   |                     |
|------------------------------|-----------------------------|-------------------------------|-------------------|---------------------|
|                              |                             | 1% Decrease                   | Current Discount  | 1% Increase         |
| General Employees'           | 6.50%                       | \$ 1,449,120                  | \$ 695,125        | \$ 58,245           |
| Police Officers'             | 6.75%                       | (257,871)                     | (337,759)         | (407,024)           |
| Firefighters'                | 6.50%                       | (67,923)                      | (116,808)         | (157,204)           |
| City's Net Pension Liability |                             | <u>\$ 1,123,326</u>           | <u>\$ 240,558</u> | <u>\$ (505,983)</u> |

**Pension Expense and Deferred Outflows and Inflows of Resources Related to Pension** - For the year ended September 30, 2024, the City recognized a net pension expense of \$369,914 consisting of pension expense for the general employees' pension plan of \$341,209, the firefighters' pension plan of \$17,977 and the police officers' pension plan of \$10,728. On September 30, 2024, 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<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|----------------------------------------------------------------------|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience                   | \$ 185,168                           | \$ 123,222                          |
| Change in assumptions                                                | 221,343                              | 5,322                               |
| Difference between projected and actual earnings on Plan investments | -                                    | 329,481                             |
| Total                                                                | <u>\$ 406,511</u>                    | <u>\$ 458,025</u>                   |

**General Employees' Pension Trust Fund:**

| Description                                                          | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|----------------------------------------------------------------------|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience                   | \$ 180,500                           | \$ 65,182                           |
| Change in assumptions                                                | 214,155                              | -                                   |
| Difference between projected and actual earnings on Plan investments | -                                    | 260,138                             |
| Total                                                                | <u>\$ 394,655</u>                    | <u>\$ 325,320</u>                   |

**Police Officers' Pension Trust Fund:**

| Description                                                          | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|----------------------------------------------------------------------|--------------------------------------|-------------------------------------|
| Difference between projected and actual earnings on Plan investments | \$ -                                 | \$ 50,991                           |
| Total                                                                | <u>\$ -</u>                          | <u>\$ 50,991</u>                    |

**NOTE 13 – PENSION TRUST FUNDS (cont...)**

**Firefighters' Pension Trust Fund:**

| Description                                                          | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|----------------------------------------------------------------------|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience                   | \$ 4,668                             | \$ 58,040                           |
| Change in assumptions                                                | 7,188                                | 5,322                               |
| Difference between projected and actual earnings on Plan investments | -                                    | 18,352                              |
| Total                                                                | <u>\$ 11,856</u>                     | <u>\$ 81,714</u>                    |

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

| Year ending<br>September 30, | General<br>Employees'<br>Pension<br>Trust Fund | Police<br>Officers'<br>Pension<br>Trust Fund | Fire-<br>Fighters'<br>Pension<br>Trust Fund | Total              |
|------------------------------|------------------------------------------------|----------------------------------------------|---------------------------------------------|--------------------|
| 2025                         | \$ 17,385                                      | \$ (9,110)                                   | \$ (20,864)                                 | \$ (12,589)        |
| 2026                         | 145,305                                        | 19,619                                       | (11,325)                                    | 153,599            |
| 2027                         | (94,378)                                       | (32,756)                                     | (20,707)                                    | (147,841)          |
| 2028                         | (68,908)                                       | (28,744)                                     | (16,299)                                    | (113,951)          |
| 2029                         | 46,649                                         | -                                            | (663)                                       | 45,986             |
| Thereafter                   | 23,282                                         | -                                            | -                                           | 23,282             |
|                              | <u>\$ 69,335</u>                               | <u>\$ (50,991)</u>                           | <u>\$ (69,858)</u>                          | <u>\$ (51,514)</u> |

**NOTE 13 – PENSION TRUST FUNDS** (cont...)

The Statements of Fiduciary Net Position for the City’s pension trust funds as of September 30, 2024 are as follows:

|                                        | Pension Trust Funds                            |                                              |                                        |              |
|----------------------------------------|------------------------------------------------|----------------------------------------------|----------------------------------------|--------------|
|                                        | General<br>Employees'<br>Pension<br>Trust Fund | Police<br>Officers'<br>Pension<br>Trust Fund | Firefighters'<br>Pension<br>Trust Fund | Total        |
| <b>ASSETS</b>                          |                                                |                                              |                                        |              |
| Receivables, net                       |                                                |                                              |                                        |              |
| City                                   | \$ 32,749                                      | \$ -                                         | \$ 19,623                              | \$ 52,372    |
| Investments, at fair value:            |                                                |                                              |                                        |              |
| Cash and short-term money market funds | 88,445                                         | 18,065                                       | 6,980                                  | 113,490      |
| Fixed income investment pools          | 1,851,034                                      | 378,070                                      | 146,091                                | 2,375,195    |
| Equity investment pools                | 3,784,196                                      | 772,914                                      | 298,665                                | 4,855,775    |
| Real estate investment pool            | 593,846                                        | 121,291                                      | 46,870                                 | 762,007      |
| Total investments                      | 6,317,521                                      | 1,290,340                                    | 498,606                                | 8,106,467    |
| Total assets                           | 6,350,270                                      | 1,290,340                                    | 518,229                                | 8,158,839    |
| <b>NET POSITION</b>                    |                                                |                                              |                                        |              |
| Restricted for pension benefits        | \$ 6,350,270                                   | \$ 1,290,340                                 | \$ 518,229                             | \$ 8,158,839 |

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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, 2024 are as follows:

|                                        | Pension Trust Funds                            |                                              |                                        |              |
|----------------------------------------|------------------------------------------------|----------------------------------------------|----------------------------------------|--------------|
|                                        | General<br>Employees'<br>Pension<br>Trust Fund | Police<br>Officers'<br>Pension<br>Trust Fund | Firefighters'<br>Pension<br>Trust Fund | Total        |
| <b>ADDITIONS</b>                       |                                                |                                              |                                        |              |
| Contributions:                         |                                                |                                              |                                        |              |
| City                                   | \$ 277,998                                     | \$ 16,000                                    | \$ 112,578                             | \$ 406,576   |
| Total contributions                    | 277,998                                        | 16,000                                       | 112,578                                | 406,576      |
| Investment income                      |                                                |                                              |                                        |              |
| Investment income                      | 1,063,603                                      | 220,753                                      | 77,700                                 | 1,362,056    |
| Less investment expenses               | (8,928)                                        | (2,427)                                      | (630)                                  | (11,985)     |
| Net investment income                  | 1,054,675                                      | 218,326                                      | 77,070                                 | 1,350,071    |
| Total additions                        | 1,332,673                                      | 234,326                                      | 189,648                                | 1,756,647    |
| <b>DEDUCTIONS</b>                      |                                                |                                              |                                        |              |
| Administrative expenses:               |                                                |                                              |                                        |              |
| Legal                                  | 573                                            | -                                            | -                                      | 573          |
| Actuarial                              | 23,709                                         | 15,489                                       | 28,278                                 | 67,476       |
| Other fees                             | 4,274                                          | 2,250                                        | 2,455                                  | 8,979        |
| Total administrative expenses          | 28,556                                         | 17,739                                       | 30,733                                 | 77,028       |
| Payments to retirees and participants  | 364,689                                        | 64,754                                       | 23,428                                 | 452,871      |
| Total deductions                       | 393,245                                        | 82,493                                       | 54,161                                 | 529,899      |
| <b>CHANGE IN NET POSITION</b>          | 939,428                                        | 151,833                                      | 135,487                                | 1,226,748    |
| <b>NET POSITION, beginning of year</b> | 5,410,842                                      | 1,138,507                                    | 382,742                                | 6,932,091    |
| <b>NET POSITION, end of year</b>       | \$ 6,350,270                                   | \$ 1,290,340                                 | \$ 518,229                             | \$ 8,158,839 |

**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 2024 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 \$1,337,015 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, 2024, the total annual working capital needs of the PRWC was \$260,078 of which the City's proportionate share was \$2,054.

**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 August 15, 2027 for a ten-year term to maturity on February 15, 2037.

As of September 30, 2024, \$10,412,689 of SRF funds have been drawn by the PRWC. The City's proportionate share of this liability totaled \$49,154 as of September 30, 2024 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.

## **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, 2024

|                                                                     | <b>Budgeted Amounts</b> |                     | <b>Actual<br/>Amounts<br/>(GAAP<br/>basis)</b> | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|---------------------------------------------------------------------|-------------------------|---------------------|------------------------------------------------|-------------------------------------------------------------------|
|                                                                     | <b>Original</b>         | <b>Final</b>        |                                                |                                                                   |
| <b>REVENUES:</b>                                                    |                         |                     |                                                |                                                                   |
| Taxes                                                               | \$ 2,307,500            | \$ 1,955,722        | \$ 1,962,470                                   | \$ 6,748                                                          |
| Licenses and permits                                                | 240,900                 | 214,772             | 233,529                                        | 18,757                                                            |
| Intergovernmental revenue                                           | 839,499                 | 989,150             | 1,041,814                                      | 52,664                                                            |
| Charges for services                                                | 13,000                  | 10,536              | 11,324                                         | 788                                                               |
| Fines and forfeitures                                               | 85,000                  | 138,215             | 149,426                                        | 11,211                                                            |
| Other                                                               | 18,000                  | 41,079              | 40,778                                         | (301)                                                             |
| Total revenues                                                      | 3,503,899               | 3,349,474           | 3,439,341                                      | 89,867                                                            |
| <b>EXPENDITURES:</b>                                                |                         |                     |                                                |                                                                   |
| General government:                                                 |                         |                     |                                                |                                                                   |
| Legislative                                                         | 127,410                 | 130,182             | 131,228                                        | (1,046)                                                           |
| Executive                                                           | 482,310                 | 469,930             | 474,862                                        | (4,932)                                                           |
| Finance                                                             | 118,801                 | 162,852             | 164,479                                        | (1,627)                                                           |
| Legal                                                               | 50,000                  | 153,742             | 153,742                                        | -                                                                 |
| Planning                                                            | 197,023                 | 124,430             | 165,067                                        | (40,637)                                                          |
| Other general government                                            | 572,014                 | 538,452             | 509,858                                        | 28,594                                                            |
| Public safety:                                                      |                         |                     |                                                |                                                                   |
| Police                                                              | 1,560,020               | 1,378,571           | 1,378,571                                      | -                                                                 |
| Fire                                                                | -                       | -                   | 53,112                                         | (53,112)                                                          |
| Inspections                                                         | 136,433                 | 111,179             | 111,859                                        | (680)                                                             |
| Transportation - streets                                            | 472,213                 | 357,138             | 430,692                                        | (73,554)                                                          |
| Culture/recreation:                                                 |                         |                     |                                                |                                                                   |
| Library                                                             | 257,683                 | 227,650             | 226,807                                        | 843                                                               |
| Recreation                                                          | 49,354                  | 42,004              | 42,004                                         | -                                                                 |
| Historic museum                                                     | 30,890                  | 51,532              | 24,229                                         | 27,303                                                            |
| Parks                                                               | 597,423                 | 446,995             | 449,757                                        | (2,762)                                                           |
| Total expenditures                                                  | 4,651,574               | 4,194,657           | 4,316,267                                      | (121,610)                                                         |
| <b>EXCESS (DEFICIENCY) OF REVENUE OVER<br/>(UNDER) EXPENDITURES</b> | <b>(1,147,675)</b>      | <b>(845,183)</b>    | <b>(876,926)</b>                               | <b>(31,743)</b>                                                   |
| <b>OTHER FINANCING SOURCES (USES):</b>                              |                         |                     |                                                |                                                                   |
| Transfers in                                                        | 885,600                 | 2,201,791           | 1,774,012                                      | (427,779)                                                         |
| Transfers out                                                       | -                       | (319,058)           | (319,058)                                      | -                                                                 |
| Total other financing sources (uses)                                | 885,600                 | 1,882,733           | 1,454,954                                      | (427,779)                                                         |
| <b>NET CHANGE IN FUND BALANCE</b>                                   | <b>\$ (262,075)</b>     | <b>\$ 1,037,550</b> | <b>\$ 578,028</b>                              | <b>\$ (459,522)</b>                                               |

**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, 2024

|                                   | <b>Budgeted Amounts</b> |                   | <b>Actual</b>     | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|-----------------------------------|-------------------------|-------------------|-------------------|-------------------------------------------------------------------|
|                                   | <b>Original</b>         | <b>Final</b>      |                   |                                                                   |
| <b>REVENUES:</b>                  |                         |                   |                   |                                                                   |
| Taxes                             | \$ 490,000              | \$ 567,904        | \$ 567,904        | \$ -                                                              |
| Other                             | 4,725                   | 20,389            | 20,389            | -                                                                 |
| Total revenues                    | 494,725                 | 588,293           | 588,293           | -                                                                 |
| <b>EXPENDITURES:</b>              |                         |                   |                   |                                                                   |
| Economic environment              | 406,909                 | 174,142           | 176,278           | (2,136)                                                           |
| Capital outlay                    | 998,850                 | 15,712            | 43,002            | (27,290)                                                          |
| Debt service                      | 85,000                  | 87,375            | 87,375            | -                                                                 |
| Total expenditures                | 1,490,759               | 277,229           | 306,655           | (29,426)                                                          |
| <b>NET CHANGE IN FUND BALANCE</b> | <b>\$ (996,034)</b>     | <b>\$ 311,064</b> | <b>\$ 281,638</b> | <b>\$ (29,426)</b>                                                |

**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, 2024**

|                                                              | <b>Budgeted Amounts</b> |              |               | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|--------------------------------------------------------------|-------------------------|--------------|---------------|-------------------------------------------------------------------|
|                                                              | <b>Original</b>         | <b>Final</b> | <b>Actual</b> |                                                                   |
| <b>REVENUES:</b>                                             |                         |              |               |                                                                   |
| Intergovernmental                                            | \$ -                    | \$ -         | \$ 412,049    | \$ 412,049                                                        |
| Total revenues                                               | -                       | -            | 412,049       | 412,049                                                           |
| <b>EXPENDITURES:</b>                                         |                         |              |               |                                                                   |
| Public safety                                                | 38,000                  | 51,446       | 51,736        | (290)                                                             |
| Capital outlay                                               | 136,000                 | 166,087      | 166,087       | -                                                                 |
| Total expenditures                                           | 174,000                 | 217,533      | 217,823       | (290)                                                             |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b> | (174,000)               | (217,533)    | 194,226       | 411,759                                                           |
| <b>OTHER FINANCING SOURCES:</b>                              |                         |              |               |                                                                   |
| Transfers in                                                 | -                       | 319,058      | 319,058       | -                                                                 |
| Transfers (out)                                              | (400,000)               | (675,525)    | (513,284)     | 162,241                                                           |
| <b>TOTAL OTHER FINANCING SOURCES</b>                         | (400,000)               | (356,467)    | (194,226)     | 162,241                                                           |
| <b>NET CHANGE IN FUND BALANCE</b>                            | \$ (574,000)            | \$ (574,000) | \$ -          | \$ 574,000                                                        |

**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, 2024

|                                                                      | <b>Budgeted Amounts</b> |                     | <b>Actual</b>       | <b>Variance with</b>                            |
|----------------------------------------------------------------------|-------------------------|---------------------|---------------------|-------------------------------------------------|
|                                                                      | <b>Original</b>         | <b>Final</b>        |                     | <b>Final Budget<br/>Positive<br/>(Negative)</b> |
| <b>REVENUES:</b>                                                     |                         |                     |                     |                                                 |
| Intergovernmental revenue                                            | \$ -                    | \$ 687,475          | \$ 839,031          | \$ 151,556                                      |
| Charges for services                                                 | 405,000                 | 388,056             | 388,056             | -                                               |
| Total revenues                                                       | 405,000                 | 1,075,531           | 1,227,087           | 151,556                                         |
| <b>EXPENDITURES:</b>                                                 |                         |                     |                     |                                                 |
| Public safety                                                        | 708,000                 | 692,228             | 639,562             | 52,666                                          |
| Capital outlay                                                       | -                       | 873,997             | 873,685             | 312                                             |
| Debt service                                                         | -                       | 7,691               | 8,974               | (1,283)                                         |
| Total expenditures                                                   | 708,000                 | 1,573,916           | 1,522,221           | 51,695                                          |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | <b>(303,000)</b>        | <b>(498,385)</b>    | <b>(295,134)</b>    | <b>203,251</b>                                  |
| <b>OTHER FINANCING SOURCES (USES):</b>                               |                         |                     |                     |                                                 |
| Transfers in                                                         | 213,000                 | 213,000             | 3,002               | (209,998)                                       |
| Sale of general capital assets                                       | -                       | 136,660             | 68,330              | (68,330)                                        |
| Insurance recoveries                                                 | -                       | 10,024              | 10,024              | -                                               |
| Total other financing sources                                        | 213,000                 | 359,684             | 81,356              | (278,328)                                       |
| <b>NET CHANGE IN FUND BALANCE</b>                                    | <b>\$ (90,000)</b>      | <b>\$ (138,701)</b> | <b>\$ (213,778)</b> | <b>\$ (75,077)</b>                              |

**CITY OF FORT MEADE, FLORIDA**

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

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

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

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

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

|                                                                        | 9/30/2024           | 9/30/2023           | 9/30/2022           | 9/30/2021           | 9/30/2020           |
|------------------------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total pension liability                                                |                     |                     |                     |                     |                     |
| Service cost                                                           | \$ 183,295          | \$ 191,657          | \$ 142,780          | \$ 109,584          | \$ 70,978           |
| Interest                                                               | 437,955             | 413,688             | 402,752             | 397,080             | 396,911             |
| Change in assumptions                                                  | -                   | 189,503             | -                   | 168,066             | (94,057)            |
| Change in benefit terms                                                | -                   | -                   | 13,566              | -                   | -                   |
| Difference between expected and actual experience                      | 51,009              | 186,259             | (68,007)            | (61,417)            | (38,807)            |
| Benefit payments, including refunds of employee contributions          | (362,692)           | (364,661)           | (364,124)           | (367,757)           | (374,697)           |
| Other                                                                  | -                   | -                   | -                   | -                   | -                   |
| Net change in total pension liability                                  | 309,567             | 616,446             | 126,967             | 245,556             | (39,672)            |
| Total pension liability, beginning                                     | 6,735,828           | 6,119,382           | 5,992,415           | 5,746,859           | 5,786,531           |
| Total pension liability, ending (a)                                    | <u>\$ 7,045,395</u> | <u>\$ 6,735,828</u> | <u>\$ 6,119,382</u> | <u>\$ 5,992,415</u> | <u>\$ 5,746,859</u> |
| Plan fiduciary net position                                            |                     |                     |                     |                     |                     |
| Contributions - City                                                   | \$ 277,998          | \$ 321,388          | \$ 177,573          | \$ 183,188          | \$ 212,954          |
| Net investment income (loss)                                           | 1,054,675           | 422,798             | (794,415)           | 998,473             | 319,816             |
| Benefit payments, including refunds of employee contributions          | (364,689)           | (364,661)           | (364,124)           | (367,757)           | (374,697)           |
| Administrative expenses                                                | (28,556)            | (37,280)            | (37,202)            | (18,654)            | (18,147)            |
| Net change in plan fiduciary net position                              | 939,428             | 342,245             | (1,018,168)         | 795,250             | 139,926             |
| Plan fiduciary net position, beginning                                 | 5,410,842           | 5,068,597           | 6,086,765           | 5,291,515           | 5,151,589           |
| Plan fiduciary net position, ending (b)                                | <u>\$ 6,350,270</u> | <u>\$ 5,410,842</u> | <u>\$ 5,068,597</u> | <u>\$ 6,086,765</u> | <u>\$ 5,291,515</u> |
| Net pension liability (asset) (a)-(b)                                  | <u>\$ 695,125</u>   | <u>\$ 1,324,986</u> | <u>\$ 1,050,785</u> | <u>\$ (94,350)</u>  | <u>\$ 455,344</u>   |
| Plan fiduciary net position as a percentage of total pension liability | 90.13%              | 80.33%              | 82.83%              | 101.57%             | 92.08%              |
| Covered payroll                                                        | \$ 2,325,490        | \$ 2,208,600        | \$ 2,093,630        | \$ 1,755,771        | \$ 1,557,647        |
| Net pension liability as a percentage of covered payroll               | 29.89%              | 59.99%              | 50.19%              | -5.37%              | 29.23%              |

Continued...

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

|                                                                        | 9/30/2019           | 9/30/2018           | 9/30/2017           | 9/30/2016           | 9/30/2015           |
|------------------------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total pension liability                                                |                     |                     |                     |                     |                     |
| Service cost                                                           | \$ 82,796           | \$ 94,223           | \$ 80,887           | \$ 74,627           | \$ 120,880          |
| Interest                                                               | 392,798             | 382,952             | 342,263             | 289,888             | 352,438             |
| Change in assumptions                                                  | -                   | -                   | 373,615             | 854,987             | -                   |
| Change in benefit terms                                                | -                   | 26,719              | -                   | -                   | -                   |
| Difference between expected and actual experience                      | (49,622)            | (26,337)            | 95,640              | (39,575)            | -                   |
| Benefit payments, including refunds of of employee contributions       | (336,094)           | (337,146)           | (308,763)           | (425,529)           | (290,965)           |
| Other                                                                  | -                   | (4,218)             | 5,532               | (97)                | -                   |
| Net change in total pension liability                                  | 89,878              | 136,193             | 589,174             | 754,301             | 182,353             |
| Total pension liability, beginning                                     | 5,696,653           | 5,560,460           | 4,971,286           | 4,216,985           | 4,034,632           |
| Total pension liability, ending (a)                                    | <u>\$ 5,786,531</u> | <u>\$ 5,696,653</u> | <u>\$ 5,560,460</u> | <u>\$ 4,971,286</u> | <u>\$ 4,216,985</u> |
| Plan fiduciary net position                                            |                     |                     |                     |                     |                     |
| Contributions - City                                                   | \$ 212,649          | \$ 275,513          | \$ 236,582          | 194,344             | \$ 211,212          |
| Net investment income (loss)                                           | 252,312             | 342,535             | 559,921             | 332,639             | (6,348)             |
| Benefit payments, including refunds of employee contributions          | (336,094)           | (337,146)           | (308,763)           | (425,529)           | (221,451)           |
| Administrative expenses                                                | (16,105)            | (27,180)            | (28,154)            | (26,270)            | (21,732)            |
| Net change in plan fiduciary net position                              | 112,762             | 253,722             | 459,586             | 75,184              | (38,319)            |
| Plan fiduciary net position, beginning                                 | 5,038,827           | 4,785,105           | 4,325,519           | 4,250,335           | 4,288,654           |
| Plan fiduciary net position, ending (b)                                | <u>\$ 5,151,589</u> | <u>\$ 5,038,827</u> | <u>\$ 4,785,105</u> | <u>\$ 4,325,519</u> | <u>\$ 4,250,335</u> |
| Net pension liability (asset) (a)-(b)                                  | <u>\$ 634,942</u>   | <u>\$ 657,826</u>   | <u>\$ 775,355</u>   | <u>\$ 645,767</u>   | <u>\$ (33,350)</u>  |
| Plan fiduciary net position as a percentage of total pension liability | 89.03%              | 88.45%              | 86.06%              | 87.01%              | 100.79%             |
| Covered payroll                                                        | \$ 1,426,810        | \$ 1,257,028        | \$ 1,064,675        | \$ 1,012,380        | \$ 1,130,621        |
| Net pension liability as a percentage of covered payroll               | 44.50%              | 52.33%              | 72.83%              | Not Applicable      | Not Applicable      |

**CITY OF FORT MEADE, FLORIDA**

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

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***Change in Benefit Terms:***

For measurement date September 30, 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**

|                                                                        | 9/30/2024      | 9/30/2023      | 9/30/2022      | 9/30/2021      | 9/30/2020      |
|------------------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Total pension liability                                                |                |                |                |                |                |
| Service cost                                                           | \$ -           | \$ -           | \$ -           | \$ -           | \$ -           |
| Interest                                                               | 61,434         | 60,752         | 68,242         | 83,753         | 86,536         |
| Difference between expected and actual experience                      | 13,392         | 12,114         | (118,409)      | (223,822)      | 22,473         |
| Change of assumptions                                                  | -              | -              | -              | 21,992         | (62,010)       |
| Benefit payments, including refunds of employee contributions          | (64,754)       | (60,788)       | (60,788)       | (74,005)       | (99,519)       |
| Net change in total pension liability                                  | 10,072         | 12,078         | (110,955)      | (192,082)      | (52,520)       |
| Total pension liability, beginning                                     | 942,509        | 930,431        | 1,041,386      | 1,233,468      | 1,285,988      |
| Total pension liability, ending (a)                                    | \$ 952,581     | \$ 942,509     | \$ 930,431     | \$ 1,041,386   | \$ 1,233,468   |
| Plan fiduciary net position                                            |                |                |                |                |                |
| Contributions - City                                                   | \$ 16,000      | \$ 17,876      | \$ 16,810      | \$ 11,426      | \$ 32,551      |
| Net investment income (loss)                                           | 218,326        | 92,648         | (174,912)      | 222,013        | 70,432         |
| Benefit payments, including refunds of employee contributions          | (64,754)       | (60,788)       | (60,788)       | (74,005)       | (99,519)       |
| Administrative expenses                                                | (17,739)       | (16,142)       | (16,374)       | (14,288)       | (14,052)       |
| Net change in plan fiduciary net position                              | 151,833        | 33,594         | (235,264)      | 145,146        | (10,588)       |
| Plan fiduciary net position, beginning                                 | 1,138,507      | 1,104,913      | 1,340,177      | 1,195,031      | 1,205,619      |
| Plan fiduciary net position, ending (b)                                | \$ 1,290,340   | \$ 1,138,507   | \$ 1,104,913   | \$ 1,340,177   | \$ 1,195,031   |
| Net pension liability (asset) (a)-(b)                                  | \$ (337,759)   | \$ (195,998)   | \$ (174,482)   | \$ (298,791)   | \$ 38,437      |
| Plan fiduciary net position as a percentage of total pension liability | 135.46%        | 120.80%        | 118.75%        | 128.69%        | 96.88%         |
| 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)**

|                                                                        | 9/30/2019           | 9/30/2018           | 9/30/2017           | 9/30/2016           | 9/30/2015           |
|------------------------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total pension liability                                                |                     |                     |                     |                     |                     |
| Service cost                                                           | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                |
| Interest                                                               | 86,653              | 98,463              | 93,323              | 75,723              | 98,246              |
| Change in benefit terms                                                | -                   | 602                 | -                   | -                   | -                   |
| Difference between expected and actual experience                      | 17,278              | (159,735)           | 100,344             | 37,536              | -                   |
| Change of assumptions                                                  | -                   | -                   | 62,090              | 236,518             | -                   |
| Benefit payments, including refunds of employee contributions          | (111,675)           | (101,324)           | (181,252)           | (98,915)            | (98,293)            |
| Other                                                                  | -                   | (1,414)             | 1,007               | 729                 | -                   |
| Net change in total pension liability                                  | (7,744)             | (163,408)           | 75,512              | 251,591             | (47)                |
| Total pension liability, beginning                                     | 1,293,732           | 1,457,140           | 1,381,628           | 1,130,037           | 1,130,084           |
| Total pension liability, ending (a)                                    | <u>\$ 1,285,988</u> | <u>\$ 1,293,732</u> | <u>\$ 1,457,140</u> | <u>\$ 1,381,628</u> | <u>\$ 1,130,037</u> |
| Plan fiduciary net position                                            |                     |                     |                     |                     |                     |
| Contributions - City                                                   | \$ 32,551           | \$ 28,866           | \$ 23,448           | \$ -                | \$ 52,583           |
| Net investment income (loss)                                           | 56,844              | 84,397              | 151,276             | 94,500              | (742)               |
| Benefit payments, including refunds of employee contributions          | (111,675)           | (101,324)           | (181,252)           | (98,915)            | (98,915)            |
| Administrative expenses                                                | (4,352)             | (7,927)             | (8,228)             | (10,157)            | (6,705)             |
| Net change in plan fiduciary net position                              | (26,632)            | 4,012               | (14,756)            | (14,572)            | (53,779)            |
| Plan fiduciary net position, beginning                                 | 1,232,251           | 1,228,239           | 1,242,995           | 1,257,567           | 1,311,346           |
| Plan fiduciary net position, ending (b)                                | <u>\$ 1,205,619</u> | <u>\$ 1,232,251</u> | <u>\$ 1,228,239</u> | <u>\$ 1,242,995</u> | <u>\$ 1,257,567</u> |
| Net pension liability (asset) (a)-(b)                                  | <u>\$ 80,369</u>    | <u>\$ 61,481</u>    | <u>\$ 228,901</u>   | <u>\$ 138,633</u>   | <u>\$ (127,530)</u> |
| Plan fiduciary net position as a percentage of total pension liability | 93.75%              | 95.25%              | 84.29%              | 89.97%              | 111.29%             |
| 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      |

**CITY OF FORT MEADE, FLORIDA**

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

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***Changes of Assumptions:***

For measurement date September 30, 2021:

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

For measurement date September 30, 2020:

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

For measurement date September 30, 2017:

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

For measurement date September 30, 2016:

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

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

|                                                                        | 9/30/2024    | 9/30/2023  | 9/30/2022  | 9/30/2021   | 9/30/2020  |
|------------------------------------------------------------------------|--------------|------------|------------|-------------|------------|
| Total pension liability                                                |              |            |            |             |            |
| Service cost                                                           | \$ 8,574     | \$ 7,300   | \$ 8,113   | \$ 8,226    | \$ 7,193   |
| Interest                                                               | 25,975       | 27,883     | 27,757     | 28,944      | 28,463     |
| Difference between expected and actual experience                      | (12,452)     | (29,181)   | (5,301)    | (20,427)    | 16,335     |
| Change of assumptions                                                  | -            | 3,793      | -          | 9,317       | (18,627)   |
| Change of benefit terms                                                | -            | -          | -          | -           | -          |
| Benefit payments, including refunds of employee contributions          | (23,428)     | (25,639)   | (30,161)   | (26,271)    | (28,771)   |
| Other                                                                  | -            | -          | -          | -           | -          |
| Net change in total pension liability                                  | (1,331)      | (15,844)   | 408        | (211)       | 4,593      |
| Total pension liability, beginning                                     | 402,752      | 418,596    | 418,188    | 418,399     | 413,806    |
| Total pension liability, ending (a)                                    | 401,421      | 402,752    | 418,596    | 418,188     | 418,399    |
| Plan fiduciary net position                                            |              |            |            |             |            |
| Contributions - City                                                   | 112,578      | 31,124     | 22,610     | 20,927      | 20,334     |
| Net investment income (loss)                                           | 77,070       | 30,747     | (59,972)   | 72,791      | 22,536     |
| Benefit payments, including refunds of employee contributions          | (23,428)     | (25,639)   | (30,161)   | (26,271)    | (28,771)   |
| Administrative expenses                                                | (30,733)     | (20,565)   | (19,226)   | (13,681)    | (14,766)   |
| Net change in plan fiduciary net position                              | 135,487      | 15,667     | (86,749)   | 53,766      | (667)      |
| Plan fiduciary net position, beginning                                 | 382,742      | 367,075    | 453,824    | 400,058     | 400,725    |
| Plan fiduciary net position, ending (b)                                | \$ 518,229   | \$ 382,742 | \$ 367,075 | \$ 453,824  | \$ 400,058 |
| Net pension liability (asset) (a)-(b)                                  | \$ (116,808) | \$ 20,010  | \$ 51,521  | \$ (35,636) | \$ 18,341  |
| Plan fiduciary net position as a percentage of total pension liability | 129.10%      | 95.03%     | 87.69%     | 108.52%     | 95.62%     |
| Covered payroll                                                        | \$ 289,150   | \$ 78,698  | \$ 80,621  | \$ 75,284   | \$ 89,240  |
| Net pension liability as a percentage of covered payroll               | -40.40%      | 25.43%     | 63.91%     | -47.34%     | 20.55%     |

Continued...

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

|                                                                        | 9/30/2019  | 9/30/2018  | 9/30/2017  | 9/30/2016      | 9/30/2015      |
|------------------------------------------------------------------------|------------|------------|------------|----------------|----------------|
| Total pension liability                                                |            |            |            |                |                |
| Service cost                                                           | \$ 7,004   | \$ 9,784   | \$ 7,842   | \$ 8,083       | \$ 5,064       |
| Interest                                                               | 32,333     | 31,650     | 29,804     | 23,685         | 29,647         |
| Difference between expected and actual experience                      | (62,870)   | (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       | (35,114)   | (26,886)   | (36,347)   | (26,611)       | (25,157)       |
| Other                                                                  | -          | 3,659      | (3,135)    | 199            | -              |
| Net change in total pension liability                                  | (58,647)   | 19,981     | 19,808     | 89,363         | 9,554          |
| Total pension liability, beginning                                     | 472,453    | 452,472    | 432,664    | 343,301        | 333,747        |
| Total pension liability, ending (a)                                    | 413,806    | 472,453    | 452,472    | 432,664        | 343,301        |
| Plan fiduciary net position                                            |            |            |            |                |                |
| Contributions - City                                                   | 22,190     | 33,737     | 19,114     | 21,565         | 23,025         |
| Net investment income (loss)                                           | 16,789     | 25,057     | 41,560     | 24,708         | (1,241)        |
| Benefit payments, including refunds of employee contributions          | (35,114)   | (26,886)   | (36,616)   | (26,611)       | (25,723)       |
| Administrative expenses                                                | (6,883)    | (7,683)    | (7,639)    | (8,491)        | (1,841)        |
| Net change in plan fiduciary net position                              | (3,018)    | 24,225     | 16,419     | 11,171         | (5,780)        |
| Plan fiduciary net position, beginning                                 | 403,743    | 379,518    | 363,099    | 351,928        | 357,708        |
| Plan fiduciary net position, ending (b)                                | \$ 400,725 | \$ 403,743 | \$ 379,518 | \$ 363,099     | \$ 351,928     |
| Net pension liability (asset) (a)-(b)                                  | \$ 13,081  | \$ 68,710  | \$ 72,954  | \$ 69,565      | \$ (8,627)     |
| Plan fiduciary net position as a percentage of total pension liability | 96.84%     | 85.46%     | 83.88%     | 83.92%         | 102.51%        |
| Covered payroll                                                        | \$ 81,265  | \$ 99,642  | \$ 86,938  | \$ 90,926      | \$ 74,908      |
| Net pension liability as a percentage of covered payroll               | 16.10%     | 68.96%     | 83.91%     | 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.

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

| Year<br>Ended<br>September 30,                | Actuarially<br>Determined<br>Contribution | Contributions<br>in Relation to<br>the Actuarially<br>Determined<br>Contribution | Contribution<br>Excess<br>(Deficiency) | Covered<br>Payroll | Contributions<br>as a % of<br>Covered<br>Payroll |
|-----------------------------------------------|-------------------------------------------|----------------------------------------------------------------------------------|----------------------------------------|--------------------|--------------------------------------------------|
| <b>General Employees' Pension Trust Fund:</b> |                                           |                                                                                  |                                        |                    |                                                  |
| 2024                                          | \$ 341,876                                | \$ 277,998                                                                       | \$ (63,878)                            | \$ 2,325,490       | 11.95%                                           |
| 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%                                           |
| <b>Police Officers' Pension Trust Fund:</b>   |                                           |                                                                                  |                                        |                    |                                                  |
| 2024                                          | \$ 17,540                                 | \$ 16,000                                                                        | \$ (1,540)                             | Not Applicable     | Not Applicable                                   |
| 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                                   |
| <b>Firefighters' Pension Trust Fund:</b>      |                                           |                                                                                  |                                        |                    |                                                  |
| 2024                                          | \$ 30,326                                 | \$ 112,578                                                                       | \$ 82,252                              | \$ 289,150         | 38.93%                                           |
| 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%                                           |

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

- Valuation Date: October 1, 2023 for fiscal year 2024 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 |                                  | Firefighters' Retirement Plan |                                  |
|-----------------------------------|----------------------------------|-------------------------------|----------------------------------|
| (a)                               | any age with 40 years of service | (a)                           | any age with 40 years of service |
| (b)                               | age 60 with 35 years of service  | (b)                           | age 55 with 30 years of service  |
| (c)                               | age 62 with 30 years of service  | (c)                           | age 60 with 10 years of service  |
| (d)                               | age 65 with 10 years of service  | (d)                           | age 65                           |
| (e)                               | age 70                           |                               |                                  |

| Police Officers' Retirement Plan |                                  |
|----------------------------------|----------------------------------|
| (a)                              | any age with 40 years of service |
| (b)                              | age 55 with 30 years of service  |
| (c)                              | age 60 with 10 years of service  |
| (d)                              | age 65                           |

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

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

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

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

| Average Money-Weighted Rate of Return, gross of<br>Investment Expenses - Pension Trust Funds |                       |                     |                   |
|----------------------------------------------------------------------------------------------|-----------------------|---------------------|-------------------|
|                                                                                              | General<br>Employees' | Police<br>Officers' | Fire<br>Fighters' |
| <b>For the year ended September 30:</b>                                                      |                       |                     |                   |
| 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%             |
| 2024                                                                                         | 19.64%                | 19.63%              | 19.80%            |

**CITY OF FORT MEADE, FLORIDA**

**SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS**

| Measurement date                                                 | 9/30/2024         | 9/30/2023         | 9/30/2022         | 9/30/2021         | 9/30/2020         | 9/30/2019         | 9/30/2018        |
|------------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------------|
| Reporting period ending                                          | 9/30/2024         | 9/30/2023         | 9/30/2022         | 9/30/2021         | 9/30/2020         | 9/30/2019         | 9/30/2018        |
| <b>Total OPEB Liability</b>                                      |                   |                   |                   |                   |                   |                   |                  |
| Service cost                                                     | \$ 20,537         | \$ 26,788         | \$ 26,605         | \$ 21,808         | \$ 20,816         | \$ 9,058          | \$ 9,615         |
| Interest                                                         | 8,996             | 8,621             | 3,912             | 3,027             | 4,097             | 4,262             | 3,700            |
| Change in assumptions                                            | (12,764)          | (1,720)           | (5,596)           | (4,579)           | 6,078             | 8,062             | (6,697)          |
| Difference between expected and actual experience                | (15,163)          | -                 | (761)             | -                 | (15,176)          | -                 | -                |
| Benefit payments                                                 | (10,687)          | (5,964)           | (4,731)           | (4,878)           | (4,984)           | (5,992)           | (5,523)          |
| Net change in total OPEB liability                               | (9,081)           | 27,725            | 19,429            | 15,378            | 10,831            | 15,390            | 1,095            |
| Total OPEB liability, beginning                                  | 184,620           | 156,895           | 137,466           | 122,088           | 111,257           | 95,867            | 94,772           |
| Total OPEB liability, ending                                     | <u>\$ 175,539</u> | <u>\$ 184,620</u> | <u>\$ 156,895</u> | <u>\$ 137,466</u> | <u>\$ 122,088</u> | <u>\$ 111,257</u> | <u>\$ 95,867</u> |
| Covered-employee payroll                                         | \$ 2,407,019      | \$ 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 | 7.29%             | 11.95%            | 10.41%            | 10.00%            | 9.11%             | 6.95%             | 6.30%            |
| Changes in Assumptions:                                          |                   |                   |                   |                   |                   |                   |                  |
| Discount rate used                                               | 4.06%             | 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.

## **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, 2024**

|                                   | <b>Budgeted Amounts</b> |                  | <b>Actual</b>    | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|-----------------------------------|-------------------------|------------------|------------------|-------------------------------------------------------------------|
|                                   | <b>Original</b>         | <b>Final</b>     |                  |                                                                   |
| <b>REVENUES:</b>                  |                         |                  |                  |                                                                   |
| Licenses and permits              | \$ 232,000              | \$ 221,452       | \$ 221,425       | \$ (27)                                                           |
| Other                             | -                       | 5,390            | 5,390            | -                                                                 |
| Total revenues                    | 232,000                 | 226,842          | 226,815          | (27)                                                              |
| <b>EXPENDITURES:</b>              |                         |                  |                  |                                                                   |
| Physical environment              | 203,195                 | 191,052          | 191,772          | (720)                                                             |
| Capital outlay                    | 15,000                  | -                | -                | -                                                                 |
| Debt service                      | 5,510                   | 5,504            | 5,504            | -                                                                 |
| Total expenditures                | 223,705                 | 196,556          | 197,276          | (720)                                                             |
| <b>NET CHANGE IN FUND BALANCE</b> | <b>\$ 8,295</b>         | <b>\$ 30,286</b> | <b>\$ 29,539</b> | <b>\$ (747)</b>                                                   |

## **GOVERNMENT AUDITING SECTION**

**CITY OF FORT MEADE, FLORIDA****SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**

for the year ended September 30, 2024

| <b>State Agency/Pass-through Entity/State Project</b>          | <b>CSFA#</b> | <b>Contract/Grant Identification</b> | <b>Total Expenditures</b> |
|----------------------------------------------------------------|--------------|--------------------------------------|---------------------------|
| <b>State of Florida Department of Environmental Protection</b> |              |                                      |                           |
| Direct program:                                                |              |                                      |                           |
| Wastewater Treatment Facility Construction - Loan              | 37.077       | WW531121                             | \$ 450,959                |
| Wastewater Treatment Facility Construction - Grant             | 37.077       | WW531121                             | 1,655,368                 |
| Total Wastewater Treatment Facility Construction               |              |                                      | 2,106,327                 |
| Direct program:                                                |              |                                      |                           |
| VFW RV Park Wastewater System Connection                       | 37.039       | WG17                                 | 66,500                    |
| Total State of Florida Department of Environmental Protection  |              |                                      | 2,172,827                 |
| <b>State of Florida Department of Financial Services</b>       |              |                                      |                           |
| Direct programs:                                               |              |                                      |                           |
| Grants & Aids - Local Government Fire Services Grants          | 43.009       | FM833                                | 813,092                   |
| Volunteer Firefighter Grant Assistance Program                 | 43.006       | FM810                                | 53,112                    |
| Fire Decontamination Equipment Grant Project                   | 43.013       | FM893                                | 1,869                     |
| Total State of Florida Department of Financial Services        |              |                                      | 868,073                   |
| Total Expenditures of State Financial Assistance               |              |                                      | \$ 3,040,900              |

**CITY OF FORT MEADE, FLORIDA**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**for the year ended September 30, 2024**

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**GENERAL** - The accompanying Schedule of Expenditures 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 Statutes. 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, 2024.

**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, 2024.

**LOANS OUTSTANDING** – The City had the following loan balances outstanding on September 30, 2024:

| State Grantor / Program Title                         | Ending Balance   |
|-------------------------------------------------------|------------------|
| Department of Environmental Protection:               |                  |
| Wastewater Treatment Facility Construction – WW531120 | \$62,713         |
| Wastewater Treatment Facility Construction – WW531121 | \$596,758        |
|                                                       | <u>\$659,471</u> |



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE  
PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

To the Honorable Mayor and City Commission Members,  
City of 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 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, 2024. The City's major state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned 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, 2024.

***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 standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and Chapter 10.550, Rules of the Auditor General. Our responsibilities under those standards are further described in the Auditors' 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 with the 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 to the City's state projects.

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance 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 GAAS, *Government Auditing Standards*, and Chapter 10.550, Rules of the Auditor General, will always detect material noncompliance when it exists. The risk of not detecting material noncompliance 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. Noncompliance 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 GAAS, *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 noncompliance, 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 the Uniform Guidance and 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.

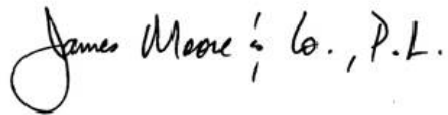
### **Report on Internal Control over Compliance**

*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 noncompliance with a type of compliance requirement of a state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state project 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 a type of compliance requirement of a state project 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 Auditors' 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 the Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "James Moore & Co., P.L.". The signature is written in a cursive, flowing style.

Daytona Beach, Florida  
October 23, 2025

**CITY OF FORT MEADE, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

**I. Summary of Auditors' Results:**

***Financial Statements:***

Type of audit report issued on the financial statements: *Unmodified*

Internal control over financial reporting:

Material weakness(es) identified?   X   yes        no

Significant deficiency(ies) identified?   X   yes        none reported

Noncompliance material to financial statements noted?        yes   X   no

***State Financial Assistance:***

Internal control over major State projects:

Material weakness(es) identified?        yes   X   no

Significant deficiency(ies) identified?        yes   X   none reported

Type of auditor's report issued on compliance for major State projects: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance Chapter 10.550?        yes   X   none reported

Dollar threshold used to distinguish between type A and type B programs:   \$750,000  

Identification of major State projects:

| <u>CSFA Number</u> | <u>Project Name</u>                                  |
|--------------------|------------------------------------------------------|
| 37.077             | Water Treatment Facility Construction                |
| 43.009             | Grants & Aids – Local Government Fire Service Grants |

**II. Financial Statement Findings:**

**2024-001 Bank Reconciliation Process**

*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.

*Condition:* During the audit, we noted that bank reconciliations were not being performed in a timely manner. The September 2024 reconciliation was not reviewed and approved until April 2025.

Additionally, based on our testing of completed bank reconciliations we determined that they were not being completed correctly.

*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.

#### **2024-002 Utility Billing**

*Criteria:* Proper controls should be in place to ensure the City accurately bills customers for utility services based on actual usage and rates approved in City ordinances.

*Condition:* During our audit procedures, it was noted that the City improperly calculated electric utility tax on customer bills selected for testing, the City does not have a process to review and approve utility rate adjustments when entered into the billing module, and the City did not bill approximately \$120,000 of sewer revenues.

*Cause:* The City lacks adequate internal controls to ensure utility rate adjustments are entered accurately and in accordance with approved rates. In addition, there are insufficient controls to ensure customers are billed timely and accurately for services provided.

*Effect:* Failure to properly calculate utility taxes, bill revenues for services rendered, and review and approve rate changes increases the risk of financial misstatement, revenue loss, and noncompliance with City ordinances.

*Recommendation:* We recommend that management implement additional procedures and internal controls to ensure proper authorization, review, and oversight of all utility billing processes, including rate adjustments and tax calculations.

#### **2024-003 Missing Audit Support**

*Criteria:* Adequate supporting documentation should be maintained for all financial transactions to ensure accuracy, transparency, and compliance with established policies and procedures. Proper record retention allows management and auditors to verify the validity and authorization of transactions and provides accountability over City operations.

*Condition:* During the audit, the City was unable to provide documentation that supported building permit applications, approval of payroll registers, and employee pay rate authorizations.

*Cause:* The City does not have sufficient procedures or oversight in place to ensure that supporting documentation is consistently retained and readily accessible. In addition, record retention and documentation requirements are not being consistently communicated or enforced across departments.

*Effect:* The absence of adequate supporting documentation limits the City's ability to substantiate financial transactions, increases the risk of errors or misstatements, and reduces accountability and transparency in financial reporting. It may also result in noncompliance with record retention policies and impede the audit process.

*Recommendation:* We recommend that management strengthen recordkeeping and documentation controls to ensure that all financial transactions are properly supported and retained in accordance with City policy and applicable record retention requirements. Procedures should include consistent documentation of management reviews and approvals, particularly for payroll registers, adjusting journal entries, and revenue-related transactions.

#### **2024-004 Purchase Approval Requirements**

*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, purchases over \$500 require department head approval, and purchases from \$1,001 up to \$25,000 require City Manager approval.

*Condition:* Management was unable to provide documentation supporting that approvals of purchases were made in accordance with the City's purchasing policy.

*Cause:* The City failed to obtain necessary approvals before purchases were made.

*Effect:* The City was not in compliance with its purchasing policy.

*Recommendation:* We recommend management strengthen controls to ensure compliance with the City's purchasing policy, specifically ensuring that all purchases include documented approval that is retained and attached to invoices prior to payment.

#### **2024-005 Manual 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.

*Condition:* During the audit, we noted that manual adjusting entries did not always include supporting documentation that there were two individuals involved, segregating the duties of preparation and approval.

*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.

### **III. State Awards Project Findings and Questioned Costs: None**

### **IV. Prior Audit Findings:**

**2023-01 Management Override of Procurement Process:** See current-year finding 2024-004.

**2023-02 Bank Reconciliation Process:** See current-year finding 2024-001.

**2023-03 Manual Adjusting Entries:** See current-year finding 2024-005.

### **V. Corrective Action Plan:** See managements response to findings at page 104.



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

To the Honorable Mayor and City Council Members,  
City of 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 (*Government Auditing Standards*), 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 as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 23, 2025.

***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 over financial reporting was for the limited purpose described in the preceding paragraph of this section 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 have not been 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 City's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2024-001 and 2024-002 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2024-003, 2024-004, and 2024-005 to be significant deficiencies.

### ***Report on Compliance and Other Matters***

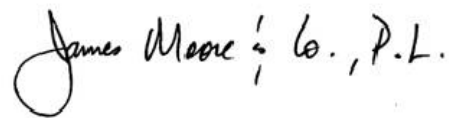
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

### **City's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **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.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive, flowing style.

Daytona Beach, Florida  
October 23, 2025



## INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

To the Honorable Mayor and City Commission Members,  
City of Fort Meade, Florida:

We have examined the City of Fort Meade, Florida's (the City) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies* (the Statute), for the year ended September 30, 2024. The City's 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 responsibility is to obtain reasonable assurance by evaluating the City's compliance with those requirements and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation based on our examination.

Our examination was conducted in accordance with the attestation standards for a direct examination engagement established by the AICPA. Those standards require that we obtain reasonable assurance by evaluating whether the City complied with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2024, and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of evaluation of the City's compliance based on our examination during the year ended September 30, 2024. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks of material noncompliance with those requirements, 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 of City, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our examination engagement.

In our opinion, the City of Fort Meade, Florida complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2024.

Daytona Beach, Florida  
October 23, 2025



**INDEPENDENT AUDITORS' MANAGEMENT LETTER REQUIRED BY CHAPTER 10.550,  
RULES OF THE STATE OF FLORIDA OFFICE OF THE AUDITOR GENERAL**

To the Honorable Mayor and City Commissioner Members,  
City of 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, 2024, and have issued our report thereon dated October 23, 2025.

**Auditors' 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 Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for Each Major State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Examination Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated October 23, 2025, should be considered in conjunction with this management letter.

**Prior Audit Findings**

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Findings 2024-001 and 2024-007 remain uncorrected from the second preceding audit. The following findings and recommendations remain uncorrected:

| <b>Current Year<br/>Finding No.</b> | <b>2022-23 FY<br/>Finding No.</b> | <b>2021-22 FY<br/>Finding No.</b> |
|-------------------------------------|-----------------------------------|-----------------------------------|
| 2024-004                            | 2023-01                           | N/A                               |
| 2024-001                            | 2023-02                           | 2022-02                           |
| 2024-005                            | 2023-03                           | N/A                               |
| 2024-006                            | 2023-04                           | N/A                               |
| 2024-007                            | 2023-05                           | 2022-01                           |

## **Official Title and Legal Authority**

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

## **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 has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of 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. 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:

### **2024-006 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.

### **2024-007 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, Executive, Finance, Planning, Fire, Inspections, Transportation, and Parks Departments within the General Fund in the amounts of \$1,046, \$4,932, \$1,627, \$80,637, \$53,112, \$680, \$73,554 and \$2,762, respectively.

### **2024-008 Reconciliation of Account Balances**

Audit adjustments were required to correct account balances due to missing current-year accruals relating to expenses. The City's controls should include periodic reconciliations of significant account balances, including full accrual-based reconciliations at fiscal year-end to ensure all amounts have been appropriately recorded and budgeted for. We recommend the City increase its review of such transactions, including a review for proper cutoff at the fiscal year-end, to help ensure completeness and accuracy of all financial reporting.

## **Property Assessed Clean Energy (PACE) Programs**

The following items have been provided to us to comply with state reporting requirements and have not been audited by us. We did not audit the following information within this section, nor were we required to perform any procedures to verify the accuracy or the completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on this data.

As required by Section 10.554(1)(i)6.a., Rules of the Auditor General, the City did not have a property assessed clean energy (PACE) program that finances qualifying improvements authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, operated within the City's geographical boundaries during the fiscal year under audit.

## **Special District Component Units**

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, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

## **Specific Special District Information – Fort Meade Community Redevelopment Agency**

The required reporting items in accordance with Section 218.39(3)(c), Florida Statutes for the Fort Meade Community Redevelopment Agency (the CRA) have been reported in the separately-issued audited financial statements of the CRA.

## **Additional Matters**

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance 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 which warrants the attention of those charged with governance. In connection with our audit, we had the following finding:

### **2024-009 Debt Compliance**

During our testing of debt compliance requirements, we noted that the City is not in compliance with the sewer revenue bond requirements as the net revenues coverage requirement is 1.15 times the actual annual debt service requirement, and the City's ratio was approximately 0.16 times the annual debt service requirement.

## **Management's Response to Findings**

The City's responses to the findings identified in our audit are described in the letter titled Management's Response to the Auditor's Comments, as listed in the table of contents. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, City Commissioners, management, others within the City, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Daytona Beach, Florida  
October 23, 2025

*James Moore & Co., P.L.*

## **OTHER INFORMATION**



## City of Fort Meade

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Fort Meade, Florida 33841-0856  
863.285.1100 • 863.285.1124  
[www.cityoffortmeade.com](http://www.cityoffortmeade.com)

October 23, 2025

James Moore & Co., P.L.  
121 Executive Circle  
Daytona Beach, FL 32114

**Subject: Management Response to Financial Statement Findings for the Year Ended September 30, 2024**

Dear External Audit Team,

The City of Fort Meade has reviewed the Financial Statement Findings presented in the Schedule of Findings and Questioned Costs for the fiscal year ended September 30, 2024. We appreciate the opportunity to respond and remain committed to strengthening internal controls, improving documentation practices, and ensuring compliance with applicable policies and procedures. Below are our responses to each finding:

**Finding 2024-001 – Bank Reconciliation Process**

Management acknowledges delays in completing and reviewing bank reconciliations during the audit period, primarily due to staffing turnover and prior-year reporting constraints. In response, the City has implemented a tracking spreadsheet, calendar reminders, and standardized procedures to ensure all accounts are reconciled timely. Segregation of duties has been reinforced with dual review, and staff training is ongoing to support accuracy and timeliness.

**Finding 2024-002 – Utility Billing**

Management concurs with the finding and has implemented corrective actions to strengthen Utility Billing controls. A formal review process for rate adjustments is now in place, supported by dual review and manual recalculation of sample bills. Staff reviews key billing reports, improved documentation practices, and began conducting spot checks to ensure accuracy. Batch totals are reconciled prior to printing, and additional internal controls will be introduced to reinforce oversight as the review process evolves. Beginning

in October, the Utility Billing Supervisor will conduct an annual review of the Non-Taxable Factor (NTF) calculation. Following this review, the updated NTF rate will be applied to the Utility Billing rate tables, and sample bills will be recalculated to confirm accuracy. As part of strengthened internal controls, a second staff member will review and approve the NTF calculation and rate table updates to ensure proper segregation of duties. The City is also working with its software vendor to enhance validation protocols within the billing module.

#### **Finding 2024-003 – Missing Audit Support**

Management recognizes the importance of maintaining complete and accessible documentation. In response, the City has adopted a process for multi-level review for payroll, with registers signed by Management and retained in both digital and paper form. Targeted training has been provided to staff on attaching notes and supporting documents to all financial and permitting transactions, with spot checks conducted to ensure compliance. These actions are designed to strengthen audit readiness and reinforce documentation standards across departments. Additional training is being provided to reinforce documentation expectations across departments as needed.

#### **Finding 2024-004 – Purchase Approval Requirements**

Management agrees with the finding and has taken steps to reinforce compliance with the City's procurement policy. All purchases requiring Commission approval prior to payment are documented, with Finance staff verifying that appropriate authorization—such as Resolutions or meeting minutes—is attached to each invoice. Staff have been trained on bidding procedures and documentation standards, with ongoing reminders and enforcement in place to ensure continued compliance.

#### **Finding 2024-005 – Manual Adjusting Entries**

Management acknowledges the need for improved segregation of duties in the preparation and approval of manual journal entries. Finance staff have been trained in proper procedures, including the requirement to attach supporting documentation that identifies who prepared the entry, its purpose, and justification. All entries must now show evidence of dual review—one preparer and one approver—and supervisors are conducting spot checks to ensure compliance and reinforce internal controls.

#### **2024-006 Internal Service Charges**

Management agrees that Internal Service Charge allocations should be based on underlying costs, consistent with established cost-allocation plans and interfund agreements. In coordination with the City Commission, Management will develop and adopt a written cost-allocation methodology that outlines which costs are grouped, how they are measured and allocated, and the supporting documentation required. This methodology will be implemented prospectively and will be subject to formal approval by the City Commission. Management also intends to review the allocation annually as part of the budget preparation process.

**2024-007 Excess Expenditures Over Budget Appropriations**

Management agrees that timely budget monitoring and amendment are essential to ensure compliance with Florida Statutes §166.241(2) and to prevent expenditures from exceeding authorized appropriations. The City acknowledges that expenditures exceeded budgeted amounts in several General Fund departments during the fiscal year. To address this, Management is reviewing internal procedures and will incorporate budget monitoring into Finance operations, with ongoing oversight throughout the year to identify potential overages early and initiate amendments as needed.

**2024-008 Reconciliation of Account Balances**

Management agrees that accurate year-end accruals are essential to maintaining the integrity of financial reporting and budget-to-actual comparisons. The City acknowledges that two material invoices were not properly recorded at fiscal year-end, resulting in material audit adjustments. To address this, Finance staff will enhance year-end close procedures by incorporating a focused review of open vendor items and expense timing. This review will help ensure that significant expenditures are recorded in the correct fiscal period and that cutoff procedures are properly applied. These steps will be included into the year-end checklist and monitored internally to reduce the risk of late adjustments and improve overall accuracy.

**2024-009 Debt Compliance**

Management understands the importance of complying with debt coverage requirements and acknowledges that the City did not meet the 1.15 net revenue coverage ratio for its Sewer Revenue Bond covenant during the fiscal year. The shortfall was due to a temporary increase in debt service resulting from an SRF loan, which is expected to be forgiven and will resolve the coverage issue in future years. Management will continue to monitor debt service obligations and net revenue performance to ensure future compliance and will work with the City Commission to evaluate long-term strategies for maintaining coverage requirements.

The City of Fort Meade appreciates the opportunity to review the audit findings in detail with the audit team and address each item thoughtfully. We remain committed to continuous improvement, transparency and accountability in our financial operations. Moving forward, we will continue working closely with staff, external collaborators, and the Commission to strengthen internal controls to ensure full compliance with applicable standards.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Jennifer Noe".

Jennifer Noe, Budget & Financial Specialist  
City Of Fort Meade