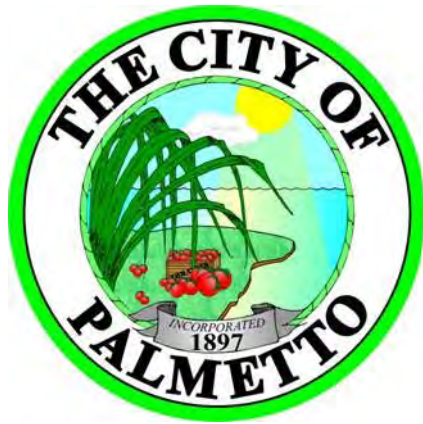


**The City of Palmetto, Florida**  
**Comprehensive Annual Financial Report**  
**Fiscal Year Ended September 30, 2019**

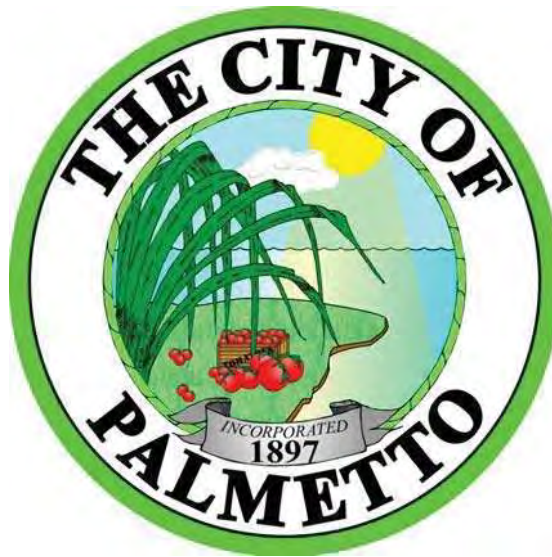


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*Comprehensive Annual  
Financial Report*

*City of Palmetto, Florida*

For the Fiscal Year Ended  
September 30, 2019



Prepared By  
The Finance Department

Cheryl A. Miller, CGFO  
Finance Director

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**City of Palmetto, Florida**

September 30, 2019

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**City of Palmetto, Florida**

September 30, 2019

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**City of Palmetto, Florida**

September 30, 2019

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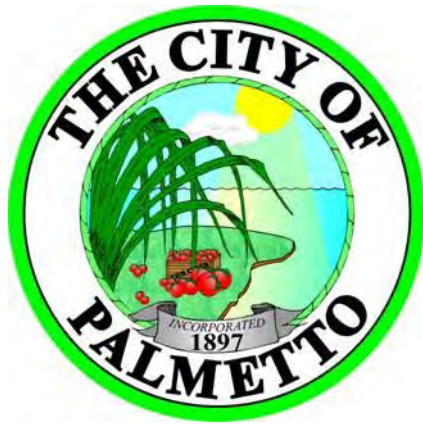
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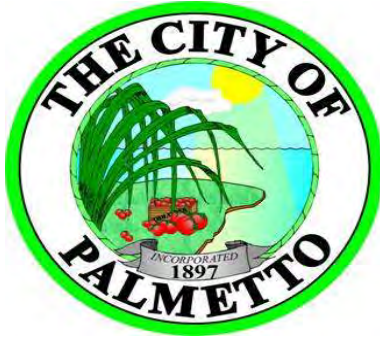
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516 8<sup>th</sup> Avenue West  
P.O. Box 1209  
Palmetto, Florida 34220-1209  
Phone (941) 723-4570  
FAX (941) 723-4576

March 17, 2020

To the Citizens of the City of Palmetto, Florida:

State law requires that all general purpose local governments publish each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) in the United States of America and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, I present to you the Comprehensive Annual Financial Report of the City of Palmetto, Florida, for the fiscal year ended September 30, 2019.

This report consists of management's representations concerning the finances of the City of Palmetto, Florida. Consequently, management assumes full responsibility for the reliability and completeness of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft or misuse, and to compile sufficient, reliable information for the preparation of the City's financial statements in conformity with GAAP. The City of Palmetto has designed internal controls to provide reasonable, not absolute, assurance that the financial statements are free from any material misstatement. The concept of reasonable assurance recognizes that: (1) the cost of control should not exceed the benefits likely to be derived; and (2) that the evaluation of the costs and benefits requires estimates and judgments by management. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City; and that all disclosures necessary to enable the reader to gain a comprehensive understanding of the City's financial activity have been included.

The City of Palmetto's basic financial statements have been audited by independent certified public accountants, Christopher, Smith, Leonard, Bristow & Stanell, P.A. The purpose of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2019, are free from material misstatement. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Palmetto's financial statements for the fiscal year ended September 30, 2019 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component in the financial section of this report.

In addition to meeting the requirements of the State Statutes, the audit was also designed to meet the requirements of the Federal Single Audit Act and the Florida Single Audit Act. The City did meet the required minimum threshold of \$750,000 of Federal and State expenditures during fiscal year 2019 and is required to perform a single audit. The auditor's report with respect to the Single Audit is included in the Management Section of this report.

*Government Auditing Standards* require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements. This report and the management letter are included in the Management Section of this report.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Palmetto's MD&A can be found immediately following the report of the independent auditors.

## **THE CITY**

The City of Palmetto, Florida was incorporated in 1897. The current charter was approved by the voters on November 8, 2016. Revisions to the charter included changing the residency requirements for elected officials, modifications to the selection process for electing a Vice Mayor and changing the time requirement for a charter review from every five years to every ten years. The government of the City consists of a Legislative Branch comprised of five elected Commissioners and an Executive Branch consisting of an elected Mayor. Three of the five Commissioners are elected by the electors of wards. The remaining two Commissioners are elected at-large by the electors of the entire City. The Mayor appoints all appointed officers of the City and the Commission has the power to confirm such appointments.

The City provides a range of municipal services. The public safety operation includes police protection, as well as building, code compliance and zoning. Recreational services include numerous neighborhood parks, recreational trails, tennis and basketball courts and an estuary park. Public Works provides essential street and highway maintenance, landscaping, solid waste, water, sewer, storm water and reuse water for irrigation. Other services provided include planning, redevelopment, engineering and general administrative services.

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City are required to submit requests to the City Clerk's office. The City Clerk's office compiles the budget requests from all departments and develops the citywide proposed budget. The proposed budget is presented to Commission for review in July. Public hearings are held in late summer and early fall, prior to adopting the final budget before September 30<sup>th</sup> of each year. The appropriated budget is prepared by fund and department, and monthly reporting is done to monitor the results during the year.

## **ECONOMIC CONDITION AND OUTLOOK**

Palmetto is a waterfront community located on the Gulf Coast of Florida, midway between Tampa/St. Petersburg to the north and Sarasota to the south. Palmetto is at the crossroads of Southwest Florida's largest commercial centers. It is home to the thriving Port Manatee and is the hub of Manatee County's agricultural industry, which ranks in the top ten for agricultural sales in Florida. Nearly three million Floridians live within a 50-mile radius of Palmetto, creating one of the state's most stable marketplaces. Nine public and private universities and colleges are within 45 minutes of the City, along with many of Florida's most noted attractions, museums and beaches.

As with most cities throughout Florida, 2019 continued to show strong signs that the economy has rebounded and growth has been steady for the past few years. The economic environment has placed additional demands on the City to ensure that the health, safety, and welfare of the community are maintained. Specifically, the State legislature continues to place financial pressures on local government via unfunded mandates, and home rule continues to come under attack. The increases to property values have helped to lessen this impact, but challenges still remain. Statewide unemployment has continued to decrease from 3.3 percent at the end of 2018 to 2.9 percent as of September 2019. Unemployment in the North Port, Bradenton, Sarasota Metropolitan Statistical Area (MSA) remained steady during the year at 2.9 percent in September 2019, compared to 2.9 percent in November 2018.

The City and its community leaders have made the commitment to work together and help achieve our goal of making the City of Palmetto a great place to live. Through our Community Redevelopment Agency (CRA), we have implemented a variety of programs to promote growth and economic development. Examples include downtown commercial core incentives for improvements to business properties coupled with additional incentives for hiring local businesses to complete the enhancements. In addition to developer incentives, storefront grants are available for commercial businesses, and the residential rehabilitation program that was started in 2010 continues to offer assistance to qualifying properties. More recently, the CRA created a Tax Incremental Financing (TIF) rebate incentive to encourage development for larger projects. In FY2019, the CRA awarded their first rebate for the new convention center hotel. The hotel is expected to bring approximately 50 new jobs to the area and an overall budget of \$50 million.

Although the economy has certainly improved over the last five years, Palmetto continues to be faced with increasing costs, increasing demand for services, aging infrastructure and unfunded mandates by state and federal governments. Fortunately, in November 2016, residents of Manatee County passed an additional ½ cent sales tax. This tax will generate approximately \$15 million dollars over the next 15 years and the revenue will be used to fund much needed capital infrastructure in areas such as transportation, public safety, and parks. As stated above, the Florida Legislature continues to propose and pass legislation that puts additional pressure on local government. Reductions in state revenue dollars continue to make it difficult for cities across the state. Increasing property values during the last six years have helped offset declines in other areas, but tax revenues are still well below their peak of 2009. Since 2014, the final assessed taxable value has increased by 23 percent. This equates to an average annual increase of 5.7% over the period from 2014 to 2019.

Capital funding presents a big challenge for the City but the additional ½ cent sales tax will go a long way towards improving our aging infrastructure. Beginning in FY2020, the City will implement a new utility rate structure to ensure the current rates support the costs to provide service. In addition, the City will continue to aggressively seek grant funds to help offset the costs for infrastructure projects. In fact, the City was awarded a \$1.5 million Community Development Block Grant (CDBG) economic development through the State of Florida for infrastructure improvements next to the new convention center hotel. We are starting to see the benefits of this additional funding as many infrastructure projects are in the design phase or under construction. Major current and future initiatives for fiscal year 2019 and fiscal year 2020 include:

- Completion of Equalization Tank at our Wastewater Treatment Plant to eliminate sanitary sewer overflow
- Continued development of the multimodal corridor via our partnership with FDOT
- Design and Construction for a new Police Department Headquarters
- Street paving throughout the City
- Continued investment in the City's inflow and infiltration (I&I) to minimize sewage spills
- Development of property for mixed use along the riverfront.
- Manatee County and the Palmetto CRA in the design phase for a community pool at Lincoln Park
- New program to create sustainable housing in the CRA district
- Continued development of Connor Park from a Brownfield grant project
- Extending 7<sup>th</sup> Street W in conjunction with the new convention center hotel

Our focus will continue toward diversification and expansion of local businesses, enhancing communication with the community and developing tools to provide even more safety to our residents and businesses. The exercise of fiscal restraint, the safeguarding and control of the City's resources, and continued growth in its tax base and utility customers give cause for challenge, optimism and excitement for the future. The City will continue to implement and review policies such as our fund balance policy to ensure we continue to be well prepared and fiscally sound for many years to come.

## **AWARDS AND ACKNOWLEDGEMENTS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Palmetto for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2018. This was the fourteenth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The City also received the GFOA's Award for Distinguished Budget Presentation for its annual budget for the fiscal year beginning October 1, 2018, the same period covered by this Comprehensive Annual Financial Report. This was the tenth consecutive year that the City received this award. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in all the required categories including policy documentation, financial planning, organization, and as a communications medium.

The preparation of the Comprehensive Annual Financial Report was accomplished through the diligent efforts of the City Clerk's Office, the Finance Department and other City staff. I would like to express my appreciation to the firm of Christopher, Smith, Leonard, Bristow & Stanell, P.A. for their cooperation and assistance throughout the year.

Sincerely,

A handwritten signature in cursive script that reads "Shirley Groover Bryant".

Shirley Groover Bryant, Mayor  
City of Palmetto



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

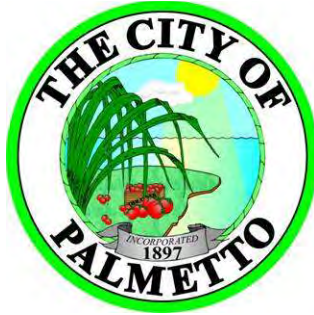
**City of Palmetto  
Florida**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2018**

*Christopher P. Morill*

Executive Director/CEO



**City of Palmetto, Florida  
Fiscal Year Ended September 30, 2019  
List of Principal Officials**

**Elected Officials**

Shirley Groover Bryant	Mayor
Tamara Cornwell	Vice Mayor (At-Large)
Brian Williams	Commissioner, Ward 3
Jonathan Davis	Commissioner At-Large
Harold Smith	Commissioner, Ward 1
Tambra Varnadore	Commissioner, Ward 2

**Office of the City Clerk**

James R. Freeman	City Clerk
Amber LaRowe	Assistant City Clerk
Cheryl A. Miller	Finance Director

**Public Works**

Allen Tusing	Director
Mohammed Rayan	Deputy Director of Public Works
Grace Johnson	Public Works Coordinator

**Police Department**

Scott Tyler	Police Chief
Mike Stinson	Captain
Lorenzo Waiters	Captain

**Community Redevelopment Agency**

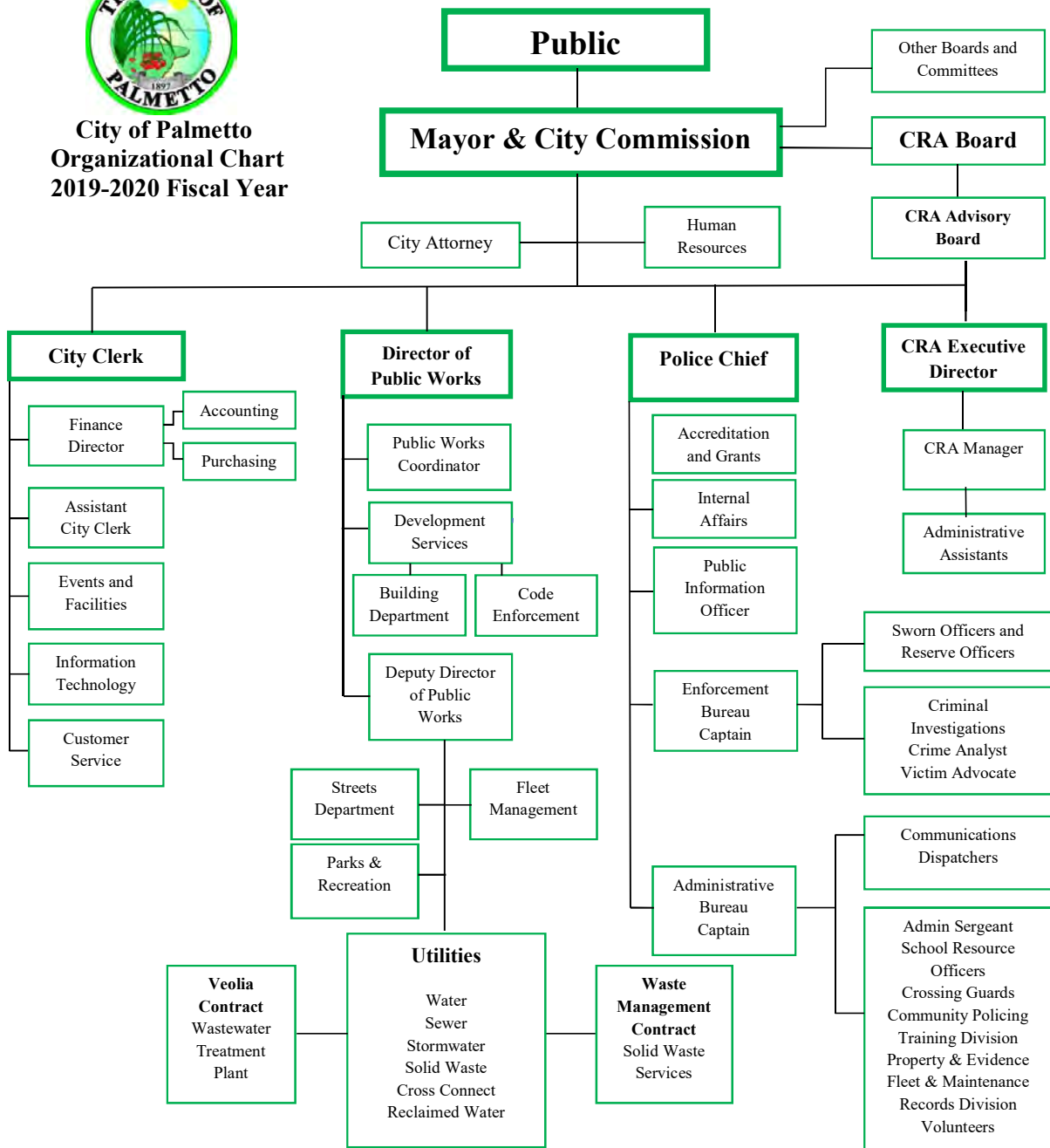
Jeff Burton	Director
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**City Attorney**

Mark Barnebey	City Attorney
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**City of Palmetto  
Organizational Chart  
2019-2020 Fiscal Year**







INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor,  
and Members of the City Commission  
City of Palmetto, Florida

**Report on the Financial Statements**

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

*Management's Responsibility for the Financial Statements*

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

*Auditor's Responsibility*

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

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

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

*Opinions*

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

*Other Matters*

*Required Supplementary Information*

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

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual non-major fund statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, the Florida Single Audit Act and Chapter 10.550, Rules of the Auditor General, and is also not a required part of the basic financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Christopher, Smith, Leonard,  
Bristow & Stanell, P.A.*  
CHRISTOPHER, SMITH, LEONARD,  
BRISTOW & STANELL, P.A.

March 17, 2020  
Bradenton, Florida

**CITY OF PALMETTO, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**September 30, 2019**  
**(Unaudited)**

---

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the City of Palmetto, Florida (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the Mayor's letter of transmittal preceding this report and the City's financial statements beginning on page 26.

**FINANCIAL HIGHLIGHTS**

At the close of the fiscal year ending September 30, 2019:

- The assets of the City exceeded its liabilities by \$88,803,680 (*net position*). Of this amount, \$14,240,470 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City reported an increase in total net position of \$7,547,128 compared to \$6,548,988 in fiscal year 2018. Increased revenues outpaced nearly stable expenses resulting in a healthier net position at the end of fiscal year 2019. The City's total net position increased by \$7,547,128, or 9.29%, in comparison to the prior year.
- Total revenues increased \$1,521,692 or 5.34% in comparison to the prior year. Property taxes and interest earnings, increased \$438,758 and \$375,690 respectively. The increase of property taxes was due to a 5.30% increase in property values and investment and interest earnings is due to a stable economy and strong interest rates. Other increases include utility rate increases for water, sewer and reuse.
- Total expenses increased \$523,552 or 2.39% in comparison to prior year. Governmental activities reported a net increase in expenses of \$358,591 due in part to the purchase of land in the community redevelopment agency and cost savings in other departments. Business-type activities expenses increased \$164,961 due to slight increases in water, sewer and stormwater which were offset by a decrease in solid waste expense related to storm debris removal.
- The City's governmental funds reported combined ending fund balances of \$18,099,828, an increase of \$1,672,222 in comparison with the prior year ending balance. Approximately 28.55% of this total amount, \$5,167,811 (*unassigned fund balance*), is available for spending at the City's discretion and is 43.79% of the total general fund expenditures. Restricted fund balance of \$9,548,488 is restricted for roadway infrastructure, Community Redevelopment Agency (CRA), building department operating expenses, law enforcement special projects, the maintenance of the City's cemetery and impact fees used to fund growth in the City. The committed fund balance in the amount of \$2,698,182 includes \$2,057,086 for the trailer park trust.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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 themselves.

**Government-wide financial statements**

The focus of the *government-wide financial statements* is on the overall financial position and activities of the City of Palmetto, and tend to be similar to that of a private-sector business. The City's government-wide financial statements include the statement of net position and statement of activities. As described below, these statements do not include the City's fiduciary funds because resources of these funds cannot be used to finance the City's activities. However, these statements are included in the City's fund financial statements, because the City is financially accountable for those resources, even though they belong to other parties.

**CITY OF PALMETTO, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**September 30, 2019**  
**(Unaudited)**

---

The *Statement of Net Position* presents information on all of the City's assets, deferred outflows, liabilities, and deferred inflows with the difference between them reported as *net position*. Over time, increases or decreases 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 *revenues* and *expenses*, and shows how the government's net position changed during the fiscal year. All changes in net position are reported in a manner similar to the approach used by private-sector businesses in that revenues are recognized when earned or established criteria are satisfied and expenses are reported when incurred. Accordingly, revenues are reported even when they may not be collected for several months after the end of the accounting period and expenses are recorded even though they may not have consumed cash during the current period.

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, highways and streets, recreation and economic and physical environmental services. The business-type activities of the City include solid waste collection, water and sewer, the storm water utility system and the reuse utility.

The government-wide financial statements are found on pages 26 through 28 of this report.

### **Fund financial statements**

Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the City rather than the City as a whole. Except for the General Fund, separate funds are established to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, used fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the City can be divided into three categories: 1) governmental funds, 2) proprietary funds, and 3) fiduciary funds.

### ***Governmental funds***

Governmental fund financial statements consist of a balance sheet and a statement of revenues, expenditures, and changes in fund balances. These statements are prepared on an accounting basis that is significantly different from that used to prepare the government-wide financial statements.

In general, these financial statements have a short-term emphasis and, for the most part, measure and account for cash and other assets that can easily be converted to cash. For example, amounts reported on the balance sheet include items such as cash and receivables collectible within a short period of time, but do not include capital assets such as land and buildings. Fund liabilities include amounts that are to be paid within a short period after the end of the fiscal year, but do not include long-term debt, leases, compensated absences or other similar long-term liabilities. The difference between a fund's total assets, outflows, inflows and total liabilities is labeled as the fund balance, and generally indicates the amount that may be used to finance the next fiscal year's activities. The statement of revenues, expenditures, and changes in fund balances for governmental funds reports only those revenues and expenditures that were collected or paid during the current fiscal year or very shortly after the end of the year. For the most part, the balances and activities accounted for in the governmental funds are also reported in the governmental activities columns of the government-wide financial statements. However, because of the difference in accounting basis used to prepare fund financial statements and government-wide financial statements, there are often significant differences between the totals presented. For this reason, there is an analysis at the bottom of the governmental fund balance sheet that reconciles the total fund balances to the amount of net position presented in the governmental activities column on the statement of net position. Also, there is an analysis after the statement of revenues, expenditures, and changes in fund balances that reconciles the total change in fund balances for all governmental funds to the change in net position as reported in the governmental activities column in the statement of activities.

The City presents in separate columns, funds that are most significant to the City (major funds) and all other governmental funds are aggregated and reported in a single column (non-major funds). The City's only non-major governmental fund during the year-ended September 30, 2019 was the Capital Projects fund.

The City's governmental fund financial statements are presented beginning on page 29.

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***Proprietary funds***

Proprietary fund financial statements consist of a statement of net position, a statement of revenues, expenses, and changes in fund net position, and a statement of cash flows. These statements are prepared on an accounting basis that is similar to the basis used to prepare the government-wide financial statements. For financial reporting purposes, proprietary funds are grouped into enterprise funds and internal service funds. The City does not report any internal service funds.

*Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer, reuse, solid waste collection and storm water utility system.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the major enterprise funds which are the solid waste collection, water and sewer utility, storm water utility system, and reuse utility. The City does not have any non-major proprietary funds during the year-ended September 30, 2019.

The proprietary fund financial statements can be found beginning on page 32 of this report.

***Fiduciary funds***

Fiduciary fund financial statements consist of a statement of fiduciary net position and a statement of changes in fiduciary net position. Assets held by the City for other parties, either as a trustee or as an agent, and that cannot be used to finance the City's own operating programs are reported in the fiduciary funds. 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. The accounting used for fiduciary funds is much like that used for proprietary funds. The City's fiduciary funds consist of pension trusts that present the results of two defined benefit pension plans and an agency fund. Agency funds are unlike all other types of funds, reporting only assets and liabilities. They are merely clearing accounts for assets held by the City as an agent for individuals, private organizations and other governmental entities and are not reflected in the government-wide financial statements.

The fiduciary fund financial statements can be found on pages 36 and 37 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. The notes to the financial statements can be found beginning on page 39 of this report.

**Other information**

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension and other post-employment benefits to its employees. Required supplementary information can be found beginning on page 102 of this report.

Included in the required supplementary information are budgetary comparison schedules for the General Fund, Community Redevelopment Fund and the Road and Bridge Fund found on pages 102 through 104.

The non-major Capital Projects Fund and combining statements for the fiduciary funds, which are not required supplementary information, begin on page 115.

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$88,803,680 at the close of the most recent fiscal year.

The following schedule is a summary of the Statement of Net position found on page 26 of this report:

**City of Palmetto's Net Position**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>Assets</b>						
Current and other assets	\$ 15,126,507	\$ 14,318,224	\$ 7,923,584	\$ 5,567,382	\$ 23,050,091	\$ 19,885,606
Restricted assets	4,278,809	3,330,637	4,152,049	4,948,765	8,430,858	8,279,402
Capital assets, net of depreciation	41,501,445	39,801,811	35,483,833	32,516,601	76,985,278	72,318,412
Total assets	60,906,761	57,450,672	47,559,466	43,032,748	108,466,227	100,483,420
<b>Deferred outflows of resources</b>	347,873	763,874	391,423	264,215	739,296	1,028,089
<b>Liabilities</b>						
Current and other liabilities	974,578	806,647	2,201,847	984,425	3,176,425	1,791,072
Non-current liabilities	6,837,431	7,641,276	9,513,388	9,272,234	16,350,819	16,913,510
Total liabilities	7,812,009	8,447,923	11,715,235	10,256,659	19,527,244	18,704,582
<b>Deferred inflows of resources</b>	800,439	1,339,987	74,160	210,388	874,599	1,550,375
<b>Net Position</b>						
Net investment in capital assets	38,025,148	35,933,864	26,379,526	24,524,166	64,404,674	60,458,030
Restricted	9,505,182	8,872,485	653,354	1,121,064	10,158,536	9,993,549
Unrestricted	5,111,856	3,620,287	9,128,614	7,184,686	14,240,470	10,804,973
Total net position	\$ 52,642,186	\$ 48,426,636	\$ 36,161,494	\$ 32,829,916	\$ 88,803,680	\$ 81,256,552

The overall net position of the City increased in 2019 as a result of increases in revenues and less of an increase in operating expenses. Changes in net position over time can be one of the best and most useful indicators of financial position. The total net position of the City increased from fiscal year 2018 by \$7,547,128 or 9.29%. The net position of governmental activities increased by \$4,215,550, or 8.71% due to the increase of approximately \$438,758 in property taxes, \$305,979 in investment earning and smaller increases in nearly every other revenue type. Net position of business-type activities increased by \$3,331,578, or 10.15% primarily as a result of an increase in state and federal grants for capital projects. The overall net operating income of the business-type activities is \$2,976,559.

A significant portion of the City's net position, \$64,404,674 or 72.52% reflects its investment in capital assets (e.g., land, buildings, improvements, infrastructure and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should still 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.

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An additional portion of the City's net position, \$10,158,536 or 11.44% represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$14,240,470 or 16.04% may be used to meet the City's ongoing obligations to citizens and creditors. The unrestricted net position includes the fund balance of the Trailer Park Trust (Governmental Activities) of \$2,057,086, which may be used upon approval of the City Commission after a duly advertised public hearing.

At the end of the current fiscal year, the City reported positive balances in all three categories of net position, which includes, governmental activities, business-type activities and total combined net position for the primary government.

The following is a summary of the information presented in the Statement of Activities found on pages 27 and 28 of this report:

**City of Palmetto's Changes in Net Position**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
<b>Revenues</b>						
Charges for services	\$ 1,460,709	\$ 1,472,954	\$ 11,100,513	\$ 10,997,039	\$ 12,561,222	\$ 12,469,993
Operating grants and contributions	110,862	6,000	--	--	110,862	6,000
Capital grants and contributions	82,790	506,276	834,777	134,437	917,567	640,713
General revenue						
Property taxes	8,716,041	8,277,283	--	--	8,716,041	8,277,283
Other taxes	5,749,016	5,666,663	--	--	5,749,016	5,666,663
Other	1,731,083	1,273,158	213,941	144,230	1,945,024	1,417,388
<b>Total revenues</b>	<b>17,850,501</b>	<b>17,202,334</b>	<b>12,149,231</b>	<b>11,275,706</b>	<b>29,999,732</b>	<b>28,478,040</b>
<b>Expenses</b>						
Governmental Activities:						
General government	3,489,138	3,389,085	--	--	3,489,138	3,389,085
Public safety	4,990,389	4,922,734	--	--	4,990,389	4,922,734
Highways and streets	1,529,769	1,455,875	--	--	1,529,769	1,455,875
Recreation	679,524	691,519	--	--	679,524	691,519
Economic and physical environment	3,134,261	3,087,537	--	--	3,134,261	3,087,537
Interest on long-term debt	205,543	123,283	--	--	205,543	123,283
Business-type Activities:						
Solid Waste	--	--	2,067,018	2,324,223	2,067,018	2,324,223
Water and Sewer	--	--	5,500,925	5,272,179	5,500,925	5,272,179
Stormwater	--	--	686,512	497,092	686,512	497,092
Reuse	--	--	169,525	165,525	169,525	165,525
<b>Total expenses</b>	<b>14,028,624</b>	<b>13,670,033</b>	<b>8,423,980</b>	<b>8,259,019</b>	<b>22,452,604</b>	<b>21,929,052</b>
Increase (decrease) in net position before transfers	3,821,877	3,532,301	3,725,251	3,016,687	7,547,128	6,548,988
Transfers	393,673	643,814	(393,673)	(643,814)	--	--
<b>Change in net position</b>	<b>4,215,550</b>	<b>4,176,115</b>	<b>3,331,578</b>	<b>2,372,873</b>	<b>7,547,128</b>	<b>6,548,988</b>
Net position - beginning	48,426,636	44,275,862	32,829,916	30,461,888	81,256,552	74,737,750
Change in accounting principle	--	(25,341)	--	(4,845)	--	(30,186)
Net position - beginning, as restated	48,426,636	44,250,521	32,825,071	30,457,043	81,256,552	74,707,564
<b>Net position - ending</b>	<b>\$ 52,642,186</b>	<b>\$ 48,426,636</b>	<b>\$ 36,161,494</b>	<b>\$ 32,829,916</b>	<b>\$ 88,803,680</b>	<b>\$ 81,256,552</b>

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**Governmental activities**

Total revenues for governmental activities increased by \$648,167 or 3.77% when compared to the prior year. The net increase in revenues for the current year is the result of the following:

- City property tax revenues increased by \$438,758 or 5.30% due to an increase in property values. These increases affect both the property taxes collected by the City and the tax increment financing (TIF) monies received by the CRA from the City and Manatee County. This was the sixth year property values have increased, and it appears the trend will continue in the future.
- Capital grants applicable to governmental activities decreased by \$423,486 or 83.65% due to the close out of Federal Emergency Management Agency grant and no new grants in fiscal year 2019.
- Other general revenues increased by \$457,925 or 35.97% compared to the prior year is largely attributed to an increase in interest and investment earnings.

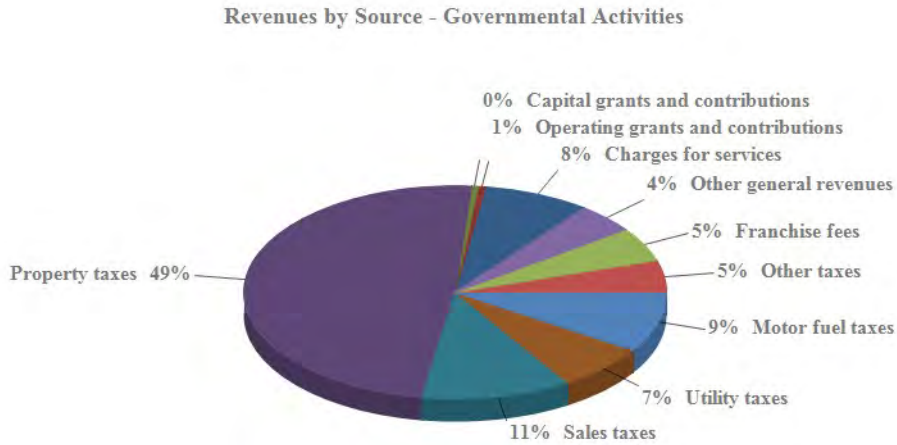
Total expenses for governmental activities increased by \$358,591 or 2.62% in comparison to the prior year. The increase in the current year expenses is attributed to:

- General government increased by \$100,053 or 2.95% in comparison to prior year and accounts for 27.9% of the overall increase in governmental expenses. This increase includes \$143,227 in increased tax increment funds to CRA for increased property values and minor decreases throughout general government.
- Highways and streets increased by \$73,894 or 5.08% and accounts for 20.6% of the overall increase in governmental expenses and can be attributed to an decrease of personnel costs of \$40,723 due to high levels of attrition and the increase of costs relating to several road maintenance projects totaling \$115,000.
- Increases in interest on long-term debt accounted for \$82,260 or 66.72%, and accounts for 22.9% of the overall increase in governmental expenses. The increase is due to the refinancing of a variable interest rate loan.
- Economic and physical environmental activities incurred minimal changes that allowed the other areas to remain relatively stable.

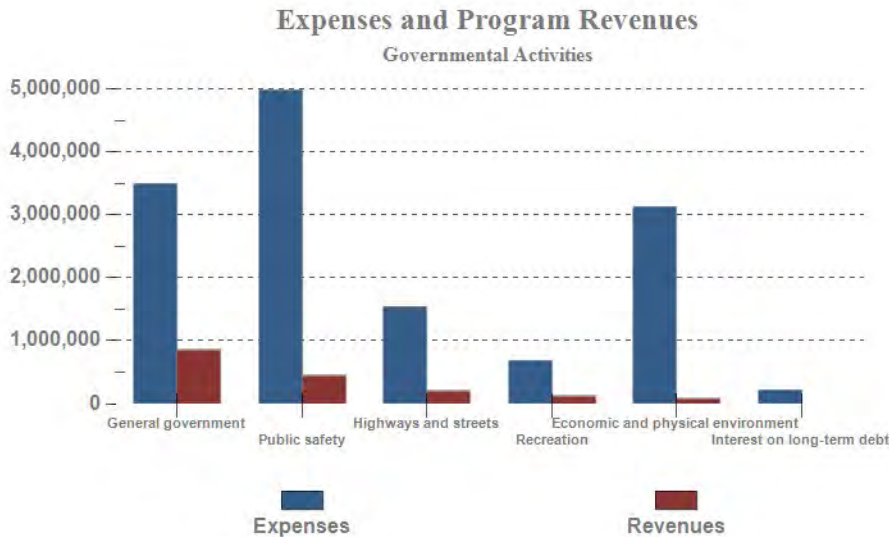


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The following graph shows the composition of revenues for the City's governmental activities:



The following chart compares expenses with program revenues, not including tax revenue, for the City's governmental activities:



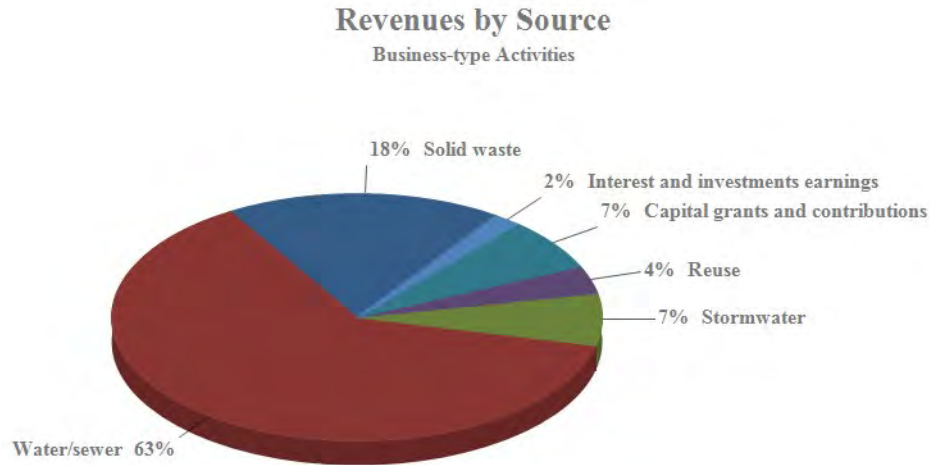
**Business-type Activities**

Total revenues increased by \$873,525 or 7.75% for the current year. This revenue increase was largely associated with increases in capital grants totaling \$700,340 and charges for services of \$103,474. The increase in capital grants reimbursement for fiscal year 2018 was related to storm damages and a slight increase for charges for services. Utility rates remained flat for water, sewer, stormwater and reuse. The City completed a new user rate study in fiscal year 2019 and implemented the rates in fiscal year 2020. A small increase occurred in fiscal year 2019 related to solid waste rates based on the franchise agreements CPI changes and no changes were made to the stormwater rates.

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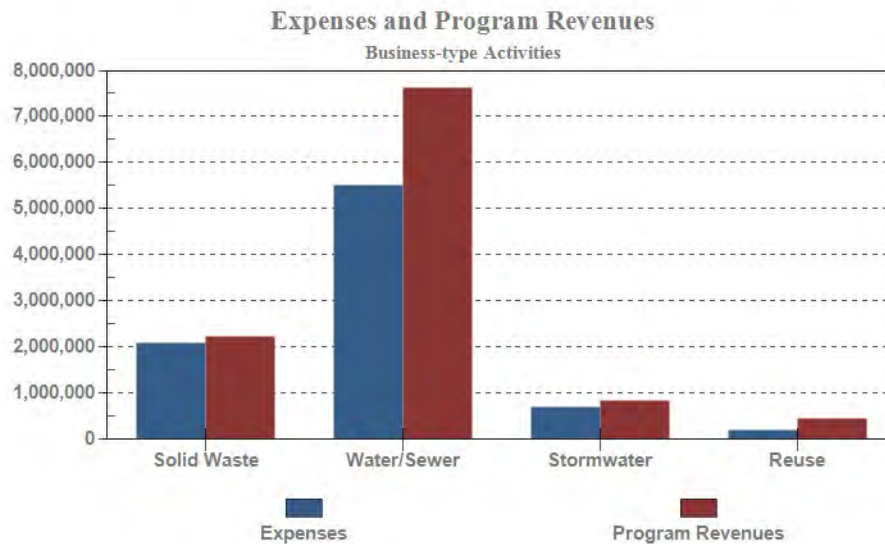
Total expenses increased by \$164,961 or 2.00% when compared to the previous year. Decreased expenses in solid waste of \$257,205 was due to the debris removal from Hurricane Irma reflected in fiscal year 2018. Increases in water expenses were due to increased utility maintenance in the Water/Sewer Department of \$160,526. Increases in Stormwater were due to an utility adjustment and addition of personnel of \$138,018 and a slight increase in overall maintenance in the Reuse department. Greater detail and explanation is provided in the Proprietary funds section.

The following chart shows total revenues by source for all business-type activities:



\* Zero Data, Operating grants and contributions

The following chart compares expenses with program revenues for the City's business type activities:



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**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 are provided on pages 29 and 30. 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 financial 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.

At the end of the current fiscal year, the City's funds reported combined ending fund balances of \$18,099,828 an increase of \$1,672,222 compared to the prior year. Approximately 28.55% of this amount, or \$5,167,811, constitutes *unassigned fund balance*, which is available for spending at the City's discretion subject to budgetary constraints. The total fund balance increase resulted from positive net change in General fund of \$1,895,908 and in the CRA of \$195,464 offset by a decrease in the Road and Bridge fund of \$352,432 and Capital Projects Fund of \$66,718.

The General Fund is the chief operating fund of the City. General tax revenues and other receipts that are not allocated by law or by contractual agreement to another fund are accounted for in this fund. General operating expenses, fixed charges and capital improvement costs not paid through other funds are paid from this fund. At the end of the current fiscal year, the total fund balance of the general fund was \$11,795,486, as compared with \$9,899,578 in the previous year.

The breakdown of General Fund fund balance classifications is as follows:

- Unassigned fund balance is \$5,167,811 as compared to \$4,246,647 the previous year. The \$921,164 increase was due in part to an increase to general revenues such as property taxes offset by a much smaller increase in expenditures. The current unassigned fund balance is 5.22 months of budgeted 2020 expenditures.
- Assigned fund balance increased by \$76,849 to \$393,205. This increase was attributed to carried forward encumbrances and a portion of the available fund balance being assigned to fund 2020 capital projects. The City's fund balance policy allows that unassigned balances above five months of expenditure budget can be used to fund capital projects.
- Committed fund balance is \$2,057,086, all of which is associated with the Trailer Park Trust.
- Restricted fund balance is \$3,885,242 which includes \$1,190,062 for the Building department, \$2,045,325 for the infrastructure half-cent sales tax, \$541,930 for impact fees, \$107,925 in Law Enforcement/Cemetery Reserve and the remaining amount for law enforcement and cemetery use. The Building department restricted fund balance was increased \$210,138 as a result of fiscal year 2019 operations. This is the fifth straight year reserves have increased due an upturn in construction.
- Nonspendable fund balance related to inventory is \$292,142.

Revenues for the General Fund increased by \$673,870 or 5.74%. The largest increases in revenue was mostly associated with taxes. The property taxes increased \$231,854 from higher property values and, utility taxes increased by \$61,311. Intergovernmental increased by \$107,331 from reimbursement by FEMA, charges for services increased by \$93,815 due to a revision in the school resource officer agreement and interest earnings increased by \$266,189. Other increases occurred in miscellaneous revenues, and other taxes, totaling \$23,895. Decreases in sales tax, permits, fees, and special assessment, fines and forfeitures, motor fuel, and impact fees offset the increases totaling \$110,525.

Expenditures for the General Fund decreased by \$400,218 or 3.28%. This decrease was largely driven by the absence of expenditures related to the purchase of land in fiscal year 2018 in other capital, \$874,163. This decrease was offset by an increase in personnel cost of \$175,121, TIF funds to the CRA of \$143,227 and consulting services in building department of \$106,291. The total net change increased the fund balance by \$1,895,908, because revenue increases outpaced increases in expenditures.

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Revenues for the CRA, a blended component unit of the City, increased \$514,965 or 13.97% compared to the previous year. TIF dollars from the City and County accounted for \$301,498, or 58.55%, of this increase. Total expenditures increased by \$1,312,849 or 55.65%. The majority of increased expenditures were attributable to the purchase of land of \$1,263,626.

Revenues in the Road and Bridge and Capital Projects Funds increased by \$16,785 or 0.93%, and decreased by \$77,157 or 74.48% respectively for each fund. Revenues associated with motor fuel tax in Road and Bridge accounted for the majority of the increase. Revenues in the Capital Project was down by the reduction of reimbursement grants received from the Department of Historical resources for the completion of the Carnegie Library restoration. Expenditures increased in Capital Projects funds by \$111,736 as a result of Community Redevelopment Block Grant and Surface Upgrades at 3rd Avenue W and 10th Street W. Expenditures decreased by \$93,075 in the Road and Bridge fund due to the purchase of the street sweeper in fiscal year 2018 of \$293,516 and slight reduction in personal expense of \$39,960 and was offset by increases to debt service and repair and maintenance totaling \$240,401.

**Proprietary funds**

The fund financial statements for the City's proprietary funds, provided on pages 32 through 35, provide essentially the same type of information found in the government-wide financial statements.

At the end of the current fiscal year, the City's proprietary funds reported combined ending net position of \$36,161,494, an increase of \$3,331,578 in comparison with the prior year. Total operating revenues associated with the proprietary funds were \$11,100,513. Total operating revenues, increased by \$103,474 or 0.94% compared to the previous year. The reasons for the increased revenues is explained below.

The Solid Waste Fund had operating income of \$154,302 compared to an operating loss of \$(157,358) the previous year. The loss in the prior year was due to costs associated with the removal of debris from Hurricane Irma. Net position increased by \$384,544 after interest and transfers out. The total net position at the end of the current fiscal year, is \$823,905 of which, 98.50% is unrestricted.

The Water and Sewer Fund had operating income of \$2,307,045 for the year, and an increase in net position of \$2,088,495. Revenues increased slightly by \$29,371 or 0.39% due to the previous rate study sunsetting in fiscal year 2018, and operating expenses increased \$261,706 or 5.18% as a result of utility repair cost of \$93,838 and contract services of \$66,688. The unrestricted net position at the end of current fiscal year is \$6,916,923 and total net position is \$22,673,993.

The Stormwater Fund had operating income of \$193,475 and an increase in net position of \$586,375. The stormwater user fee structure for residential and commercial customers remains unchanged from 2008 therefore revenues remain flat, while operating expenses increased by \$210,011 or 51.61% for addition of personnel and an utility adjustment. The unrestricted net position at the end of current fiscal year is \$582,094 and the total net position is \$5,996,539.

The Reuse Fund had operating income of \$321,737 and an increase in net position of \$272,164. The expenses increased by \$11,013 or 9.87% as a result of increase in general operating expense and utility maintenance. At the end of the current fiscal year the unrestricted net position reflects a balance of \$818,113 and the total net position is \$6,667,057.

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**GENERAL FUND BUDGET AND ACTUAL**

Differences between the original budget and the final amended budget can be found on page 102. Revenues associated with the original and final amended budget were increased by \$1,815,665. Approximately \$1,121,000 of the revenue increase was associated with taxes. More specifically, \$981,149 in new half-cent sales tax and \$83,030 in utility taxes associated with electricity rate increases. Other taxes, impact fees, permits, fees and assessments and miscellaneous revenues were also increased by smaller amounts and offset by decreases to interest revenues and charges for services. The original General Fund budget anticipated decreasing the General Fund's fund balance by \$115,151 for use of fund balance to fund approved capital outlay and contingencies.

The General Fund total expense budget was increased by \$1,786,172 of which the largest adjustments totaling \$1,589,044 related to the purchase of land for the Community Redevelopment Agency. Purchase orders carryforward from fiscal year 2018 was \$48,832. Transfers out were decreased by \$30,749 to fund capital projects. The final amended budget anticipated decreasing the General Fund's fund balance by \$49,157 after transfers. This was largely due to the additional capital expense added during the year that surpassed the additional increase in revenues. However, the final result of a net increase \$1,895,908 was even better due to lower actual expenses compared to the final budget.

Actual revenues excluding other financing sources were more than final budgetary estimates by \$140,977. Actual revenues for investment earnings and fines and forfeitures were in excess of budget. However, these revenues were offset by unfavorable budget to actual receipts in fines and forfeitures, intergovernmental revenues and charges for services. Actual expenditures were less than budgetary estimates by \$1,918,203 and can be attributed to position vacancies throughout the City as well as conservative spending City-wide.

**CAPITAL ASSETS AND DEBT**

**Capital Assets**

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2019, amounts to \$76,985,278 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, infrastructure, and machinery and equipment. The total increase net of accumulated depreciation in the City's investment in capital assets for the current fiscal year was \$4,666,866 or 6.45%. Factors contributing to the increase in capital assets include improvements to WWTP EQ Basin construction, CDBG grant System 4, the purchase of land for the community redevelopment agency, four new police vehicles, and associated in car videos, four vehicles for various departments, brush chipper, and tire machine through a capital lease for a total of \$377,105.

The 2019 Capital Improvement Plan (CIP) was approved by the Commission on September 24, 2018 in the amount of \$20,497,309 for fiscal year 2019.

The CRA also budgeted approximately \$1,973,000 for other capital improvements within the CRA district.

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The following projects in 2019 had expenditures greater than \$50,000:

City Capital Projects

- Equalization Basin - \$1,444,270 for the construction of a Equalization Basis for the Waste Water Treatment Plant.
- Community Development Block Grant - System 4 \$1,908,272 for utility infrastructure and road improvement.
- Inflows and infiltration - \$629,292 in ongoing upgrades. The project will continue in 2020.
- Police Department equipment - \$163,994 for updated computer equipment.
- Hydrant Park Playground - \$109,752 for new playground equipment.
- City Hall building improvements - \$143,308 for hurricane mitigation and roof replacement.

CRA

- Connor Park - \$114,195 transition from a brownfield remediation at the Edenfield site in preparation for the construction of Connor Park.
- Armory Roof Restoration - \$293,982 for new roof at the Armory Building.
- Seahorse Piazza - \$87,984 for the design and construction of the Seahorse sculpture at Riverside Park.

**City of Palmetto's Capital Assets**  
**(Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land	\$ 7,808,908	\$ 6,500,443	\$ 279,415	\$ 279,415	\$ 8,088,323	\$ 6,779,858
Buildings	784,704	284,224	300,612	275,551	1,085,316	559,775
Improvements other than buildings	--	--	27,624,201	23,972,242	27,624,201	23,972,242
Machinery and equipment	2,331,560	2,268,396	1,653,839	1,917,687	3,985,399	4,186,083
Infrastructure	26,873,044	27,633,747	--	--	26,873,044	27,633,747
Construction in progress	3,703,229	3,115,001	5,625,766	6,071,706	9,328,995	9,186,707
<b>Total</b>	<b>\$ 41,501,445</b>	<b>\$ 39,801,811</b>	<b>\$ 35,483,833</b>	<b>\$ 32,516,601</b>	<b>\$ 76,985,278</b>	<b>\$ 72,318,412</b>

Additional information on the City's capital assets is presented in Note IV, F beginning on page 62 of this report.

**CITY OF PALMETTO, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**September 30, 2019**  
**(Unaudited)**

**Long-term Liabilities**

At the end of the current fiscal year, the City had long-term liabilities outstanding of \$16,350,819. Long-term liabilities includes compensated absences of \$812,352, net pension liability of \$2,516,151, and other post-employment benefits of \$311,853 as well as the City's bank loans and capital leases as shown in the table below. The City's debt is comprised of a \$1.25 million loan in fiscal year 2014, a \$7.1 million loan in fiscal year 2019, and four State of Florida revolving fund loans. All loans were used to fund capital improvement projects throughout the City. The loans are secured by a primary pledge of the Water, Sewer, Reuse and Storm Water revenues, with a secondary pledge of the non-ad valorem General Fund revenues. The City has \$1,477,687 in outstanding capital leases as of September 30, 2019.

During fiscal year 2019, the City refunded the 2004, 2005 and 2007 loan and terminated the associated Interest Rate Swap Agreements with the \$7.1 million dollar loan noted above. The City also recognized a loss on refunding and will amortized over the life of the debt.

In fiscal year 2006, the Community Redevelopment Association (CRA) obtained a loan for \$4,395,000 to fund capital improvement projects within the CRA district and retire \$1,500,000 of debt issued in 2004. The current balance is \$1,518,598 as of September 30, 2019. The loan is secured by a primary pledge of Tax Increment Funds (TIF) and is included in the City's outstanding debt.

**City of Palmetto's Loans and Capital Leases Payable**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>Bank Qualified Loans</b>						
2004 Loan	\$ --	\$ 224,722	\$ --	\$ 798,726	\$ --	\$ 1,023,448
2005 Loan	--	610,209	--	2,456,443	--	3,066,652
2007 Loan	--	513,060	--	2,528,396	--	3,041,456
2014 Loan	--	--	892,767	968,017	892,767	968,017
2019 Loan	1,284,862	--	5,519,037	--	6,803,899	--
SRF Loans	--	--	2,017,512	922,887	2,017,512	922,887
CRA Loan	1,518,598	1,738,348	--	--	1,518,598	1,738,348
Total Loans	<u>2,803,460</u>	<u>3,086,339</u>	<u>8,429,316</u>	<u>7,674,469</u>	<u>11,232,776</u>	<u>10,760,808</u>
Capital Leases	<u>763,322</u>	<u>781,608</u>	<u>714,365</u>	<u>941,749</u>	<u>1,477,687</u>	<u>1,723,357</u>
Total Loans and Leases	<u>\$ 3,566,782</u>	<u>\$ 3,867,947</u>	<u>\$ 9,143,681</u>	<u>\$ 8,616,218</u>	<u>\$ 12,710,463</u>	<u>\$ 12,484,165</u>

See Note IV, G, and H on pages 65 through 78.

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

The unemployment rate for the North Port/Sarasota/Bradenton area for September 2019 was 2.90%, which is equals the State unemployment rate of 2.90% for the same time period. The national unemployment rate for the same time period is 3.50% percent (source: Bureau of Labor Statistics).

According to the 2010 Census, the City's population was 12,606. As of April 2019, the population is estimated at 13,360 a 5.00% percent increase since the 2010 census (source: Bureau of Economic and Business Research).

The 2019 taxable value of commercial and residential property increased from \$851,952,040 in fiscal year 2018 to \$914,138,167 for fiscal year 2019. This represents a 7.3 percent increase in taxable value and is largely attributed to the increased property values that are being experienced statewide. This increase of 7.3 percent was slightly more than the 5.3 percent increased realized a year ago. After several years of declining property values, fiscal year 2019 was the seventh year in a row that the City saw values increase. We expect that trend to continue based on economic data and the overall health of the real estate market within the City. Since the City's taxable value peaked in fiscal year 2008, values decreased by 36 percent during a four year slide ending in FY2012. The City has made adjustments along the way to meet the challenges of the economic downturn. We are well poised and

**CITY OF PALMETTO, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**September 30, 2019**  
**(Unaudited)**

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encouraged by the direction of our economy here in Palmetto.

The General Fund property tax millage of \$5.9671 for fiscal year 2019 has remained the same since FY2016 when the millage increased by .25 mills. Prior to FY2016, the City passed millage increases in FY2012, 2013 and 2014 of .4523 mills, .10 mills and .50 mills respectively. These increases were driven by the declining property values during this timeframe.

The fiscal year 2019 pension contribution amounts as a percentage of each payroll dollar for the Police and General Employees Pension Plans was 26.83% and 22.42% respectively. This represented an increase of 1.35% for the Police Plan and a decrease of 2.05% for the General Employees' Pension Plan. The 1.35% increase for police was due to the assumption changes related to the reduction of investment return. With the rising health care costs, the City changed carrier to United Healthcare, resulting in a more affordable premium. However, it seems health care costs are continuing to rise and it will become much more difficult to control these costs without reevaluating our benefit levels to employees.

Funding for capital projects continues to present a challenge to the City. The cost of construction materials, concrete and steel, have escalated creating a challenge as we move forward with major construction projects. However, in fiscal year 2020 the implementation of a utility rate study will provide much needed funding. In addition, the City continues to seek grants whenever possible to leverage City dollars. The plans for the convention center hotel has been approved with incentives being provided by the CRA and the CDBG economic development grant for 1.5 million awarded in FY2019. During fiscal year 2017, the City was awarded a Community Development Block Grant (CDBG) in the amount of \$750,000 for infrastructure improvements in west Palmetto. Construction of the equalization basin at our Wastewater Treatment plant will be completed in the Summer of 2020. This project is being funded with a loan from the Florida State Revolving Fund an overall cost of \$6.8 million. In addition, the City will begin the construction of the new police department in Winter of 2020 utilizing funds from the capital infrastructure sales tax fund.

#### **REQUESTS FOR INFORMATION**

This financial report is designed to provide users with a general overview of the City of Palmetto's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Clerk, P.O. Box 1209, Palmetto, FL 34220 or telephone (941) 723-4570. You may also access our website at [www.palmettofl.org](http://www.palmettofl.org).



# City of Palmetto, Florida

For the Year Ended September 30, 2019



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**CITY OF PALMETTO, FLORIDA**  
**STATEMENT OF NET POSITION**  
**As of September 30, 2019**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 10,933,706	\$ 5,479,175	\$ 16,412,881
Receivables, net of allowance for uncollectible	738,950	2,662,288	3,401,238
Due from other governments	324,081	--	324,081
Investments	2,619,749	--	2,619,749
Internal balances	217,879	(217,879)	--
Inventory	292,142	--	292,142
Restricted assets			
Cash and cash equivalents	4,278,809	4,152,049	8,430,858
Capital assets (net of accumulated depreciation)			
Land	7,808,908	279,415	8,088,323
Buildings	784,704	300,612	1,085,316
Improvements other than buildings	--	27,624,201	27,624,201
Machinery and equipment	2,331,560	1,653,839	3,985,399
Infrastructure	26,873,044	--	26,873,044
Construction in progress	3,703,229	5,625,766	9,328,995
Total assets	<u>60,906,761</u>	<u>47,559,466</u>	<u>108,466,227</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred outflows of pension resources	246,449	698	247,147
Deferred outflows of other post-employment benefits	10,939	2,054	12,993
Deferred outflows of loss on refunding	90,485	388,671	479,156
Total deferred outflow of resources	<u>347,873</u>	<u>391,423</u>	<u>739,296</u>
<b>LIABILITIES</b>			
Accounts payable and other accrued liabilities	674,924	1,492,845	2,167,769
Accrued interest	14,595	41,813	56,408
Unearned revenue	282,534	--	282,534
Customer deposits	2,525	667,189	669,714
Noncurrent liabilities			
Due within one year	907,632	1,360,927	2,268,559
Due in more than one year	5,929,799	8,152,461	14,082,260
Total liabilities	<u>7,812,009</u>	<u>11,715,235</u>	<u>19,527,244</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of pension earnings	792,671	72,669	865,340
Deferred inflows from OPEB	7,768	1,491	9,259
Total deferred inflows of resources	<u>800,439</u>	<u>74,160</u>	<u>874,599</u>
<b>NET POSITION</b>			
Net investment in capital assets	38,025,148	26,379,526	64,404,674
Restricted for:			
Capital projects	2,703,912	39,370	2,743,282
Debt service	--	185,837	185,837
Building program	1,190,062	--	1,190,062
Law enforcement	60,934	--	60,934
Impact fees	964,259	428,147	1,392,406
Community redevelopment	4,078,952	--	4,078,952
Transportation	507,063	--	507,063
Unrestricted	5,111,856	9,128,614	14,240,470
Total net position	<u>\$ 52,642,186</u>	<u>\$ 36,161,494</u>	<u>\$ 88,803,680</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF PALMETTO, FLORIDA**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2019**

<b>Function/Programs</b>	<b>Expenses</b>	<b>Indirect Expenses Allocation</b>
<b>Primary Government:</b>		
Governmental activities:		
General government	\$ 4,029,064	\$ (539,926)
Public safety	4,990,389	--
Highways and streets	1,529,769	--
Recreation	679,524	--
Economic and physical environment	2,594,335	539,926
Interest on long-term debt	205,543	--
Total governmental activities	<u>14,028,624</u>	<u>--</u>
Business-type activities:		
Solid Waste	2,067,018	--
Water and Sewer	5,500,925	--
Stormwater	686,512	--
Reuse	169,525	--
Total business-type activities	<u>8,423,980</u>	<u>--</u>
 Total primary government	 <u>\$ 22,452,604</u>	 <u>\$ --</u>

The notes to the financial statements are an integral part of this statement.

Charges for Services	Program Revenues		Net (Expenses) Revenues and Changes in Net Position		
	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
			Governmental Activities	Business-type Activities	
\$ 843,384	\$ --	\$ --	\$ (2,645,754)	\$ --	\$ (2,645,754)
314,232	110,031	9,300	(4,556,826)	--	(4,556,826)
186,468	831	--	(1,342,470)	--	(1,342,470)
116,625	--	--	(562,899)	--	(562,899)
--	--	73,490	(3,060,771)	--	(3,060,771)
--	--	--	(205,543)	--	(205,543)
<u>1,460,709</u>	<u>110,862</u>	<u>82,790</u>	<u>(12,374,263)</u>	<u>--</u>	<u>(12,374,263)</u>
2,220,651	--	290,736	--	444,369	444,369
7,625,127	--	543,047	--	2,667,249	2,667,249
810,387	--	994	--	124,869	124,869
444,348	--	--	--	274,823	274,823
<u>11,100,513</u>	<u>--</u>	<u>834,777</u>	<u>--</u>	<u>3,511,310</u>	<u>3,511,310</u>
<u>\$ 12,561,222</u>	<u>\$ 110,862</u>	<u>\$ 917,567</u>	<u>\$ (12,374,263)</u>	<u>\$ 3,511,310</u>	<u>\$ (8,862,953)</u>
<b>General Revenues:</b>					
Property taxes			\$ 8,716,041	\$ --	\$ 8,716,041
Sales taxes			2,022,593	--	2,022,593
Utility taxes			1,249,304	--	1,249,304
Motor fuel taxes			1,603,218	--	1,603,218
Other taxes			873,901	--	873,901
Franchise fees			927,890	--	927,890
Interest and investment earnings			505,239	213,941	719,180
Other general revenues			297,954	--	297,954
Transfers			<u>393,673</u>	<u>(393,673)</u>	<u>--</u>
Total general revenues and transfers			<u>16,589,813</u>	<u>(179,732)</u>	<u>16,410,081</u>
Change in net position			<u>4,215,550</u>	<u>3,331,578</u>	<u>7,547,128</u>
Net position - beginning			<u>48,426,636</u>	<u>32,829,916</u>	<u>81,256,552</u>
Net position - ending			<u>\$ 52,642,186</u>	<u>\$ 36,161,494</u>	<u>\$ 88,803,680</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF PALMETTO, FLORIDA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**September 30, 2019**

	<u>General</u>	<u>Community Redevelopment Agency</u>	<u>Road and Bridge</u>	<u>Capital Projects (Nonmajor)</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 4,958,536	\$ 4,108,893	\$ 1,047,916	\$ 818,361	\$ 10,933,706
Receivables (net of allowance for uncollectible)	315,418	27,720	31,608	364,204	738,950
Advances to other funds	217,879	--	--	--	217,879
Due from other governments	204,090	--	119,991	--	324,081
Investments	2,619,749	--	--	--	2,619,749
Inventory	292,142	--	--	--	292,142
Cash - Restricted	3,849,979	--	428,830	--	4,278,809
Total assets	<u>\$ 12,457,793</u>	<u>\$ 4,136,613</u>	<u>\$ 1,628,345</u>	<u>\$ 1,182,565</u>	<u>\$ 19,405,316</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ 425,178	\$ 42,670	\$ 23,966	\$ 197,705	\$ 689,519
Unearned revenue	70,534	--	--	--	70,534
Customer deposits payable	1,525	1,000	--	--	2,525
Total liabilities	<u>497,237</u>	<u>43,670</u>	<u>23,966</u>	<u>197,705</u>	<u>762,578</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	<u>165,070</u>	<u>13,991</u>	<u>20,085</u>	<u>343,764</u>	<u>542,910</u>
<b>FUND BALANCES</b>					
Nonspendable	292,142	--	--	--	292,142
Restricted	3,885,242	4,078,952	1,584,294	--	9,548,488
Committed	2,057,086	--	--	641,096	2,698,182
Assigned	393,205	--	--	--	393,205
Unassigned	5,167,811	--	--	--	5,167,811
Total fund balances	<u>11,795,486</u>	<u>4,078,952</u>	<u>1,584,294</u>	<u>641,096</u>	<u>18,099,828</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 12,457,793</u>	<u>\$ 4,136,613</u>	<u>\$ 1,628,345</u>	<u>\$ 1,182,565</u>	
Adjustments for primary government total net position					
General capital assets, net of accumulated depreciation					\$ 41,501,445
Unearned revenue					(212,000)
Unavailable revenue					542,910
Deferred outflows of pension resources					246,449
Deferred outflows of other post-employment benefits					10,939
Deferred outflows of loss on refunding					90,485
Deferred inflows of pension earnings					(792,671)
Deferred inflows from OPEB					(7,768)
Long term debt for capital leases; compensated absences, net pension liabilities, OPEB and loans					<u>(6,837,431)</u>
Total net position for governmental activities (page 26)					<u>\$ 52,642,186</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF PALMETTO, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended September 30, 2019**

	<u>General</u>	<u>Community Redevelopment Agency</u>	<u>Road and Bridge</u>	<u>Capital Projects (Nonmajor)</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Taxes					
Property	\$ 4,903,205	\$ 3,812,836	\$ --	\$ --	\$ 8,716,041
Sales	2,022,593	--	--	--	2,022,593
Utility	1,249,304	--	--	--	1,249,304
Motor fuel	11,608	--	1,591,610	--	1,603,218
Other	873,901	--	--	--	873,901
Permits, fees, and special assessments	1,663,967	--	--	--	1,663,967
Intergovernmental revenues	113,331	170,506	831	26,440	311,108
Fines and forfeitures	61,499	--	--	--	61,499
Charges for services	829,690	--	129,537	--	959,227
Interest earnings	370,460	101,977	32,802	--	505,239
Miscellaneous	187,993	116,558	13,948	--	318,499
Impact fees	132,598	--	56,931	--	189,529
Total revenues	<u>12,420,149</u>	<u>4,201,877</u>	<u>1,825,659</u>	<u>26,440</u>	<u>18,474,125</u>
<b>EXPENDITURES</b>					
Current					
General government	3,640,161	--	--	--	3,640,161
Public safety	4,971,856	--	--	--	4,971,856
Highways and streets	--	--	1,114,485	--	1,114,485
Recreation	660,240	--	--	--	660,240
Economic and physical environment	1,322,134	1,678,775	--	--	3,000,909
Capital outlay					
Streets	64,759	2,400	82,450	479,891	629,500
Other	833,335	1,727,349	--	111,033	2,671,717
Debt service principal and interest	309,207	263,430	381,928	--	954,565
Total expenditures	<u>11,801,692</u>	<u>3,671,954</u>	<u>1,578,863</u>	<u>590,924</u>	<u>17,643,433</u>
Excess (deficiency) of revenues over expenditures	<u>618,457</u>	<u>529,923</u>	<u>246,796</u>	<u>(564,484)</u>	<u>830,692</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	1,009,978	--	--	497,766	1,507,744
Transfers out	(29,251)	(334,459)	(750,361)	--	(1,114,071)
Capital leases	266,405	--	70,700	--	337,105
Proceeds from issuance of debt	369,697	--	980,769	--	1,350,466
Payments from issuance of debt	(339,378)	--	(900,336)	--	(1,239,714)
Total other financing sources (uses)	<u>1,277,451</u>	<u>(334,459)</u>	<u>(599,228)</u>	<u>497,766</u>	<u>841,530</u>
Net change in fund balances	1,895,908	195,464	(352,432)	(66,718)	1,672,222
Fund balances, beginning	9,899,578	3,883,488	1,936,726	707,814	16,427,606
Fund balances, ending	<u>\$ 11,795,486</u>	<u>\$ 4,078,952</u>	<u>\$ 1,584,294</u>	<u>\$ 641,096</u>	<u>\$ 18,099,828</u>

The notes to the financial statements are an integral part of this statement.

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**CITY OF PALMETTO, FLORIDA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2019**

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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	\$ 1,672,222
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	1,699,634
The issuance of long-term debt (i.e. loans and capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds and does not effect net position. This amount is the net effect of these differences in the treatment of long-term debt and related payments.	391,650
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	535,742
Some revenues reported in the statement of activities do not increase current financial resources.	<u>(83,698)</u>
Changes in net assets of governmental activities	<u><u>\$ 4,215,550</u></u>

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The notes to the financial statements are an integral part of this statement.

**CITY OF PALMETTO, FLORIDA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**September 30, 2019**

	<b>Business-type Activities - Enterprise Funds</b>				
	<b>Solid Waste</b>	<b>Water and Sewer</b>	<b>Stormwater</b>	<b>Reuse</b>	<b>Total</b>
<b>ASSETS</b>					
Current assets					
Cash and cash equivalents	\$ 809,178	\$ 3,716,059	\$ 322,798	\$ 631,140	\$ 5,479,175
Receivables (net of allowance for uncollectible)	193,151	2,348,347	74,987	45,803	2,662,288
Total current assets	<u>1,002,329</u>	<u>6,064,406</u>	<u>397,785</u>	<u>676,943</u>	<u>8,141,463</u>
Noncurrent assets					
Cash - Restricted					
Cash - capital projects	--	2,278,312	201,165	352,029	2,831,506
Loan proceeds	--	39,370	--	--	39,370
Loan covenant accounts	--	7,480	177,065	1,292	185,837
Impact fees	--	428,147	--	--	428,147
Customer deposits	--	667,189	--	--	667,189
Total cash - restricted	<u>--</u>	<u>3,420,498</u>	<u>378,230</u>	<u>353,321</u>	<u>4,152,049</u>
Capital Assets:					
Land	--	4,815	274,600	--	279,415
Buildings	--	693,882	--	--	693,882
Improvements other than buildings	--	30,004,623	9,877,947	7,079,892	46,962,462
Machinery and equipment	231,856	4,037,092	180,587	13,390	4,462,925
Construction in progress	--	5,078,497	38,835	508,434	5,625,766
Less: accumulated depreciation	<u>(199,425)</u>	<u>(18,077,532)</u>	<u>(3,405,966)</u>	<u>(857,694)</u>	<u>(22,540,617)</u>
Total capital assets (net of accumulated depreciation)	<u>32,431</u>	<u>21,741,377</u>	<u>6,966,003</u>	<u>6,744,022</u>	<u>35,483,833</u>
Total noncurrent assets	<u>32,431</u>	<u>25,161,875</u>	<u>7,344,233</u>	<u>7,097,343</u>	<u>39,635,882</u>
Total assets	<u>1,034,760</u>	<u>31,226,281</u>	<u>7,742,018</u>	<u>7,774,286</u>	<u>47,777,345</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflows of pension earnings	75	468	143	12	698
Deferred outflows of other post-employment benefit	221	1,378	420	35	2,054
Deferred outflows of loss on refunding	<u>--</u>	<u>232,880</u>	<u>93,853</u>	<u>61,938</u>	<u>388,671</u>
Total deferred outflows of resources	<u>296</u>	<u>234,726</u>	<u>94,416</u>	<u>61,985</u>	<u>391,423</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF PALMETTO, FLORIDA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**September 30, 2019**

	<b>Business-type Activities - Enterprise Funds</b>				
	<b>Solid Waste</b>	<b>Water and Sewer</b>	<b>Stormwater</b>	<b>Reuse</b>	<b>Total</b>
<b>LIABILITIES</b>					
Total liabilities					
Accounts payable and accrued liabilities	143,796	1,298,819	6,645	43,585	1,492,845
Accrued interest payable	--	24,429	12,377	5,007	41,813
Advances from other funds	--	--	--	217,879	217,879
Compensated absences	1,676	11,971	4,263	--	17,910
Capital leases payable-current	8,269	221,898	27,144	--	257,311
Loans payable-current	--	579,894	372,512	133,300	1,085,706
Total current liabilities payable from unrestricted assets	<u>153,741</u>	<u>2,137,011</u>	<u>422,941</u>	<u>399,771</u>	<u>3,113,464</u>
Current liabilities payable from restricted assets:					
Customer deposits payable	--	667,189	--	--	667,189
Total current liabilities payable from restricted assets	<u>--</u>	<u>667,189</u>	<u>--</u>	<u>--</u>	<u>667,189</u>
Total current liabilities	<u>153,741</u>	<u>2,804,200</u>	<u>422,941</u>	<u>399,771</u>	<u>3,780,653</u>
Noncurrent liabilities					
Loans payable	--	5,259,859	1,320,681	763,070	7,343,610
Other post-employment benefits	5,793	32,887	9,019	816	48,515
Net pension liability	26,858	167,333	51,079	4,284	249,554
Compensated absences	5,027	35,914	12,787	--	53,728
Capital leases payable	11,742	437,026	8,286	--	457,054
Total noncurrent liabilities	<u>49,420</u>	<u>5,933,019</u>	<u>1,401,852</u>	<u>768,170</u>	<u>8,152,461</u>
Total liabilities	<u>203,161</u>	<u>8,737,219</u>	<u>1,824,793</u>	<u>1,167,941</u>	<u>11,933,114</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows of pension earnings	7,821	48,726	14,874	1,248	72,669
Deferred inflows of other post-employment benefits	169	1,069	228	25	1,491
Total deferred inflows of resources	<u>7,990</u>	<u>49,795</u>	<u>15,102</u>	<u>1,273</u>	<u>74,160</u>
<b>NET POSITION</b>					
Net investment in capital assets	12,421	15,282,073	5,237,380	5,847,652	26,379,526
Restricted for:					
Capital improvements	--	39,370	--	--	39,370
Debt service	--	7,480	177,065	1,292	185,837
Impact fees	--	428,147	--	--	428,147
Unrestricted	<u>811,484</u>	<u>6,916,923</u>	<u>582,094</u>	<u>818,113</u>	<u>9,128,614</u>
Total net position	<u>\$ 823,905</u>	<u>\$ 22,673,993</u>	<u>\$ 5,996,539</u>	<u>\$ 6,667,057</u>	<u>\$ 36,161,494</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF PALMETTO, FLORIDA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**For the Year Ended September 30, 2019**

	<b>Business-type Activities - Enterprise Funds</b>				
	<b>Solid Waste</b>	<b>Water and Sewer</b>	<b>Stormwater</b>	<b>Reuse</b>	<b>Total</b>
<b>Operating Revenues:</b>					
Charges for sales and services					
Garbage and trash pickup	\$ 2,171,669	\$ --	\$ --	\$ --	\$ 2,171,669
Water sales	--	4,011,881	--	--	4,011,881
Sewer charges	--	3,349,928	--	--	3,349,928
Stormwater fees	--	--	801,579	--	801,579
Reuse fees	--	--	--	437,988	437,988
Installation and connection fees	--	40,075	--	--	40,075
Penalties and check charges	14,638	62,575	5,608	4,764	87,585
Miscellaneous	34,344	160,668	3,200	1,596	199,808
Total operating revenues	<u>2,220,651</u>	<u>7,625,127</u>	<u>810,387</u>	<u>444,348</u>	<u>11,100,513</u>
<b>Operating Expenses:</b>					
Cost of sales and services	2,060,085	4,448,775	405,561	49,325	6,963,746
Depreciation	6,264	869,307	211,351	73,286	1,160,208
Total operating expenses	<u>2,066,349</u>	<u>5,318,082</u>	<u>616,912</u>	<u>122,611</u>	<u>8,123,954</u>
Operating income (loss)	<u>154,302</u>	<u>2,307,045</u>	<u>193,475</u>	<u>321,737</u>	<u>2,976,559</u>
<b>Nonoperating Revenues (Expenses)</b>					
Interest earnings	15,403	163,701	10,747	24,090	213,941
Interest expense	(669)	(182,843)	(69,600)	(46,914)	(300,026)
Total nonoperating revenues (expenses)	<u>14,734</u>	<u>(19,142)</u>	<u>(58,853)</u>	<u>(22,824)</u>	<u>(86,085)</u>
Income (loss) before capital contributions and transfers	169,036	2,287,903	134,622	298,913	2,890,474
Impact fees	--	106,632	--	--	106,632
Capital contributions-grants	290,736	436,415	994	--	728,145
Transfers in	--	--	578,933	--	578,933
Transfers out	(75,228)	(742,455)	(128,174)	(26,749)	(972,606)
Change in net position	384,544	2,088,495	586,375	272,164	3,331,578
Total net position - beginning	439,361	20,585,498	5,410,164	6,394,893	32,829,916
Total net position - ending	<u>\$ 823,905</u>	<u>\$ 22,673,993</u>	<u>\$ 5,996,539</u>	<u>\$ 6,667,057</u>	<u>\$ 36,161,494</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF PALMETTO, FLORIDA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Year Ended September 30, 2019**

	Solid Waste	Water and Sewer	Stormwater	Reuse	Total Proprietary
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$ 2,252,811	\$ 6,150,697	\$ 822,882	\$ 476,364	\$ 9,702,754
Payments to suppliers	( 1,935,286)	( 3,764,757)	( 150,455)	( 37,059)	( 5,887,557)
Payments to employees	( 140,081)	( 899,818)	( 270,438)	( 20,892)	( 1,331,229)
Net cash provided (used) by operating activities	<u>177,444</u>	<u>1,486,122</u>	<u>401,989</u>	<u>418,413</u>	<u>2,483,968</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Advances (to)/from other funds	--	--	--	( 50,562)	( 50,562)
Transfers from other funds	--	--	578,933	--	578,933
Transfers to other funds	( 75,228)	( 742,455)	( 128,174)	( 26,749)	( 972,606)
Net cash provided (used) by noncapital and related financing activities	<u>( 75,228)</u>	<u>( 742,455)</u>	<u>450,759</u>	<u>( 77,311)</u>	<u>( 444,235)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition and construction of capital assets	--	( 2,145,544)	( 218,709)	( 420,177)	( 2,784,430)
Capital contributions	--	--	994	--	994
Proceeds from issuance of debt	--	4,532,918	1,306,910	862,491	6,702,319
Impact fee capital contributions	--	106,632	--	--	106,632
Grant capital contributions	290,736	436,415	--	--	727,151
Payments on capital lease obligations	( 8,052)	( 221,837)	( 37,494)	--	( 267,383)
Principal paid on capital debt	--	( 3,721,644)	( 1,650,895)	( 963,604)	( 6,336,143)
Interest paid on capital debt	( 669)	( 187,521)	( 74,514)	( 48,045)	( 310,749)
Net cash provided (used) by capital and related financing activities	<u>282,015</u>	<u>( 1,200,581)</u>	<u>( 673,708)</u>	<u>( 569,335)</u>	<u>( 2,161,609)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest and dividends received	15,403	163,701	10,747	24,090	213,941
Net cash provided (used) by investing activities	<u>15,403</u>	<u>163,701</u>	<u>10,747</u>	<u>24,090</u>	<u>213,941</u>
Net increase (decrease) in cash and cash equivalents	399,634	( 293,213)	189,787	( 204,143)	92,065
Cash and cash equivalents - October 1, 2018	409,544	7,429,770	511,241	1,188,604	9,539,159
Cash and cash equivalents - September 30, 2019	<u>\$ 809,178</u>	<u>\$ 7,136,557</u>	<u>\$ 701,028</u>	<u>\$ 984,461</u>	<u>\$ 9,631,224</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ 154,302	\$ 2,307,045	\$ 193,475	\$ 321,737	\$ 2,976,559
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	6,264	869,307	211,351	73,286	1,160,208
Non-cash pension expense (recovery)	( 20,381)	( 131,420)	( 13,058)	( 2,671)	( 167,530)
Non-cash other post employment expense (recovery)	146	906	277	24	1,353
(Increase) decrease in accounts receivable	32,160	( 1,493,530)	12,495	32,016	( 1,416,859)
Increase (decrease) in accounts payable and accrued liabilities	4,953	( 85,286)	( 2,551)	( 5,979)	( 88,863)
Increase (decrease) in customer deposits	--	19,100	--	--	19,100
Total adjustments	<u>23,142</u>	<u>( 820,923)</u>	<u>208,514</u>	<u>96,676</u>	<u>( 492,591)</u>
Net cash provided (used) by operating activities	<u>\$ 177,444</u>	<u>1,486,122</u>	<u>401,989</u>	<u>418,413</u>	<u>2,483,968</u>
Detail of cash and equivalents at September 30, 2019:					
Cash and equivalents	\$ 809,178	\$ 3,716,059	\$ 322,798	\$ 631,140	\$ 5,479,175
Restricted cash:					
Cash - Capital Projects	--	2,278,312	201,165	352,029	2,831,506
Loan proceeds	--	39,370	--	--	39,370
Loan covenant accounts	--	7,480	177,065	1,292	185,837
Impact fees	--	428,147	--	--	428,147
Customer deposits	--	667,189	--	--	667,189
Total	<u>\$ 809,178</u>	<u>\$ 7,136,557</u>	<u>\$ 701,028</u>	<u>\$ 984,461</u>	<u>\$ 9,631,224</u>
<b>NONCASH CAPITAL ACTIVITIES</b>					
Change in fair market value of interest rate swaps	\$ -	\$ 83,448	\$ 179,811	\$ 956	\$ 264,215
Borrowing under capital lease	\$ -	\$ 40,000	\$ -	\$ -	\$ 40,000

The notes to the financial statements are an integral part of this statement.

**CITY OF PALMETTO, FLORIDA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**September 30, 2019**

	<b>Pension Trust</b>	<b>Agency Fund</b>
	<b>Funds</b>	<b>Agency Fund</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 723	\$ 1,827
Accounts receivable	57,769	--
Interest and dividends receivable	37,531	--
Prepaid benefits	135,673	--
Investments, at fair value		
Money market funds	714,100	--
U. S. government securities	2,439,207	--
Corporate bonds	1,173,035	--
Corporate stocks	9,622,190	--
Mutual funds	11,837,574	--
Alternative investments	3,087,565	--
Total investments	28,873,671	--
Total assets	29,105,367	1,827
<b>LIABILITIES</b>		
Accounts payable	323	1,827
Total liabilities	323	1,827
<b>NET POSITION</b>		
Restricted for pension benefits	\$ 29,105,044	\$ --

The notes to the financial statements are an integral part of this statement.

**CITY OF PALMETTO, FLORIDA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**For the Year Ended September 30, 2019**

	<b>Pension Trust Funds</b>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 1,202,441
Plan members	250,545
State (from the General Fund)	131,486
Miscellaneous	3,867
Total contributions:	1,588,339
Investment Earnings	
Interest	100,745
Dividends	559,614
Net increase in the fair value of investments	409,553
Total investment earnings	1,069,912
Less investment expense	(169,441)
Net investment earnings	900,471
Total additions	2,488,810
<b>DEDUCTIONS</b>	
Benefits	1,643,042
Refunds of contributions	55,950
Administrative expenses	85,026
Total deductions	1,784,018
Change in net position	704,792
Net position, beginning	28,400,252
Net position, ending	\$ 29,105,044

The notes to the financial statements are an integral part of this statement.

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# City of Palmetto, Florida

September 30, 2019



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**CITY OF PALMETTO, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2019**

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**NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The City of Palmetto, Florida, (the City) was incorporated June 15, 1897, by referendum and amended in 2004 and 2010. The City was created under Chapter 11059, Laws of Florida, as amended, and may exercise any power for municipal purposes as set forth in Chapter 166, Florida Statutes. The City is located on the west coast of Florida in Manatee County and is comprised of seven square miles with a population of 13,360. The current charter provides for an elected mayor and a five-member commission, all serving four year terms. The City provides municipal services such as public safety (police), roads and streets, recreation, public improvements, planning and zoning, and general administrative services. The City also has enterprise operations consisting of solid waste (garbage and trash collection), water, sewer, reclaimed water and stormwater.

The financial statements of the City have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. As required by accounting principles generally accepted in the United States of America, the accompanying financial statements present the primary government.

**Blended Component Unit:** The City Commission created the Community Redevelopment Agency (CRA), pursuant to City Ordinance No. 259, adopted November 4, 1985, under the provisions of Section 163.357 of the Florida Statutes to provide for the rehabilitation, conservation and redevelopment of certain slum or blighted areas of the City. The City Commission reorganized the CRA in 2009, by declaring itself as the CRA Board and establishing a CRA Advisory Board to make recommendations to the CRA Board.

The CRA is presented as a blended component unit within the City's financial statements as the CRA Special Revenue Fund because: 1) The CRA substantively operates under the same body as the City through the City Commission which meets separately as the CRA's governing body to approve the adoption of their annual budget, the transactions of real property, and the execution of contracts and modifications to the community redevelopment plans, 2) The City Commission/CRA Board has operational responsibility of the CRA, 3) The CRA provides an exclusive service or benefit to the City and its citizens and, 4) The debt of the CRA is largely repayable from City resources.

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. The effect of interfund activity has been removed from these statements by allocation of these activities on a fund basis based on the predominant users of the services. *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 their support.

**CITY OF PALMETTO, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
September 30, 2019

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**NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Government-wide and Fund Financial Statements (Continued)**

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. *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 requirement of a particular function or segment. Taxes and other items not properly included as program revenues are reported as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The City's fiduciary funds are presented in the fiduciary fund financial statements by type (pension trust and agency funds) but are not included in the government-wide statements. A reconciliation is provided that converts the results of governmental fund accounting to the government-wide presentations.

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus and the accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. 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 the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government 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. Debt expenditures, and expenditures related to compensated absences, claims and judgments, are usually recorded only when payment is due.

Property taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

**CITY OF PALMETTO, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2019**

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**NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

Agency funds are unlike all other types of funds, reporting only assets and liabilities. Therefore, they do not have a measurement focus, but do however use the accrual basis of accounting to recognize receivables and payables. They are merely clearing accounts for assets held by the City as an agent for individuals, private organizations and other governmental entities.

Governmental funds report the following major funds:

The *general fund* is the primary operating fund of the City. 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 general administration, police protection, public works administration and parks and landscape are provided by the General Fund. The City allocates charges for indirect services provided by General Fund departments based on a cost allocation plan. The funds are reported as interfund transfers to the General Fund. Reported with the General Fund are two "sub-funds". The Trailer Park Trust is a "sub-fund" which is separated for the convenience of the City in tracking certain investments and reports committed fund balance. The second sub-fund is the Infrastructure Half-Cent Sales Tax Fund which is used to record revenues and expenses from the county-wide half-cent sales tax approved by voters in November, 2016. The sales tax is to be used for capital improvements for public safety, transportation and parks and recreation and reports restricted fund balance.

The *road and bridge fund* is a special revenue fund that accounts for the construction, maintenance, repair and replacement of the City's streets, roads and bridges. Financing is provided primarily through motor fuel taxes.

The *community redevelopment agency fund* is a special revenue fund that accounts for the rehabilitation, conservation and redevelopment of certain slum or blighted areas of the City. Financing is provided primarily through tax increment funding from the City and Manatee County.

The City also has a *capital projects* fund that is a non-major governmental fund. The capital projects fund accounts for the activities associated with construction and the preservation of the City's governmental capital assets. A joint capital projects fund, reported within the capital projects fund, is a sub-fund of the capital projects fund and accounts for the same type of activities that have funding sources from the City, CRA and grants.

Proprietary funds report the following major funds:

The *solid waste fund* accounts for the provision of garbage and trash collection to the City.

The *water and sewer fund* accounts for the provision of water and sewer service to the City and certain surrounding areas.

The *stormwater fund* accounts for the operation of a stormwater utility to improve stormwater drainage throughout the City.

The *reuse water fund* accounts for the operation of a reclaimed water utility to provide reclaimed water for irrigation in parts of the City.

**CITY OF PALMETTO, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2019**

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**NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

In addition, the City reports the following fiduciary fund types:

The *pension trust funds* account for the activities of the Police and General Employees Pension plans. These funds accumulate resources for pension benefit payments to qualified employees.

The *agency fund* accounts for amounts collected from employees through payroll deduction that are disbursed to governmental agencies and private companies for benefits selected by the City's employees.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are from charges to customers for sales and services in the solid waste, water and sewer, stormwater and reuse funds. The water and sewer fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**D. Assets, Liabilities and Net Position or Equity**

**1. Deposits and Investments**

The City maintains a cash and investment pool that is available for use by all funds. The City considers all highly liquid investments with original maturities of three months or less when purchased as well as certain investments in the City's cash and investment pool that are to be cash equivalents for purposes of the statement of cash flows. Cash balances and requirements of all funds are considered in determining the amount to be invested. Interest earned on pooled cash and investments is allocated to funds based on their average daily balances.

The City's investment policy authorizes the City to invest in obligations of the U.S. Treasury, commercial paper, and corporate bonds of investment grade, repurchase agreements, and the State Treasurer's Investment Pool. Investments for the City are reported at fair value, except as noted below. The cash and investment pool maintained by the City is invested in collateralized certificates of deposits, the State Board of Administration (SBA) investment pool, Florida Safe Investment Pool (FL SAFE) and the Florida Municipal Investment Trust. The State Board of Administration and Florida Safe Investment Pools operate in accordance with appropriate state laws and regulations. Funds held with SBA are recognized at amortized cost and funds held with FL SAFE are recognized at net asset value. Funds held with the Florida Municipal Investment Trust are recognized at fair value.

**CITY OF PALMETTO, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2019**

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**NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities and Net Position or Equity (Continued)**

2. Fair Value

The City uses fair value measurements to record fair value adjustments to certain assets and liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in certain instances, there are no quoted market prices for certain assets or liabilities. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the asset or liability.

Fair value measurements focus on exit prices in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment.

The three categories within the hierarchy are as follows:

**Level 1:** Quoted prices in active markets for identical assets and liabilities.

**Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical assets or liabilities in markets that are not active, interest rates and yield curves observable at commonly quoted intervals, implied volatilities, credit spreads, and market-corroborated inputs.

**Level 3:** Unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flows methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment.

See Note IV for additional information regarding fair value.

3. Investments Measured at the Net Asset Value

Investments valued using the net asset value (NAV) per share (or its equivalent) are considered “alternative investments” and, unlike more traditional investments, generally do not have readily obtainable market values and take the form of limited partnerships. The City values these investments based on the partnerships’ audited financial statements.

If September 30 statements are available, those values are used preferentially. However, some partnerships have fiscal years ending at other than September 30. If September 30 valuations are not available, the value is progressed from the most recently available valuation taking into account subsequent calls and distributions.

**CITY OF PALMETTO, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2019**

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**NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities and Net Position or Equity (Continued)**

4. Receivables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in government-wide financial statements as “internal balances.”

All trade receivables are reported net of an allowance for uncollectible accounts. Trade accounts receivable in excess of 365 days and a percentage of those in excess of 90 days comprise the trade accounts receivable allowance for uncollectibles.

5. Interfund Transactions

In the course of normal operations the City has numerous transactions between funds including expenditures and transfers of resources to provide services, construct assets and service debt. The General Fund provides administrative services to the enterprise funds. The cost of those services is allocated based on the total money spent by each department.

6. Inventories and Prepaid Items

Inventories are adjusted to annual counts and are valued at cost, which approximates market, using the average cost method. Inventory is accounted for using the consumption method, whereby inventories are recorded as expenditures when they are used rather than purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

7. Restricted Assets

Proceeds of the City’s loans, as well as other resources set aside in accordance with debt covenants are classified as restricted on the fund level balance sheet or statement of net position. These include the following: loan proceeds for capital improvements, lease proceeds awaiting final invoices, cash accounts used to accumulate resources to meet debt service requirements, impact fees and customer deposits.

Specific provisions of ordinances or resolutions adopted by City Commission and other agreements restrict the uses of certain proprietary fund assets. Assets so designated are identified as restricted assets on the balance sheet.

8. Compensated Absences

It is the City’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation pay is accrued when earned in proprietary fund financial statements. In governmental fund financial statements, the cost of vacation pay is recognized when payments are made to employees or when matured, as a result of employee resignation or retirement. Vacation pay is accrued up to forty-five days, which is paid to employees upon termination.

**CITY OF PALMETTO, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
September 30, 2019

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**NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities and Net Position or Equity (Continued)**

8. Compensated Absences (Continued)

Unused sick leave benefits can be accumulated up to 120 days. One-half of the accumulated sick leave benefit will be paid to employees upon retirement or death.

All vacation pay is accrued when earned in the government-wide financial statements. Sick leave is recorded in the financial statements at half the value only if the employee is vested.

9. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost per the schedule below. Equipment and vehicles with an individual cost between \$500 and \$2,000 are tracked as sundry items only, and not recorded as capital assets or depreciated. Capital assets are recorded at historical cost or estimated historical cost if constructed. The capitalization policy was modified to revise the useful life of computer equipment, infrastructure and infrastructure equipment as noted below. Capital assets of the primary government are depreciated, using the straight-line method over the following estimated useful lives using these capitalization thresholds:

Assets	Useful Life	Threshold
Buildings and building improvements	30 years	\$ 20,000
Machinery and equipment		
Computer equipment	4 years	\$ 2,000
Equipment and vehicles	7 years	\$ 2,000
Software	7 years	\$ 20,000
Infrastructure	40 years	\$ 20,000
Infrastructure equipment	20 years	\$ 2,000
Improvements other than buildings	50 years	\$ 20,000

Donated capital assets are recorded at estimated fair value at the date of donation. Donated capital assets, works of art and similar items, and capital assets received in a service concession arrangement should be reported at acquisition value rather than fair value. Currently, the City is not involved with service concession arrangements. The government reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements.

In the case of the initial capitalization of general infrastructure assets (i.e. those reported by governmental activities) the government chose to include all such items regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate.



**CITY OF PALMETTO, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2019**

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**NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities and Net Position or Equity (Continued)**

10. Deferred Outflows/Inflows of Resources

In addition to assets, the statements 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 so will not be recognized as an outflow of resources (expense/expenditure) until then. The loss on funding is a result of the difference in the carrying value of refunded debt and its reacquisition price. This amount is amortized using the straightline-method in the government-wide and proprietary fund financial statements over the shorter of the life of the old bonds or the life of the new bonds. The City reports a deferred outflow related to the City's pension and other post-employment benefit plans representing changes in the net pension and other post-employment benefit liabilities that are not included in pension and other post-employment benefit expense and must be amortized in a systematic and rational manner.

In addition to liabilities, the statements of revenues, expenditures and changes in fund balance will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, deferred inflows of resources, represents an acquisition of fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has one deferred inflow reported in the governmental fund balance sheet, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, relates to unavailable revenues from grants and special assessments. These amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available. Additionally, in the statement of net position, the City has deferred inflows of pension earnings and from other post employment benefits that will be recognized in future years.

11. Property Tax Calendar

The City levies property taxes each November 1, which become a lien on real and personal property located in the City. Property taxes are based on the assessed values determined by the Manatee County Property Appraiser as of the prior January 1. The property tax revenue for fiscal year 2019 was based on taxable assessed property values totaling \$914,138,167.

The State of Florida permits the City to levy taxes up to 10 mills of assessed property valuations for the General Fund. For the 2018-2019 fiscal year, the City levied taxes of \$5.9671 mills for the General Fund.

The Manatee County Tax Collector collects property taxes on behalf of each municipality within the county boundaries. All taxes are due from property owners on March 31. Taxes become delinquent on April 1. By May 31, of each year, either all taxes have been collected and remitted to the City or the delinquent taxes are raised by public auction of tax certificates. Due to this arrangement there are no material un-remitted tax revenues at the end of the fiscal year.

**CITY OF PALMETTO, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2019**

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**NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities and Net Position or Equity (Continued)**

11. Property Tax Calendar (Continued)

The property tax cycle is summarized as follows:

June 1	Preliminary taxable valuation
July 1	Certification of valuations
September 14	Tentative tax levy set and first public hearing
September 28	Tax levy and budget adopted
October 1	Fiscal year begins for which tax is to be levied
November 1 - March 31	Property taxes are due with various discount rates
April 1	Taxes are delinquent and property is subject to lien
May 1	Delinquent tax certificates may be sold

12. Special Assessments

Special assessments are levied pursuant to State Statute and City Ordinances that result in a lien upon the properties involved.

13. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the 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.

The General Fund is typically used to liquidate the liability for compensated absences, net pension obligation and other postemployment benefit obligations for the governmental funds.

In the fund financial statements, governmental fund types recognize the face amount of debt issued as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures in the year incurred.

14. Net Position/Fund Balance

The City classifies fund balance in accordance with GASB Statement No. 54 "*Fund Balance Reporting and Governmental Fund Type Definitions*." This Statement enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions.

**CITY OF PALMETTO, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2019**

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**NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities and Net Position or Equity (Continued)**

14. Net Position/Fund Balance (Continued)

Fund Equity: Fund equity at the governmental fund financial reporting level is classified as “fund balance.” Fund equity for all other reporting is classified as “net position.”

*Fund Balance*: Generally, fund balance represents the difference between the assets and deferred outflows and liabilities and deferred inflows under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- *Nonspendable*: Fund balances are reported as nonspendable when amounts cannot be spent because they are either: (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.
- *Restricted*: Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- *Committed*: Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Commission through the adoption of a resolution. Only the City Commission may modify or rescind the commitment.
- *Assigned*: Fund balances are reported as assigned when amounts are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. Under City policy, assigned fund balance amounts represent intended uses established by the City Commission. The City Commission has authorized the City Clerk or his designee to assign fund balance.
- *Unassigned*: Fund balances are reported as unassigned when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the General Fund. Negative unassigned fund balances may be reported in other funds.

*Net position*: Net position is the result of assets and deferred outflows of resources less liabilities and deferred inflows of resources. The net position of the government-wide and proprietary funds are categorized as net investment in capital assets, reduced by accumulated depreciation and any outstanding debt incurred to acquire, construct or improve those assets excluding unexpended bond/loan proceeds, restricted or unrestricted. The first category represents net position related to property, plant, equipment and infrastructure. The restricted category represents the balance of assets restricted by requirement of externally imposed constraints or by legislation in excess of the related liabilities payable from restricted assets. Unrestricted net position consists of the net position not meeting the definition of either of the other two components.

*Flow Assumptions*: When both restricted and unrestricted amounts of fund balance/net position are available for use for expenditures/expenses incurred, it is the City’s policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City’s policy to use committed fund balance first then assigned and unassigned.

**CITY OF PALMETTO, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
September 30, 2019

**NOTE II - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position**

The governmental fund balance sheet includes a reconciliation between *fund balance—total governmental funds and net position—governmental* activities as reported in the government-wide statement of net position. The elements of that reconciliation are as follows:

1. *General government capital assets, net of accumulated depreciation*: Capital assets are not included as part of total assets in the fund statements and need to be reported as capital assets in the government-wide statement of net position. The details of this \$41,501,445 difference are as follows:

<b>Capital assets (net of accumulated depreciation)</b>	
Land	\$ 7,808,908
Buildings	784,704
Machinery and equipment	2,331,560
Infrastructure	26,873,044
Construction in progress	<u>3,703,229</u>
<b>Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i></b>	<u><u>\$ 41,501,445</u></u>

2. *Other liabilities*: Other liabilities are not due and payable in the current period and therefore are not recorded in the governmental funds. The details of this \$212,000 difference are as follows:

Unearned revenue for Manatee Fruit Company	\$ (212,000)
<b>Net adjustment to decrease <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i></b>	<u><u>\$ (212,000)</u></u>

3. *Deferred inflows*: Revenues that are an acquisition of net position and applicable to a future reporting period and therefore unavailable for use in the governmental funds. The details of this \$542,910 difference are as follows:

Unavailable revenue - Code Enforcement	\$ 112,372
Unavailable revenue - Capital Projects	316,021
Unavailable revenue - Special Assessments	55,495
Unavailable revenue for grants which were earned in the governmental activities but did not meet the 60 day requirement in the governmental funds	<u>59,022</u>
<b>Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i></b>	<u><u>\$ 542,910</u></u>

**CITY OF PALMETTO, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
September 30, 2019

**NOTE II - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)**

**A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position (Continued)**

4. *Deferred outflows and inflows of resources related to the City's pension plans and OPEB are not expected to be liquidated with expendable available financial resources* and are not recognized in the governmental funds. However, the pension plans and OPEB are recorded in the statement of net position under full accrual accounting in accordance with GASB Statement No. 68 and No. 75. The details of these deferred resources are as follows:

Deferred outflows of pension resources	\$ 246,449
Deferred outflows of other post-employment benefits	\$ 10,939
Deferred inflows of pension earnings	\$ (792,671)
Deferred inflows from OPEB	\$ (7,768)

5. *Long-term debt for capital leases, compensated absences, net pension liabilities, OPEB and loans: Long-term liabilities, including loans payable, are not due and payable in the current period and therefore are not reported in the governmental fund statements.* The details of this \$6,837,431 difference are as follows:

2019 loan payable	\$ (1,284,862)
CRA loan payable	(1,518,598)
Capital leases payable	(763,322)
Compensated absences	(740,714)
Other post-employment benefits	(263,338)
Net pension liability	<u>(2,266,597)</u>
<b>Net adjustment to decrease fund balance - total governmental funds to arrive at net position - governmental activities</b>	<b><u><u>\$ (6,837,431)</u></u></b>

**B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between the net change in *fund balance-total governmental funds and changes in net position of governmental activities* as reported in the government-wide statement of activities. The elements of that reconciliation are as follows:

1. *Governmental funds report capital outlays as expenditures:* In the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this \$1,699,634 difference are as follows:

Capital outlay	\$ 3,262,762
Depreciation expense	(1,563,785)
Capital assets sales	<u>657</u>
<b>Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities</b>	<b><u><u>\$ 1,699,634</u></u></b>

**CITY OF PALMETTO, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
September 30, 2019

**NOTE II - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)**

**B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities (Continued)**

2. *The issuance and repayment of long-term debt (i.e. loans and capital leases):* The issuance of long-term debt provides current financial resources to governmental funds. The repayment of the principal of long-term debt consumes the current financial resources of governmental funds and is reported as debt service payments in the Statement of Revenues, Expenditures, and Changes in Fund Balances. The details of this \$391,650 difference are as follows:

Principal payments on long-term bank loans	\$ 393,631
Payments on capital leases	355,391
Capital lease additions	(337,105)
Loss on refunding	90,485
Proceeds from issuance of debt	(1,350,466)
Payments from issuance of debt	<u>1,239,714</u>
<b>Net adjustment to increase net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities</b>	<b><u><u>\$ 391,650</u></u></b>

3. *Some expenses reported in the statement of activities do not require the use of current financial resources:* These expenses are not reported as expenditures in governmental funds. The details of this \$535,742 difference are as follows:

Changes in other post-employment benefits	\$ (7,201)
Change in net pension liability, deferred inflows and deferred outflows	618,728
Changes in compensated absences	<u>(75,785)</u>
<b>Net adjustment to increase net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities</b>	<b><u><u>\$ 535,742</u></u></b>

4. *Some revenues reported in the statement of activities do not provide current financial resources:* These revenues, therefore, are not reported in the governmental fund statements. The details of this \$(83,698) difference are as follows:

Change in unavailable revenue	<u>\$ (83,698)</u>
<b>Net adjustment to increase net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities</b>	<b><u><u>\$ (83,698)</u></u></b>

**CITY OF PALMETTO, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2019**

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**NOTE III - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental and proprietary funds.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. No later than the first regular City Commission meeting of September, the City Clerk submits to the City Commission, a proposed operating budget for the fiscal year commencing October 1. The operating budget includes proposed expenditures and the means of financing the expenditures.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through passage of a resolution. The budget resolution restricts total expenditures by fund. Expenditures for any year may not exceed current year fund appropriations plus accumulated fund equity.
4. The legal level of budgetary control (i.e. the level at which expenditures may not legally exceed appropriations) is the departmental cost center level. Transfers of appropriations between cost centers or funds require the approval of the City Commission. The transfer of appropriations between line items within the same departmental cost center can be accomplished with Department Head and City Clerk approval.
5. All unencumbered and unexpended appropriations lapse at fiscal year end. Encumbered appropriations (i.e., purchase orders, contracts) outstanding at year end are reported as committed or assigned fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.
6. The City Commission has the power to revise its budget appropriations by resolution from time to time during the fiscal year; however, no revision may be made by transferring any encumbered funds unless such funds are first released or discharged from any such encumbrance. Budgeted amounts are as originally adopted or amended by the City. Supplemental appropriations made during the fiscal year are included in the "Final Budget" columns on the statement of revenues, expenditures, and changes in fund balances – budget and actual.

**B. Excess of Expenditures over Appropriations**

For the year ended September 30, 2019, expenditures did not exceed appropriations at the departmental level, the legal level of budgetary control.

**CITY OF PALMETTO, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2019**

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**NOTE IV - DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

The City maintains a cash and investment pool that is available for use by all funds, except the Pension Trust Funds. The main deposits and investments of the Pension Trust Funds are held separately from those of other City funds. The pension contributions are remitted to their respective trust funds on a biweekly basis. Interest income, attributed to the pooled cash and investments, is allocated monthly based on each fund's percentage of the total of pooled cash and investments.

At September 30, 2019, the carrying amount of the City's primary government deposits was \$27,466,038. This amount includes interest bearing time deposits consisting of collateralized certificates of deposit and FDIC insured certificates of deposit valued at \$14,221,760, two money market accounts valued at \$2,020,827, the SBA investment of \$4,981,066, the FMIT investment of \$195,143, loan covenant accounts of \$185,837, the operating account of \$3,239,556, petty cash \$2,100 and \$2,619,749 from the Trailer Park Trust fund that may be used only on approval by City Commission. The bank balance for the operating accounts was \$3,475,773. All deposits are insured by either the Federal Depository Insurance Corporation or by the Multiple Financial Institution Collateral Pool established by Chapter 280 of the Florida Statutes. Chapter 280 requires all financial institutions holding municipal deposits to pledge securities with the State or third party custodians equal to a percentage between 25% and 200% determined by the State's Chief Financial Officer and based on information from nationally recognized financial rating services and established financial performance guidelines for the banking institutions. New and financially troubled institutions are required to pledge securities equal to 125% of municipal deposits with the State or third party custodians.

All deposits of the City are insured or collateralized with securities held by the entity or by its agent in the entity's name.

The cash and investment pool maintained by the City invests in time deposits, the State Board of Administration investment pool, Florida Surplus Asset Fund Trust (FL SAFE) investment pool and the Florida Municipal Investment Trust. The General Employees' Pension Plan and the Police Officers' Retirement Plan have individual investment policies and approved contracts for investment management services and for custody of securities. These funds invest in U.S. government securities, corporate stocks and bonds, money market funds, mutual funds, real estate, and alternative investments.

The City's investment guidelines have been defined in a written investment policy and approved by the City Commission for all funds except the Pension Trust Funds. This policy coincides with state statutes to reasonably insure the safety of the City's investments.

The respective Pension Boards have defined and adopted investment policies for the Pension Trust Funds and details of the investment assumptions, rates of returns and discount rates are found in Note V.

For the year ended September 30, 2019, the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense was 3.17% for the Police Pension Plan and 2.81% for the General Employees' Pension Plan. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The pension plans did not hold investments in any one organization that represent 5% or more of the Pension Plan's fiduciary net position.



**CITY OF PALMETTO, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2019**

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**NOTE IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Deposits and Investments (Continued)**

Included in cash and cash equivalents are certain funds held in investment pools due to their overall liquidity. The Florida State Board of Administration's (SBA) Local Government Surplus Funds Account and the Florida Surplus Asset Fund Trust (FL SAFE) meet the criteria of 2a7-like pools. Funds held with the SBA are recognized at amortized cost and funds held with FL SAFE are recognized at net asset value.

The Local Government Surplus Funds Account is administered by the SBA under the regulatory oversight of the State of Florida, Chapter 19-7 of the Florida Administrative Code. The objectives of the pool are to provide a short-term, very liquid, high quality investment vehicle to participating local governments and to operate consistent with Section 215.47 of the Florida Statutes and as a 2a7-like fund using the Securities and Exchange Commission investment requirements for 2a-7. As a money market fund, the pool invests in instruments issued by financial institutions, non-financial corporations, the U. S. government and federal agencies. Money market instruments must be of the highest applicable rating, while other eligible securities must be rated investment grade. All maturity obligations of the U. S. government may not exceed two years and the weighted average maturity of the portfolio may not exceed 90 days.

With regard to redemption gates, Chapter 218.409(8)(a), Florida Statutes, states that "The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council. The Trustees shall convene an emergency meeting as soon as practicable from the time the Executive Director has instituted such measures and review the necessity of those measures. If the Trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the Executive Director until the Trustees are able to meet to review the necessity for the moratorium. If the Trustees agree with such measures, the Trustees shall vote to continue the measures for up to an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the Trustees exceed 15 days."

With regard to liquidity fees, Florida Statute 218.409(4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. From October 1, 2018 through September 30, 2019, no such disclosure has been made.

As of September 30, 2019, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

**CITY OF PALMETTO, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
September 30, 2019

**NOTE IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Deposits and Investments (Continued)**

Florida Surplus Asset Fund Trust (FL SAFE) is a local government investment pool (LGIP) trust fund, organized under Florida Statutes 163-01, et seq. to be a Stable Net Asset Value investment pool. As such a LGIP trust, FL SAFE pools and invests the funds of its Florida local government participants within the Investment Policy, established by the FL SAFE Board, and limitations set forth in the Indenture of Trust. FL SAFE is overseen by a Board of Trustees comprised of Florida local government officials, who are themselves participants in FL SAFE as the investment officer or designee for their own local government. The primary objectives of FL SAFE are to provide safety, liquidity, transparency and yield for Florida government entities. The fund includes a liquid money market like investment, called the “FL SAFE Fund” and one or more Term Series portfolios, as may be established from time to time, each of which has a fixed duration. The Fund has received and maintained an AAAM rating since 2007 from Standard & Poor’s (“S&P”). According to S&P’s rating criteria, the AAAM rating signifies excellent safety of invested principal and a superior capacity to maintain a \$1.00 per share net asset value. However, it should be understood that the rating is not either a “market” rating nor a recommendation to buy, hold or sell the securities.

FMIT is an inter-local governmental entity created under the laws of the State of Florida to provide eligible units of local government with an investment vehicle to pool their surplus funds into one or more investment portfolios. These portfolios are actively traded and have been structured to meet a variety of investment horizons using those investments permitted under the Trust’s investment policy. Fitch Ratings assigns bond fund ratings to the Trust’s four fixed income funds and the investment performance and compliance are monitored and audited in accordance with generally accepted auditing standards. Funds held in FMIT are recognized at fair value and are classified as investments.

As of September 30, 2019, the City had the following cash and investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1 - 5	6 - 10	More than 10
Cash and Short Term Investments	\$ 6,162,420	\$ 6,162,420	\$ --	\$ --	\$ --
Investment Pools	19,202,826	13,467,735	5,735,091	--	--
US Agencies	5,254,099	3,128,953	537,001	1,124,087	464,058
Corporate Bonds	1,173,035	150,259	626,252	364,134	32,390
Common Stock	9,622,190	9,622,190	--	--	--
Mutual Funds - Fixed Income	2,745,826	2,745,826	--	--	--
Mutual Funds - Equity	9,091,748	9,091,748	--	--	--
Alternative Investments - Real Estate	3,087,565	3,087,565	--	--	--
<b>Total cash and investments</b>	<b>\$ 56,339,709</b>	<b>\$ 47,456,696</b>	<b>\$ 6,898,344</b>	<b>\$ 1,488,221</b>	<b>\$ 496,448</b>

1. *Interest Rate Risk:* As a means of limiting its exposure to fair value losses arising from rising interest rates, the City’s investment policy requires diversification of the investments. The investment policy of the General Employees’ Pension Fund requires the investment manager to maintain liquid reserves for the payment of pension benefits and expenses. This also limits exposure to fair value losses by allowing for quick liquidation in the event of fluctuating interest rates. The dollar weighted average days to maturity of the SBA at September 30, 2019 is 37 days, and the weighted average life is 85 days.

**CITY OF PALMETTO, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
September 30, 2019

**NOTE IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Deposits and Investments (Continued)**

2. *Credit Risk: City Investments.* Credit quality risk results from potential default of investments that are not financially sound. The City invests a large amount of its surplus funds pursuant to Chapter 280 of the Florida Statutes whereby the City is made whole by all participating banks should a principal loss be incurred by the City. This statute limits investing activities to the SBA, certificates of deposits, registered SEC and money market mutual funds, and intergovernmental investment pools. Investments of these types insure the security of the City's surplus funds. The City has invested funds in two investment pool's, both of which are currently rated by Standard and Poor's at AAAM as of September 30, 2019. These funds include \$4,981,066 in the SBA and \$1,703,139 in Florida Safe. The City also has \$14,221,760 in certificates of deposit and term series held by qualified participating depositories. Investments in the Florida Municipal Investment Trust (FMIT) are rated by Fitch for the 1-3 Year High Quality Bond Fund at AAAf/S2, and the Intermediate High Quality Bond Fund at AAAf/S3 as of September 30, 2019. The City has investments in these bond funds of \$195,143 and \$2,619,749, respectively.

*Credit Risk: Pension Plans.* Investments in the policies governing the General Employees' Pension Fund and the Police Officers' Pension Fund limit investments to the top three ratings issued by nationally recognized statistical rating organizations (NRSROs).

**General Employees' Pension Plan**

<b>Investments</b>	<b>Fair Value</b>	<b>Credit Rating (Moody's)</b>	<b>Percent Distribution</b>
Cash and Short Term Investments	\$ 551,695		3.62 %
U.S. Government Securities	1,208,629	Aaa	7.94 %
Corporate Bonds	50,279	Aa3	0.33 %
	174,204	A1	1.14 %
	101,511	A2	0.67 %
	51,599	A3	0.34 %
	416,148	Not rated	2.73 %
Corporate Stock	8,524,373		55.98 %
Mutual Funds - Fixed Income	643,655		4.23 %
Mutual Funds - Equity	1,933,160		12.69 %
Alternative Investments - Real Estate	1,572,625		10.33 %
<b>Total cash and investments</b>	<b>\$ 15,227,878</b>		<b>100.00 %</b>

**CITY OF PALMETTO, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
September 30, 2019

**NOTE IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Deposits and Investments (Continued)**

**Police Pension Plan**

<b>Investments</b>	<b>Fair Value</b>	<b>Credit Rating (Moody's)</b>	<b>Percent Distribution</b>
Cash and Short Term Investments	\$ 162,405		1.19 %
U.S. Governmental Securities	777,184	Aaa	5.69 %
	453,394	Not Rated	3.32 %
Corporate Bonds	32,390	Aaa	0.24 %
	31,082	Aa2	0.23 %
	82,337	A1	0.60 %
	170,945	A2	1.25 %
	10,885	A3	0.08 %
	51,655	Baa1	0.38 %
Corporate Stock	1,097,817		8.05 %
Mutual Funds - Fixed Income	2,102,171		15.41 %
Mutual Funds - Equity	7,158,588		52.46 %
Alternative Investments - Real Estate	1,514,940		11.10 %
<b>Total cash and investments</b>	<b>\$ 13,645,793</b>		<b>100.00 %</b>

3. *Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires investment securities to be collateralized by direct obligations backed by the full faith and credit of the U. S. Government or by the actual security held in safekeeping. The cash and short term investments are largely comprised of cash in banks and certificates of deposit, where the bank is approved by the State of Florida as a qualified public depository. State approved banks are required to comply with Florida Statutes Chapter 280, which requires financial institutions to pledge securities with the state to insure government funds held by the bank.

4. *Foreign Currency Risk:* The City does not have an investment policy related to foreign currency risk.

**CITY OF PALMETTO, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
September 30, 2019

**NOTE IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**B. Fair Value**

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles which are measured on a recurring basis. The City and the Pension Plans have the following recurring fair value measurements as of September 30:

	<u>September 30, 2019</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<b>Investments by fair value level:</b>				
Common Stocks	\$ 9,622,190	\$ 9,622,190	\$ --	\$ --
Mutual Funds	11,837,574	11,837,574	--	--
Money Market Funds	714,099	714,099	--	--
Debt Securities:				
U.S. Treasury Notes	1,911,238	--	1,911,238	--
U.S. Government Agencies	3,342,861	--	3,342,861	--
Corporate Bonds	<u>1,173,035</u>	<u>--</u>	<u>1,173,035</u>	<u>--</u>
<b>Total investments by fair value level</b>	<u>28,600,997</u>	<u>22,173,863</u>	<u>6,427,134</u>	<u>--</u>
<b>Instruments measured at the net asset value (NAV):</b>				
Real Estate:				
UBS Trumbull Property Fund	1,572,625			
Principal U.S. Property Account	<u>1,514,940</u>			
<b>Total investments measured at NAV</b>	<u>3,087,565</u>			
<b>Total investments</b>	<u>\$ 31,688,562</u>	<u>\$ 22,173,863</u>	<u>\$ 6,427,134</u>	<u>\$ --</u>

**Investment derivative instruments:**

Common stocks, money market funds, and mutual funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

The City did not have any Level 3 assets or liabilities.

**CITY OF PALMETTO, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
September 30, 2019

**NOTE IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**B. Fair Value (Continued)**

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) are presented in the following table:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (If Currently Eligible)</u>	<u>Redemption Notice Period</u>
<b>Real Estate:</b>				
UBS Trumbull Property Fund	\$ 1,572,625	\$ --	Quarterly	60 Days Prior to Quarter End Daily, but Subject to Deferment
Principal U.S. Property Account	<u>1,514,940</u>	--	Monthly	
<b>Total investments measured at NAV</b>	<u><u>\$ 3,087,565</u></u>			

1. *Real Estate Funds*: This type includes two real estate funds that invest primarily in US commercial real estate. The fair values of the investments have been determined using the NAV per share of the plans' ownership interest in the fund. If the investments are sold, it is possible the sale amount will be different than the fair value the investments are currently recognized at.

**CITY OF PALMETTO, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
September 30, 2019

**NOTE IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. Receivables**

Receivables and allowances for uncollectible accounts as of September 30, 2019 totals \$3,496,538 for the City at the fund level as shown below:

	<b>Governmental Funds</b>					<b>Pension Trust</b>
	<b>General</b>	<b>CRA</b>	<b>Road &amp; Bridge</b>	<b>Capital Projects</b>	<b>Total</b>	
Accounts receivable	\$ 140,326	\$ 13,991	\$ 534	\$ --	\$ 154,851	\$ 57,769
Special assessments	35,410	--	25,776	--	61,186	--
Intergovernmental	110,627	--	--	--	110,627	--
Interest and dividends	29,055	13,729	5,298	--	48,082	37,531
Grants	--	--	--	364,204	364,204	--
<b>Gross Receivables</b>	<b>315,418</b>	<b>27,720</b>	<b>31,608</b>	<b>364,204</b>	<b>738,950</b>	<b>95,300</b>
Less: Allowances for Uncollectible	--	--	--	--	--	--
<b>Net Total Receivables</b>	<b>\$ 315,418</b>	<b>\$ 27,720</b>	<b>\$ 31,608</b>	<b>\$ 364,204</b>	<b>\$ 738,950</b>	<b>\$ 95,300</b>

	<b>Enterprise Funds</b>				
	<b>Solid Waste Fund</b>	<b>Water and Sewer Fund</b>	<b>Stormwater Fund</b>	<b>Reuse Fund</b>	<b>Total</b>
Accounts receivable	\$ 299,393	\$ 2,662,366	\$ 116,578	\$ 68,862	\$ 3,147,199
Special assessments	--	727	--	--	727
Interest and dividends receivable	2,409	24,602	1,603	3,391	32,005
<b>Gross Receivables</b>	<b>301,802</b>	<b>2,687,695</b>	<b>118,181</b>	<b>72,253</b>	<b>3,179,931</b>
Less: Allowances for Uncollectible	(108,651)	(339,348)	(43,194)	(26,450)	(517,643)
<b>Net Total Receivables</b>	<b>\$ 193,151</b>	<b>\$ 2,348,347</b>	<b>\$ 74,987</b>	<b>\$ 45,803</b>	<b>\$ 2,662,288</b>

**D. Inter-fund Receivables, Payables and Transfers**

1. Advances To/From Other Funds

The City reports interfund balances between funds as advances to/from other funds. The total of all balances agree with the sum of advances to/from other funds balances presented in the balance sheet/statement of net position for governmental funds and for proprietary funds.

During fiscal year 2014, the Trailer Park Trust fund advanced the Reuse fund \$500,000 to provide funding for the ASR Well project. This advance is being repaid to the Trailer Park Trust fund over ten years with 3% interest. The outstanding balance of the advance as of September 30, 2019 is \$217,879 and is reported with the General Fund in the financial statements.

<b>Receivable fund</b>	<b>Payable fund</b>	<b>Amount</b>
General Fund/Trailer Park Trust	Reuse	\$ 217,879

**CITY OF PALMETTO, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
September 30, 2019

**NOTE IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**D. Inter-fund Receivables, Payables and Transfers (Continued)**

2. Interfund Transfers

The City reports interfund transfers between many of its funds. The sum of all transfers presented in the following schedule agrees with the interfund transfers presented in the governmental and proprietary fund financial statements.

Transfers are used to reimburse a fund for expenses incurred that benefit another fund. This happens primarily in the general fund which incurs expenses for certain departments that support the proprietary funds. These departments include: Public Works Administration, Engineering, Information Technology, Fleet Maintenance, Finance and Human Resources. Transfers are also used for funding capital projects and expenditures.

The composition of interfund transfers as of September 30, 2019, is as follows:

	<b>Transfers Out</b>	<b>Transfers In General Fund</b>	<b>Transfers In Capital Projects Fund</b>	<b>Transfers In Stormwater Fund</b>	<b>Total Transfers</b>
General Fund		\$ --	\$ 29,251	\$ --	\$ 29,251
CRA Fund		79,654	254,805	--	334,459
Road and Bridge Fund		176,651	213,710	360,000	750,361
Solid Waste Fund		75,228	--	--	75,228
Water and Sewer Fund		523,522	--	218,933	742,455
Stormwater Fund		128,174	--	--	128,174
Reuse Fund		26,749	--	--	26,749
<b>Total</b>		<b>\$ 1,009,978</b>	<b>\$ 497,766</b>	<b>\$ 578,933</b>	<b>\$ 2,086,677</b>



**CITY OF PALMETTO, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
September 30, 2019

**NOTE IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Restricted Assets**

The balances of the restricted asset accounts are as follows:

	<b>Governmental Funds</b>		
	<b>General</b>	<b>Road and Bridge</b>	<b>Total</b>
Building department reserve	\$ 1,190,062	\$ --	\$ 1,190,062
Capital improvement lease proceeds	43,306	--	43,306
Law enforcement	60,934	--	60,934
Impact fees	541,929	422,329	964,258
Customer deposits	1,525	--	1,525
Contributions - capital improvements	2,012,223	6,501	2,018,724
<b>Total Governmental Restricted Assets</b>	<b><u>\$ 3,849,979</u></b>	<b><u>\$ 428,830</u></b>	<b><u>\$ 4,278,809</u></b>

	<b>Proprietary Funds</b>			
	<b>Water and Sewer</b>	<b>Stormwater</b>	<b>Reuse</b>	<b>Total</b>
Cash - capital projects	\$ 2,278,312	\$ 201,165	\$ 352,029	\$ 2,831,506
Loan proceeds	39,370	--	--	39,370
Loan covenant accounts	7,480	177,065	1,292	185,837
Impact fees	428,147	--	--	428,147
Customer deposits	667,189	--	--	667,189
<b>Total Proprietary Restricted Assets</b>	<b><u>\$ 3,420,498</u></b>	<b><u>\$ 378,230</u></b>	<b><u>\$ 353,321</u></b>	<b><u>\$ 4,152,049</u></b>
<b>Total Restricted Assets</b>				<b><u>\$ 8,430,858</u></b>

**F. Capital Assets**

Governments possess many different types of assets that may be considered intangible assets, including easements and right of ways. GASB 51 requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. The City has certain easements and right of ways that meet these requirements and have classified these assets as land in the governmental activities. These assets were not increased in fiscal year 2019 and total \$108,721.

**CITY OF PALMETTO, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
September 30, 2019

**NOTE IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. Capital Assets (Continued)**

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

Primary Government	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
<b>Capital assets, not being depreciated:</b>				
Land	\$ 6,500,443	\$ 1,308,465	\$ --	\$ 7,808,908
Construction in progress	3,115,001	588,228	--	3,703,229
<b>Total capital assets, not being depreciated:</b>	<u>9,615,444</u>	<u>1,896,693</u>	<u>--</u>	<u>11,512,137</u>
<b>Capital assets, being depreciated:</b>				
Buildings	2,455,269	579,728	--	3,034,997
Machinery and equipment	8,372,615	646,761	(183,081)	8,836,295
Infrastructure	42,169,542	139,580	--	42,309,122
<b>Total capital assets, being depreciated:</b>	<u>52,997,426</u>	<u>1,366,069</u>	<u>(183,081)</u>	<u>54,180,414</u>
<b>Less accumulated depreciation for:</b>				
Buildings	(2,171,045)	(79,248)	--	(2,250,293)
Machinery and equipment	(6,104,219)	(583,543)	183,027	(6,504,735)
Infrastructure	(14,535,795)	(900,994)	711	(15,436,078)
<b>Total accumulated depreciation</b>	<u>(22,811,059)</u>	<u>(1,563,785)</u>	<u>183,738</u>	<u>(24,191,106)</u>
<b>Total capital assets, being depreciated, net</b>	<u>30,186,367</u>	<u>(197,716)</u>	<u>657</u>	<u>29,989,308</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 39,801,811</u>	<u>\$ 1,698,977</u>	<u>\$ 657</u>	<u>\$ 41,501,445</u>
	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities:</b>				
<b>Capital assets, not being depreciated:</b>				
Land	\$ 279,415	\$ --	\$ --	\$ 279,415
Construction in progress	6,071,706	3,497,144	(3,943,084)	5,625,766
<b>Total capital assets, not being depreciated:</b>	<u>6,351,121</u>	<u>3,497,144</u>	<u>(3,943,084)</u>	<u>5,905,181</u>
<b>Capital assets being depreciated:</b>				
Buildings	652,267	41,615	--	693,882
Improvements other than buildings	42,555,413	4,407,049	--	46,962,462
Machinery and equipment	4,440,139	124,716	(101,930)	4,462,925
<b>Total capital assets, being depreciated:</b>	<u>47,647,819</u>	<u>4,573,380</u>	<u>(101,930)</u>	<u>52,119,269</u>
<b>Less accumulated depreciation for:</b>				
Buildings	(376,716)	(16,554)	--	(393,270)
Improvements other than buildings	(18,583,171)	(761,381)	6,291	(19,338,261)
Machinery and equipment	(2,522,452)	(382,273)	95,639	(2,809,086)
<b>Total accumulated depreciation</b>	<u>(21,482,339)</u>	<u>(1,160,208)</u>	<u>101,930</u>	<u>(22,540,617)</u>
<b>Total capital assets being, depreciated, net</b>	<u>26,165,480</u>	<u>3,413,172</u>	<u>--</u>	<u>29,578,652</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 32,516,601</u>	<u>\$ 6,910,316</u>	<u>\$ (3,943,084)</u>	<u>\$ 35,483,833</u>

**CITY OF PALMETTO, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
September 30, 2019

**NOTE IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. Capital Assets (Continued)**

Depreciation expense was charged to functions/programs of the primary government as follows:

<b>Governmental activities:</b>	
General government	\$ 501,871
Public safety	230,576
Streets and roads	501,744
Intergovernmental services	260,970
Recreation	68,624
	<u>1,563,785</u>
<b>Total depreciation for governmental activities</b>	<b>\$ 1,563,785</b>
<b>Business-type activities:</b>	
Solid waste	\$ 6,264
Water and sewer	869,307
Stormwater	211,351
Reuse	73,286
	<u>1,160,208</u>
<b>Total depreciation expense for business-type activities</b>	<b>\$ 1,160,208</b>

**Construction Commitments**

The City has various active construction projects. At September 30, 2019, the City's commitments with contractors, with the CRA listed separately for illustration purposes, are as follows:

<b>Capital Projects</b>	<b>Spent-to- Date</b>	<b>Remaining Commitment</b>
Inflow and Infiltration	\$ 2,079,707	\$ 4,986
Equalization Basin	1,854,148	5,276,996
CDBG Subsystem 4	1,588,459	1,908,272
14th Ave & 17th Street Realignment	326,568	--
Fire Protection Upgrades	166,379	28,168
Palmetto Area Reuse System	128,006	15,064
Other projects	234,189	113,222
	<u>\$ 6,377,456</u>	<u>\$ 7,346,708</u>
<b>Total capital projects</b>	<b>\$ 6,377,456</b>	<b>\$ 7,346,708</b>
<b>CRA Projects</b>	<b>Spent-to- Date</b>	<b>Remaining Commitment</b>
Multimodal Emphasis Corridor	\$ 1,391,997	\$ --
Sutton/Lamb Park Improvements	1,243,688	--
Riverside Drive Improvements	167,700	--
Seahorse Project	87,985	43,100
Connor Park	60,170	167,925
	<u>\$ 2,951,540</u>	<u>\$ 211,025</u>
<b>Total CRA projects</b>	<b>\$ 2,951,540</b>	<b>\$ 211,025</b>

**CITY OF PALMETTO, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
September 30, 2019

**NOTE IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**G. Capital Leases**

The City has entered into lease agreements as lessee for financing the acquisition of police vehicles and radio equipment, street sweeper, backhoe, vacuum truck, lightning loader, utility trucks and a city-wide telemetry meter system. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases as of September 30, 2019, are as follows:

	Year Ended September 30, 2019		
	Governmental Activities	Business -type Activities	Total
<b>Asset:</b>			
Machinery & Equipment by Type			
Police Vehicles & Equipment	\$ 652,413	\$ --	\$ 652,413
Light Duty & Equipment	202,882	1,621,803	1,824,685
Heavy Duty & Equipment	296,093	389,122	685,215
<b>Total Leased Assets</b>	1,151,388	2,010,925	3,162,313
Less Accumulated Depreciation	(155,650)	(278,147)	(433,797)
<b>Total Leases</b>	<u>\$ 995,738</u>	<u>\$ 1,732,778</u>	<u>\$ 2,728,516</u>

During the fiscal year ending September 30, 2019, lease payments were made totaling \$656,014 which includes principal payments of \$622,774 and \$33,240 in interest. The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2019, were as follows:

	Year Ending September 30	Governmental Activities	Business-type Activities	Total
2020		\$ 331,282	\$ 271,343	\$ 602,625
2021		250,764	220,423	471,187
2022		144,915	165,879	310,794
2023		66,978	79,249	146,227
Total minimum lease payments		793,939	736,894	1,530,833
Less: amount representing interest		(30,617)	(22,529)	(53,146)
Present value of minimum lease payments		<u>\$ 763,322</u>	<u>\$ 714,365</u>	<u>\$ 1,477,687</u>

**CITY OF PALMETTO, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**H. Long Term Liabilities**

1. State Revolving Fund Loans

**Reuse Loan**

The City received funding in the amount of \$415,000 under the State of Florida Department of Environmental Protection Revolving Loan Program to assist in funding design and engineering costs (pre-construction project costs) related to the construction of reclaimed water reuse facilities.

As of September 30, 2019, the City had drawn down loan funds totaling \$134,200 representing the administrative and planning allowances. The loan balance at year end was \$16,866. Pledged revenues include water and sewer fund operating revenues, installation and connection fees, impact fees, and any local option sales tax revenues. The original amortization of the loan was to be repaid in forty semiannual payments of \$14,100 including interest which accrued semiannually at 3.18% (annual rate) of the unpaid balance. Payments began June 15, 2003 with the final maturity date of December 15, 2022. During fiscal year 2007, it was determined that no additional funding was necessary from the loan and it was finalized and the outstanding balance re-amortized. The interest rate and repayment term of the loan was not changed; however, the semiannual payment amount was changed to \$2,565.

The loan requires the City to maintain rates and charges for services that are pledged equal to or exceeding 1.20 times the sum of the semiannual loan payments due in each fiscal year. In addition, the City is required to satisfy the coverage requirements of all senior and parity debt obligations. Default by the City may result in accelerating the repayment schedule or increasing the interest rate by as much as three percent per annum on the unpaid principal, as well as the right of collections from pledged revenues.

During the fiscal year ending September 30, 2019, loan payments were made totaling \$5,088 which includes principal payments of \$4,486 and \$602 in interest. Annual installments for the fiscal years ending September 30, are as follows:

<b>Year</b>	<b>Business-Type Activities</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2020	\$ 4,630	\$ 500	\$ 5,130
2021	4,779	351	5,130
2022	4,932	198	5,130
2023	2,525	39	2,564
<b>Total</b>	<b>\$ 16,866</b>	<b>\$ 1,088</b>	<b>\$ 17,954</b>

**CITY OF PALMETTO, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2019**

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**NOTE IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**H. Long Term Liabilities (Continued)**

**Stormwater Loan**

The City received funding in the amount of \$2,944,186 under the State of Florida Department of Environmental Protection Revolving Loan Program to assist in the construction of the City's stormwater system. These projects included the 10th Street and 10th Ave, Oakridge, Hidden Lake and Carr Drain projects.

As of September 30, 2019, the City had drawn down available loan funds totaling \$2,872,229. The loan balance at year end was \$360,504. Pledged revenues are stormwater fees. The original amortization of the loan was to be repaid in forty semiannual payments of \$100,744 including interest which accrues semiannually at 3.03% (annual rate) of the unpaid balance. Payments began October 15, 2001 with the final maturity date of April 15, 2021. During fiscal year 2007, it was determined that all projects approved for funding through this loan were complete and no additional funding was necessary. The loan was finalized and the outstanding balance re-amortized. The interest rate and repayment term of the loan was not changed; however, the semiannual payment amount was changed to \$93,565. The loan requires the City to make monthly loan deposits in a debt service account equal to the semiannual loan payment.

The loan requires the City to maintain rates and charges for services furnished by the stormwater utility system which will be sufficient to provide, in each fiscal year, pledged revenues equal to or exceeding 1.15 times the sum of the semiannual loan payments due in each fiscal year. In addition, the City is required to satisfy the coverage requirements of all senior and parity debt obligations. Default by the City may result in accelerating the repayment schedule or increasing the interest rate on the unpaid principal of the loan to as much as 3.333 times the loan interest rate, as well as the right of collections from pledged revenues.

During the fiscal year ending September 30, 2019, loan payments were made totaling \$184,728 which includes principal payments of \$172,282 and \$12,446 in interest. Annual installments for the fiscal years ending September 30, are as follows:

Year	Business-Type Activities		
	Principal	Interest	Total
2020	\$ 177,542	\$ 9,588	\$ 187,130
2021	182,962	4,168	187,130
<b>Total</b>	\$ 360,504	\$ 13,756	\$ 374,260

**CITY OF PALMETTO, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**H. Long Term Liabilities (Continued)**

**Water/Sewer Loan - Design**

The City received funding in the amount of \$390,000 under the State of Florida Department of Environmental Protection Revolving Loan Program to assist in funding design costs related to the construction of an equalization basin at the City's Waste Water Treatment Plant.

As of September 30, 2019, the City had drawn down loan funds totaling \$369,094. Pledged revenues for the repayment of the loan are net water and sewer system revenues after payment of debt on the City's prior liens. The original amortization of the loan was to be repaid in forty semiannual payments of \$11,220 including interest which accrued semiannually at 1.13% (annual rate) of the unpaid balance. After the final disbursement of loan proceeds, the loan principal will be adjusted to reflect the actual dates and amounts of disbursements. Payments began December 15, 2018 with the final maturity date of June 15, 2038. The loan requires the City to make monthly loan deposits in a debt service account equal to the semiannual loan payment.

The loan requires the City to maintain rates and charges for services furnished by the water and sewer systems which will be sufficient to provide, in each fiscal year, pledged revenues equal to or exceeding 1.15 times the sum of the semiannual loan payments due in each fiscal year. Default by the City may result in accelerating the repayment schedule or increasing the financing rate on the unpaid principal of the loan to as much as 1.667 times the financing rate as well as the right of collection from pledged revenues.

During the fiscal year ending September 30, 2019, loan payments were made totaling \$23,598 which includes principal payments of \$18,994 and \$4,604 in interest.

Annual installments for the fiscal years ending September 30, are estimated based on the amount outstanding as of September 30, 2019 as follows:

Year	Business-Type Activities		
	Principal	Interest	Total
2020	\$ 18,536	\$ 3,904	\$ 22,440
2021	18,746	3,694	22,440
2022	18,959	3,481	22,440
2023	19,173	3,267	22,440
2024	19,391	3,049	22,440
2025	19,610	2,830	22,440
2026	19,833	2,607	22,440
2027	20,057	2,383	22,440
2028	20,285	2,155	22,440
2029	20,515	1,925	22,440
2030	20,747	1,693	22,440
2031	20,982	1,458	22,440
2032	21,220	1,220	22,440
2033	21,460	980	22,440
2034	21,704	736	22,440
2035	21,949	491	22,440
2036	22,198	242	22,440
2037	4,735	27	4,762
<b>Total</b>	<b>\$ 350,100</b>	<b>\$ 36,142</b>	<b>\$ 386,242</b>

**CITY OF PALMETTO, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2019**

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**NOTE IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**H. Long Term Liabilities (Continued)**

**Water/Sewer Loan - Construction**

The City received funding in the amount of \$4,337,428 under the State of Florida Department of Environmental Protection Revolving Loan Program to assist in funding costs related to the construction of an equalization basin at the City's Waste Water Treatment Plant.

As of September 30, 2019, the City had drawn down loan funds totaling \$1,290,042. Pledged revenues for the repayment of the loan are net water and sewer system revenues after payment of debt on the City's prior liens. The original amortization of the loan was to be repaid in forty semiannual payments of \$119,810 including interest which accrued semiannually at 0.75% (annual rate) of the unpaid balance.

An amendment to the original loan in the amount of \$2,577,817 was approved during fiscal year 2019 for a revised loan total of \$6,915,245. The updated amortization of the loan will be result in repayment in forty semiannual payments of \$190,028 with interest accrued semiannually at the annual rates of 0.75% and 0.63% respectively for the original and amended funding amounts.

After the final disbursement of loan proceeds, the loan principal will be adjusted to reflect the actual dates and amounts of disbursements. Payments are to begin November 15, 2020 with the final maturity date of May 15, 2040. Beginning May 15, 2020, the loan requires the City to make monthly loan deposits in a debt service account equal to the semiannual loan payment.

The loan requires the City to maintain rates and charges for the services furnished by the water and sewer systems which will be sufficient to provide, in each fiscal year, pledged revenues equal to or exceeding 1.15 times the sum of the semiannual loan payments due in such fiscal year. Default by the City may result in accelerating the repayment schedule or increasing the financing rate on the unpaid principal of the loan to as much as 1.667 times the financing rate, as well as the right of collections from pledged revenues.



**CITY OF PALMETTO, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**H. Long Term Liabilities (Continued)**

Annual installments for the fiscal years ending September 30, are estimated based on the amount outstanding as of September 30, 2019 as follows:

Year	Business-Type Activities		
	Principal	Interest	Total
2020	\$ --	\$ --	\$ --
2021	60,018	9,563	69,581
2022	60,469	9,112	69,581
2023	60,924	8,657	69,581
2024	61,381	8,200	69,581
2025	61,843	7,738	69,581
2026	62,307	7,274	69,581
2027	62,776	6,805	69,581
2028	63,247	6,334	69,581
2029	63,722	5,859	69,581
2030	64,201	5,380	69,581
2031	64,684	4,897	69,581
2032	65,170	4,411	69,581
2033	65,659	3,922	69,581
2034	66,153	3,428	69,581
2035	66,650	2,931	69,581
2036	67,151	2,430	69,581
2037	67,655	1,926	69,581
2038	68,164	1,417	69,581
2039	68,676	905	69,581
2040	69,192	389	69,581
<b>Total</b>	<b>\$ 1,290,042</b>	<b>\$ 101,578</b>	<b>\$ 1,391,620</b>

**CITY OF PALMETTO, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2019**

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**NOTE IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**H. Long Term Liabilities (Continued)**

2. Capital Improvement Revenue Loans

**2004 Bank of America Loan**

On March 1, 2004, the City adopted Resolution No. 04-09 authorizing a loan by the City of \$4,300,000 through Bank of America, N.A. to finance the costs of certain capital projects within the City and to refund the outstanding balance of the City's Capital Improvement Revenue Note, Series 1998. The loan was payable from and secured by a pledge of and lien upon the stormwater, water, sewer and reuse revenues and certain other budgeted amounts and balances in certain funds created under the Resolution. On June 7, 2019, the City adopted Resolution 2019-20 authorizing the issuance of Refunding Revenue Note, Series 2019 for the purpose of refunding the 2004, 2005, and 2007 Bank of America loans.

When originally issued, the interest rate on the loan was 64% of the 90 day LIBOR rate plus 111 basis points as set at the beginning of each quarter and is payable quarterly. The principal amount was swapped to an annual fixed rate of 4.235%, payable in quarterly installments through March 2024. Under terms of the Interest Rate Swap Agreement with Bank of America, N.A., the City received 64% of the 90 day LIBOR rate plus 111 basis points on the unamortized principal of the swap amount.

As a result of the Tax Cuts and Jobs Act, effective January 1, 2018, the maximum federal corporate tax rate was reduced from 35% to 21%. A contractual adjustment was made to the Interest Rate Swap Agreement with the City paying 77.8% of the 90 day LIBOR rate plus 135 basis points. Both the fixed rate of 4.235% and the amount the City receives of 64% of the 90 day LIBOR plus 111 basis points are unchanged.

During the fiscal year ending September 30, 2019, loan payments were made totaling \$111,870 which includes principal payments of \$81,923 and \$29,947 in interest. The loan proceeds and payments were allocated according to the cost, or estimated cost, of the projects funded from the proceeds.

At the time of refunding, the principal balance remaining on the loan was \$941,525. Additional associated costs with the refunding included swap termination fees of \$47,675, interest of \$7,202, and issuance costs of \$8,096.

The completed governmental activity projects include the City's fiber optic ring, the street related portion of improvements to Fifth, Sixth and Seventh Streets and the City Hall portion of improvements to City buildings. The completed projects from the business-type activities include the utility portion of improvements to Fifth, Sixth and Seventh Streets, the installation of the City's reuse system, the Public Works portion of improvements to City buildings, and a portion of the Infiltration and Inflow Project.

**CITY OF PALMETTO, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2019**

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**NOTE IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**H. Long Term Liabilities (Continued)**

**2005 Bank of America Loan**

On June 20, 2005, the City adopted Resolution No. 05-40 authorizing a loan by the City of \$6,500,000 through Bank of America, N.A. to finance the costs of certain capital improvements within the City. The loan was payable from and secured by a pledge of and lien upon the stormwater, water, sewer and reuse revenues and certain other budgeted amounts and balances in certain funds created under the Resolution. On June 7, 2019, the City adopted Resolution 2019-20 authorizing the issuance of Refunding Revenue Note, Series 2019 for the purpose of refunding the 2004, 2005, and 2007 Bank of America loans

When originally issued, the interest rate on the loan was 64% of the 90 day LIBOR rate plus 111 basis points as set at the beginning of each quarter and is payable quarterly. The principal amount was swapped to an annual fixed rate of 4.345%, payable in quarterly installments of approximately \$125,000 through October 2025. Under terms of the Interest Rate Swap Agreement with Bank of America, NA, the City received 64% of the 90 day LIBOR rate plus 111 basis points on the unamortized principal of the swap amount.

As a result of the Tax Cuts and Jobs Act, effective January 1, 2018, the maximum federal corporate tax rate was reduced from 35% to 21%. A contractual adjustment was made to the Interest Rate Swap Agreement with the City paying 77.8% of the 90 day LIBOR rate plus 135 basis points. Both the fixed rate of 4.345% and the amount the City receives of 64% of the 90 day LIBOR plus 111 basis points are unchanged.

During the fiscal year ending September 30, 2019, loan payments were made totaling \$375,919 which includes principal payments of \$280,807 and \$95,112 in interest. The original loan proceeds were allocated according to the cost, or estimated cost, of the projects funded from the proceeds.

At the time of refunding, the principal balance remaining on the loan was \$2,785,845. Additional associated costs with the refunding included swap termination fees of \$182,150, interest of \$10,134, and issuance costs of \$24,272.

The completed governmental activity projects include the sidewalk replacement and street resurfacing within the City and the street related portion of improvements to Fifth, Sixth and Seventh Streets. The completed and ongoing projects from the business-type activities include the utility portion of improvements to Fifth, Sixth and Seventh Streets, US 301 future utility expansion, seven stormwater projects throughout the City, upgrades to the Waste Water Treatment Plant and a portion of the Infiltration and Inflow Project.

**CITY OF PALMETTO, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2019**

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**NOTE IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**H. Long Term Liabilities (Continued)**

**2007 Bank of America Loan**

On November 5, 2007, the City adopted Resolution No. 07-46 authorizing a loan by the City of \$5,337,000 through Bank of America, N.A. to finance the costs of certain capital improvements within the City. The loan was payable from and secured by a pledge of and lien upon the stormwater, water, sewer, and reuse revenues and certain other budgeted amounts and balances in certain funds created under the Resolution. On June 7, 2019, the City adopted Resolution 2019-20 authorizing the issuance of Refunding Revenue Note, Series 2019 for the purpose of refunding the 2004, 2005, and 2007 Bank of America loans.

When originally issued, the interest rate on the loan was 63.7% of the 90 day LIBOR rate plus 90 basis points as set at the beginning of each quarter and is payable quarterly. The principal amount was swapped to an annual fixed rate of 4.302%, payable in quarterly installments beginning February 2008 through November 2027. Under terms of the Interest Rate Swap Agreement with Bank of America, NA, the City received 63.7% of the 90 day LIBOR rate plus 90 basis points on the unamortized principal of the swap amount.

As a result of the Tax Cuts and Jobs Act, effective January 1, 2018, the maximum federal corporate tax rate was reduced from 35% to 21%. A contractual adjustment was made to the Interest Rate Swap Agreement with the City paying 77.4% of the 90 day LIBOR rate plus 109 basis points. Both the fixed rate of 4.302% and the amount the City receives of 63.7% of the 90 day LIBOR plus 90 basis points are unchanged.

During the fiscal year ending September 30, 2019, loan payments were made totaling \$294,713 which includes principal payments of \$204,013 and \$90,700 in interest. The loan proceeds were allocated according to the cost of the projects funded from the proceeds.

At the time of refunding, the principal balance remaining on the loan was \$2,837,443. Additional associated costs with the refunding included swap termination fees of \$274,190, interest of \$7,340, and issuance costs of \$25,425.

The completed governmental activity projects include the sidewalk replacement and street resurfacing within the City, Public Works facility upgrades, City building upgrades and the street related portion of US301 future utility expansion. The completed projects from the business-type activities include the Jackson Park Drainage project, US301 future utility expansion, the Canal Road Phase II project, upgrades to the Waste Water Treatment Plant and portions of the Infiltration and Inflow Project and Aquifer Storage Recovery Project.

**CITY OF PALMETTO, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**H. Long Term Liabilities (Continued)**

**2014 Water/Sewer Loan**

On August 25, 2014, the City adopted Resolution No. 2014-15 authorizing a loan by the City of \$1,250,000 through the Branch Banking and Trust Company (BB&T) to finance certain capital improvement projects for the water and sewer fund. These projects include improvements for: inflow and infiltration program, fire protection, and a new chloramine system for the Waste Water Treatment Plant. The loan is payable from and secured by a pledge and lien upon the pledge to budget and appropriate legally available non-ad valorem revenues.

The interest rate on the loan is fixed at 3.05%, payable in quarterly installments of \$25,980 beginning in November, 2014 through August, 2029 entirely from the water and sewer fund.

Default by the City may result in the collection of pledged revenues in addition to any amounts due bearing the interest rate at a default rate equal to the current interest plus 2% per annum.

During the fiscal year ending September 30, 2019, loan payments were made totaling \$103,545 which includes principal payments of \$75,250 and \$28,295 in interest. Annual estimated installments for the fiscal years ending September 30, are as follows:

Year	Business-Type Activities		
	Principal	Interest	Debt Service
2020	\$ 77,572	\$ 26,348	\$ 103,920
2021	79,965	23,955	103,920
2022	82,432	21,488	103,920
2023	84,975	18,945	103,920
2024	87,597	16,323	103,920
2025	90,299	13,621	103,920
2026	93,085	10,835	103,920
2027	95,957	7,963	103,920
2028	98,917	5,003	103,920
2029	101,968	1,951	103,919
<b>Total</b>	\$ 892,767	\$ 146,432	\$ 1,039,199

**CITY OF PALMETTO, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
September 30, 2019

**NOTE IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**H. Long Term Liabilities (Continued)**

**Refunding Revenue Note, Series 2019**

On June 7, 2019 the City adopted Resolution No. 2019-20 authorizing a loan by the City of \$7,151,300 through the Key Government Finance, Inc. (KeyBank) to finance the refunding of the 2004, 2005, and 2007 Bank of America Loans and to terminate the associated Interest Rate Swap Agreements. The principal of and interest on the Note shall be secured by a covenant to budget and appropriate legally available Non-Ad Valorem Revenues.

The interest rate on the loan is fixed at 2.230%, payable in semiannual installments beginning in July 2019 through January 2028. The loan proceeds were allocated according to the remaining principal balances and associated costs of the refunded loans.

The refunding of the 2004, 2005, and 2007 loans resulted in a loss on refunding of \$504,015. The loss on refunding is the difference between the reacquisition price and the net carrying amount of the old debt. The loss on refunding is recognized on the statement of net position as a deferred outflow and amortized using a straight-line approach over the shorter of the remaining life of the old debt or the life of the new debt. Amortization of the deferred outflow is recognized as interest expense and totaled \$24,859 during the year ended September, 30 2019.

The note requires that non-ad valorem revenues shall cover the projected aggregate maximum annual debt service on the loan and on all other debt by at least 1.5 times. Additionally the projected aggregate maximum annual debt service on all debt shall not exceed 20% of the governmental and proprietary funds revenues exclusive of ad valorem tax revenues restricted to pay off debt service and any proceeds from debt. Default by the City may result in the collection of pledged revenues. Upon the occurrence of an event of default not being cured within 90 days of the effective date, the interest rate on the past due basic payments and the interest rate on the note will be calculated at a default rate equal to 3% over the fixed interest rate.

The allocation at September 30, 2019, was 18.88% to governmental activities and 81.12% to business-type activities.

During the fiscal year ending September 30, 2019 loan payments were made totaling \$395,551 which includes principal payments of \$347,401 and \$48,150 in interest. Annual estimated installments for the fiscal years ending September 30, are as follows:

Year	Governmental Activities		Business-Type Activities		City-Wide		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2020	\$ 187,973	\$ 27,604	\$ 807,426	\$ 118,572	\$ 995,399	\$ 146,176	\$ 1,141,575
2021	191,429	23,393	822,270	100,485	1,013,699	123,878	1,137,577
2022	194,943	19,105	837,358	82,066	1,032,301	101,171	1,133,472
2023	198,472	14,739	852,528	63,306	1,051,000	78,045	1,129,045
2024	181,911	10,404	781,389	44,692	963,300	55,096	1,018,396
2025	164,708	6,443	707,491	22,678	872,199	29,121	901,320
2026	72,855	3,284	312,944	14,102	385,799	17,386	403,185
2027	74,102	1,652	318,298	7,094	392,400	8,746	401,146
2028	18,469	206	79,333	885	97,802	1,091	98,893
<b>Total</b>	<u>\$ 1,284,862</u>	<u>\$ 106,830</u>	<u>\$ 5,519,037</u>	<u>\$ 453,880</u>	<u>\$ 6,803,899</u>	<u>\$ 560,710</u>	<u>\$ 7,364,609</u>

**CITY OF PALMETTO, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
September 30, 2019

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**NOTE IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**H. Long Term Liabilities (Continued)**

**CRA Loan Agreement 2006**

On July 18, 2006, the City adopted Resolution No. 06-01 authorizing a loan by the CRA of \$4,395,000 through the Bank of America, N.A. to finance the purchase of property for CRA use, improvements to infrastructure and buildings within the CRA District and to refinance the 2004 CRA Capital Improvement Revenue Loan. The loan is payable from and secured by a pledge and lien upon the pledged Tax Increment Funding revenues.

The interest rate on the loan is 63.7% of the LIBOR rate plus 1.15%, payable quarterly in January, April, July and October. Principal shall be repaid in installments of \$54,938 in January, April, July and October. Final payment is due in July 2026.

The loan requires the City to maintain a ratio of tax increment revenues received by the CRA less operating expenses (exclusive of interest, depreciation and other non-cash expenses) to scheduled payments of principal and interest on all debt of at least 1.10:1.00. Upon default by the City, the bank may declare all obligations of the CRA to be immediately due and payable.

During the fiscal year ending September 30, 2019, loan payments were made totaling \$263,430 which includes principal payments of \$219,750 and \$43,680 in interest. Annual estimated installments for the fiscal years ending September 30, are as follows:

Year	Governmental Activities		
	Principal	Interest	Total
2020	\$ 219,750	\$ 72,792	\$ 292,542
2021	219,750	61,805	281,555
2022	219,750	50,817	270,567
2023	219,750	39,830	259,580
2024	219,750	28,842	248,592
2025	219,750	17,855	237,605
2026	200,098	6,867	206,965
<b>Total</b>	<b>\$ 1,518,598</b>	<b>\$ 278,808</b>	<b>\$ 1,797,406</b>

**CITY OF PALMETTO, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2019**

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**NOTE IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**H. Long Term Liabilities (Continued)**

3. Interest Rate Swaps

In conjunction with the 2004, 2005 and 2007 Bank of America loans, the City entered into interest rate swaps as a means to lower its borrowing costs, when compared against fixed-rate loans. The City's interest rate swaps were types of derivative instruments that were intended to synthetically fix the debt's interest rate, thereby hedging the risk that rising interest rates will negatively affect cash flows or offset the changes in fair value of hedgeable items. On June 7, 2019, the City adopted Resolution 2019-20 authorizing the issuance of Refunding Revenue Note, Series 2019 for the purpose of refunding the 2004, 2005, and 2007 Bank of America loans. The refunding of these loans also terminated the associated interest rate swaps. Therefore, the interest rate swap liabilities and related accumulated decrease in fair value of swap agreement (deferred outflow) are \$0 as of September 30, 2019.

4. Conduit Debt

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private sector entity served by the bond issuance. No City, State or any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of September 30, 2019, there were two series of Industrial Revenue Bonds outstanding with an aggregate principal amount payable of \$13,870,434.

5. Other Information

In accordance with loan covenants and Section 148 of the Internal Revenue Code, the City is required to rebate to the U.S. Treasury, every five years, earnings on loan proceeds in excess of bond yield. For the year ended September 30, 2019, no amounts were earned that are required to be rebated to the U.S. Treasury for 2019.

Details of the net pension liabilities are included in Note V, Sections C and D.

Details of the long-term liability for other post-employment benefits are included in Note V, Section F.



**CITY OF PALMETTO, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
September 30, 2019

**NOTE IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**H. Long Term Liabilities (Continued)**

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

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Governmental Activities:</b>					
Long-term direct borrowings					
2004 Loan	\$ 224,722	\$ --	\$ 224,722	\$ --	\$ --
2005 Loan	610,209	--	610,209	--	--
2007 Loan	513,060	--	513,060	--	--
2019 Loan	--	1,350,466	65,604	1,284,862	187,973
CRA Loan	1,738,348	--	219,750	1,518,598	219,750
<b>Total Long-term direct borrowings</b>	<b>3,086,339</b>	<b>1,350,466</b>	<b>1,633,345</b>	<b>2,803,460</b>	<b>407,723</b>
Interest rate swap contracts	130,110	--	130,110	--	--
Other post-employment benefits	243,639	19,699	--	263,338	--
Net pension liability	2,734,651	--	468,054	2,266,597	--
Capital leases	781,608	337,105	355,391	763,322	314,730
Compensated absences	664,929	382,295	306,510	740,714	185,179
Governmental activities long-term liabilities	<u>\$ 7,641,276</u>	<u>\$ 2,089,565</u>	<u>\$ 2,893,410</u>	<u>\$ 6,837,431</u>	<u>\$ 907,632</u>
	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Business-type activities:</b>					
Long-term direct borrowings					
2004 Loan	\$ 798,726	\$ --	\$ 798,726	\$ --	\$ --
2005 Loan	2,456,443	--	2,456,443	--	--
2007 Loan	2,528,396	--	2,528,396	--	--
2014 Loan	968,017	--	75,250	892,767	77,572
2019 Loan	--	5,800,834	281,797	5,519,037	807,426
<b>Total long-term direct borrowings</b>	<b>6,751,582</b>	<b>5,800,834</b>	<b>6,140,612</b>	<b>6,411,804</b>	<b>884,998</b>
State revolving loans					
Stormwater	532,786	--	172,282	360,504	177,542
Reuse	21,352	--	4,486	16,866	4,630
Water - Design	368,749	345	18,994	350,100	18,536
Water - Construction	--	1,290,042	--	1,290,042	--
<b>Total state revolving loans</b>	<b>922,887</b>	<b>1,290,387</b>	<b>195,762</b>	<b>2,017,512</b>	<b>200,708</b>
<b>Total loans payable</b>	<b>7,674,469</b>	<b>7,091,221</b>	<b>6,336,374</b>	<b>8,429,316</b>	<b>1,085,706</b>
Interest rate swap contracts	264,215	--	264,215	--	--
Other post-employment benefits	44,816	3,699	--	48,515	--
Net pension liability	280,450	5,852	36,748	249,554	--
Capital leases	941,748	40,000	267,383	714,365	257,311
Compensated absences	66,536	52,679	47,577	71,638	17,910
Total business-type activities long-term liabilities	<u>\$ 9,272,234</u>	<u>\$ 7,193,451</u>	<u>\$ 6,952,297</u>	<u>\$ 9,513,388</u>	<u>\$ 1,360,927</u>

**CITY OF PALMETTO, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
September 30, 2019

**NOTE IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**I. Fund Balances**

Effective October 1, 2010, the City implemented Governmental Accounting Standards Board Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement is implemented to address issues related to how fund balance was being reported and to clear up any confusion regarding the relationship between reserved fund balance and restricted net position. The City implemented GASB Statement 54 during fiscal year 2011 and is reporting the fund balance in summary in the Governmental Funds Balance Sheet. The detail of the fund balance is as follows:

- **Nonspendable** - The following fund balances are nonspendable because they are allocated to:

**General Fund**

Nonspendable	<u>\$ 292,142</u>
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- **Restricted** - The following fund balances are restricted for:

**General Fund**

Building Department - used to fund operations	\$ 1,190,062
Infrastructure half-cent sales tax - voter approved to be used for capital improvements	2,045,325
Impact fees - used to fund growth in general government, law enforcement and parks and recreation	541,930
Proceeds from the Hazel Smith Estate for the beautification and maintenance of the City's cemetery	3,685
Special law enforcement reserve	60,934
Lease proceeds - for capital assets	<u>43,306</u>
<b>General Fund subtotal</b>	<b><u>\$ 3,885,242</u></b>

**Community Redevelopment Agency Fund**

Used to alleviate slum and blight in the City per Florida Statute 163	<u>\$ 4,078,952</u>
<b>Community Redevelopment Agency Fund subtotal</b>	<b><u>\$ 4,078,952</u></b>

**Road and Bridge Fund**

Per Florida Statutes, this fund is restricted to the operations, maintenance and capital improvement of the City's roadways.	
Capital improvements	\$ 648,400
Impact fees - for the growth in transportation	422,329
Bocage legal settlement	6,501
General operating expenses	<u>507,064</u>
<b>Road and Bridge Fund subtotal</b>	<b><u>\$ 1,584,294</u></b>
<b>Total Restricted Fund Balances</b>	<b><u><u>\$ 9,548,488</u></u></b>

**CITY OF PALMETTO, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2019**

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**NOTE IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**I. Fund Balances (Continued)**

- **Committed** - The following fund balances are committed to:

**General Fund**

Trailer Park Trust - City Commission approval required	\$ <u>2,057,086</u>
<b>General Fund subtotal</b>	\$ <u>2,057,086</u>

**Capital Projects Fund**

Capital Projects	\$ <u>641,096</u>
<b>Capital Projects Fund subtotal</b>	<u>641,096</u>
<b>Total Committed Fund Balances</b>	\$ <u><u>2,698,182</u></u>

- **Assigned** - The following fund balances are assigned to:

**General Fund**

Funding for Capital Improvements Program	\$ 115,174
Tree reserve - used to replant trees in the City	25,764
One-time operating expenses	<u>252,267</u>
<b>Total Assigned Fund Balance</b>	\$ <u><u>393,205</u></u>

- **Unassigned** – The City’s policy is to maintain an adequate General Fund unassigned fund balance to provide liquidity in the event of an economic downturn or natural disaster. Through resolution, the City Commission has adopted a financial standard to maintain a General Fund unassigned fund balance of three to six months of budgeted expenditures.

**CITY OF PALMETTO, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
September 30, 2019

**NOTE IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**J. Encumbered Commitments**

The following table lists the outstanding encumbrances at September 30, 2019. These encumbrances are reported in the financial statements based on the specific purpose of the resources that have been provided.

	<b>Governmental Activities</b>				<b>Total</b>
	<b>General Fund</b>	<b>CRA Fund</b>	<b>Road and Bridge Fund</b>	<b>Capital Projects Fund</b>	
Operating Encumbrances	\$ 204,767	\$ 295,553	\$ 77,560	\$ --	\$ 577,880
Operating Capital Projects	--	156,700	--	--	156,700
Capital Improvement Projects (CIP)	747,149	44,066	--	689,756	1,480,971
<b>Total Encumbrances Outstanding</b>	<b>\$ 951,916</b>	<b>\$ 496,319</b>	<b>\$ 77,560</b>	<b>\$ 689,756</b>	<b>\$ 2,215,551</b>

	<b>Business-Type Activities</b>				<b>Total</b>
	<b>Solid Waste Fund</b>	<b>Water and Sewer Fund</b>	<b>Stormwater Fund</b>	<b>Reuse Fund</b>	
Operating Encumbrances	\$ 322	\$ 157,293	\$ 11,555	\$ --	\$ 169,170
Capital Improvement Projects (CIP)	--	6,152,706	109,398	348,832	6,610,936
<b>Total Encumbrances Outstanding</b>	<b>\$ 322</b>	<b>\$ 6,309,999</b>	<b>\$ 120,953</b>	<b>\$ 348,832</b>	<b>\$ 6,780,106</b>
<b>Total Outstanding Encumbrances</b>					<b>\$ 8,995,657</b>

**NOTE V - OTHER INFORMATION**

**A. Risk Management**

The City is exposed to risks of loss through various operations such as police, streets, water, sewer, and garbage operations and loss related to torts, theft of, damage to and destruction of assets, errors and omissions, and natural disasters for which the City carries commercial insurance.

The City purchases insurance through carriers, primarily, the Florida League of Cities' Florida Municipal Insurance Trust Fund, for large risks, and retains certain risks directly and through the use of deductibles on the insurance policy. The City's limits of insurance are based on the statutory limits of liability of \$100,000, with layering to a maximum of \$1,000,000, for certain types of exposures. The Florida League of Cities' Florida Municipal Insurance Trust is a non-assessable entity created by an act of the Legislature.

Risks retained by the City include risks of vehicle accidents for collision and comprehensive coverage, liability claims below the deductible or in excess of insured amounts, crime below a deductible of \$2,500, inland marine and property exposures less than \$10,000, and all unemployment insurance risks.

There have been no significant reductions in insurance coverage for the current fiscal year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

**CITY OF PALMETTO, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2019**

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**NOTE V - OTHER INFORMATION (CONTINUED)**

**A. Risk Management (Continued)**

1. Unemployment Insurance

The City reimburses the State of Florida for eligible claims paid for unemployment benefits.

2. Workmen's Compensation

The City maintains an insurance policy with Florida Municipal Insurance Trust with regard to workmen's compensation benefits for employees.

**B. Employee Pension Plans**

The City has two (2) defined benefit single-employer pension plans:

- Palmetto General Employees' Pension Plan (PGEPP)
- Palmetto Police Pension Plan (PPPP)

The plans do not issue stand-alone financial reports and are not included in any other retirement system or entity's financial report. The City accounts for both plans as pension trust funds; therefore, they are accounted for in substantially the same manner as proprietary funds, with a capital maintenance measurement focus and employment of the accrual basis of accounting. Plan member contributions, employer contributions and contributions from other entities are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans.

The City Commission approves all plan provisions and amendments. City ordinance and state law requires contributions to be determined by actuarial studies at least every three years; however, the City has elected to obtain these studies each year.

In 2015, the City implemented GASB Statement No. 68 for the Palmetto Police Pension Plan and the Palmetto General Employees' Pension Plan. The primary objective of this Statement is to improve financial reporting by state and local governments for pension plans. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities.

A schedule of funding progress and employer contributions that include historical trend information about the annual required contributions of the employer are included as required supplementary information to the financial statements.

**CITY OF PALMETTO, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2019**

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**NOTE V - OTHER INFORMATION (CONTINUED)**

**C. Palmetto General Employees' Pension Plan**

Plan Administration

The City of Palmetto General Employees' Pension Plan (PGEPP), a defined benefit single-employer public employee retirement plan, is administered in accordance with Chapter 22, Article IV of the Palmetto City Code and Internal Revenue Code Section 401. The Plan is administered by a Board of Trustees which acts as the administrator of the plan. The Board consists of seven Trustees, two of whom shall be legal residents of the City who are appointed pursuant to City Charter, two of whom are Members of the plan who are elected by a majority of the General Employees who are Members of the plan, the City Clerk pursuant to City ordinance, and a sixth and seventh Trustee who are chosen by a majority of the first five Trustees.

Plan Membership

	<b>As of September 30, 2018</b>	<b>As of September 30, 2019</b>
Retirees, beneficiaries, and DROP participants benefits	57	56
Terminated employees entitled to, but not yet receiving benefits	8	8
Active plan members	75	80
<b>Total</b>	140	144

Normal Retirement and Vesting

The Plan covers permanent, probationary and full time City of Palmetto employees who are not members of the Palmetto Police Pension Plan. Any participant, is vested once 10 years of creditable service is reached or 5 years for participants hired prior to January 1, 1995. Any vested participant, who has attained age 60 or has creditable service of 30 years regardless of age, is eligible for normal retirement. Such a retiree would receive a retirement benefit based upon a 2.5% of average annual earnings during the highest 5 years of the last 10 years of employment prior to the date of retirement multiplied by the years of credited service.

Early Retirement

Plan members with 10 years of credited service, or 5 years for participants hire prior to January 1, 1995, are eligible to retire at age 55 with a reduction of the accrued benefit of 3% per each year that the benefit commencement date precedes the Normal Retirement Date.

Disability

The Plan provides disability benefits of 2.5% of average final compensation times the years of credited service, providing 10 year of credited service has been attained, or 5 years for participants hired prior to January 1, 1995. This benefit is payable as of the date the Board determines such entitlement.

**CITY OF PALMETTO, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2019**

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**NOTE V - OTHER INFORMATION (CONTINUED)**

**C. Palmetto General Employees' Pension Plan (Continued)**

Termination of Employment

If an employee separates service from the City before achieving 10 years of credited service, the employee will receive his contributions plus 4% interest compounded annually. If an employee separates service from the City after achieving ten or more years, the employee may choose 1) refund of contributions with interest, 2) vested accrued benefit payable at Normal (unreduced) Retirement Date, or 3) vested accrued benefit payable at Early (reduced) Retirement Date, determined as if the Member had continued employment.

Death Benefits

The Plan provides death benefits for vested and non-vested members. Beneficiaries of members dying prior to vesting eligibility for retirement receive a full refund of the member's accumulated contributions with interest. A beneficiary of a member, who is vested will received an accrued benefit, payable for 10 years at the Member's otherwise Normal Retirement Date (unreduced), at the otherwise actuarially reduced Early Retirement Date, or immediately.

Contributions

Participants are required to contribute 5% of their annual salary to the Plan. The City contributes an amount to make the fund actuarially sound. The City's contribution rate for fiscal year 2019 was 22.42%.

Deferred Retirement Option Program (DROP)

Effective October 18, 2004, the City approved an ordinance creating a deferred retirement option plan (DROP). In lieu of terminating employment, any member may elect to defer receipt of such service retirement pension and to participate in the DROP. A member's participation in the DROP may not exceed sixty months beginning at the time the member becomes eligible for Normal Retirement. A member may participate only once. An account is established for each member participating in the DROP. The member's DROP account consists of the monthly retirement benefit the member would have received had they terminated their employment and the earnings on those amounts. DROP accounts earn interest as elected by the plan member at an effective rate of 6.5% per annum, compounded monthly, or at the actual net rate of investment return realized by the plan. As of September 30, 2019, three employees are participating in the DROP program with a balance of \$207,637.

Net Pension Liability of the City

The City's net pension liability was measured as of September 30, 2019. The total pension liability used to calculate the net pension liability was determined as of that date. The components of the net pension liability of the City at September 30, 2019, were as follows:

Total pension liability	\$ 16,405,241
Plan fiduciary net position	<u>(15,327,211)</u>
<b>City's net pension liability</b>	<b><u>\$ 1,078,030</u></b>
Plan fiduciary net position as a percentage of the total pension liability	93.43 %

**CITY OF PALMETTO, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2019**

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**NOTE V - OTHER INFORMATION (CONTINUED)**

**C. Palmetto General Employees' Pension Plan (Continued)**

The required schedule of changes in the City's net pension liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of October 1, 2018, updated to September 30, 2019 using the following actuarial assumptions:

Inflation	2.30%
Salary increases	Service based
Discount rate	7.00%
Investment rate of return	7.00%

Mortality rates were based on the RP2000 Fully Generational with Scale BB, with collar and annuitant adjustments for males of 50% Annuitant White Collar, 50% Annuitant Blue Collar, and 100% Annuitant White Collar for females. The mortality rates for disabled lives are based on the RP2000 without projection and adjustments for males of 100% disabled male with four year setback and 100% disabled female with two year set forward for females.

Changes in actuarial assumptions

There were no changes in actuarial assumptions for the year ended September 30, 2019.

Investment policy assumptions

The 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. For 2019 the inflation rate assumption of the investment advisor was 1.90%. 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.



**CITY OF PALMETTO, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
September 30, 2019

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**NOTE V - OTHER INFORMATION (CONTINUED)**

**C. Palmetto General Employees' Pension Plan (Continued)**

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic equity	50.00 %	5.51 %
International equity	10.00 %	4.90 %
Fixed income	15.00 %	1.57 %
Global fixed income	5.00 %	1.31 %
Hedge funds	7.50 %	2.03 %
Real estate	12.50 %	5.04 %
<b>Total</b>	<u>100.00 %</u>	

Concentrations

The Plan did not hold investments in any one organization that represent 5% or more of the Pension Plan's fiduciary net position.

Rate of Return

For the year ended September 30, 2019 the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 2.81%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate that the City's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member 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.

**CITY OF PALMETTO, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
September 30, 2019

**NOTE V - OTHER INFORMATION (CONTINUED)**

**C. Palmetto General Employees' Pension Plan (Continued)**

**CHANGES IN NET PENSION LIABILITY**

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
<b>Reporting Period Ending September 30, 2018</b>	\$ 16,159,419	\$ 14,961,271	\$ 1,198,148
<b>Changes for a Year:</b>			
Service cost	376,299	--	376,299
Interest	1,126,047	--	1,126,047
Differences between expected and actual experience	(357,867)	--	(357,867)
Changes of assumptions	--	--	--
Changes of benefit terms	--	--	--
Contributions - Employer	--	721,806	(721,806)
Contributions - Employee	--	160,975	(160,975)
Net investment income	--	416,451	(416,451)
Benefit payments, including refunds of employee contributions	(898,657)	(898,657)	--
Administrative expense	--	(34,635)	34,635
<b>Net changes</b>	<u>245,822</u>	<u>365,940</u>	<u>(120,118)</u>
<b>Reporting period ending September 30, 2019</b>	<u>\$ 16,405,241</u>	<u>\$ 15,327,211</u>	<u>\$ 1,078,030</u>

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the City, calculated using the discount rate of 7.00%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1.0% lower (6.00%) or 1.0% higher (8.00%) than the current rate:

	<b>1.0% Decrease 6.00%</b>	<b>Current Discount Rate 7.00%</b>	<b>1.0% Increase 8.00%</b>
City's net pension liability	\$ 2,909,678	\$ 1,078,030	\$ (454,947)

**CITY OF PALMETTO, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE V - OTHER INFORMATION (CONTINUED)**

**C. Palmetto General Employees' Pension Plan (Continued)**

Pension expense and deferred inflows/outflows of resources related to pension

For the year ended September 30, 2019, the City recognized of pension expense of \$21,381. On September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Net difference between expected and actual expense	\$ --	\$ 313,914
Net difference between projected and actual earnings on pension plan investments	3,013	--
<b>Total</b>	<b>\$ 3,013</b>	<b>\$ 313,914</b>

The outcome of the deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the applicable year. There were no subsequent contributions for the year ended September 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ended September 30:</b>	
2020	\$ (258,019)
2021	\$ (220,193)
2022	\$ 41,497
2023	\$ 125,814

**D. Palmetto Police Pension Plan**

Plan Administration:

The City of Palmetto Police Pension Plan (PPPP), a defined benefit single-employer public employee retirement plan, is administered in accordance with Chapter 22, Article IV of the Palmetto City Code and Internal Revenue Code Section 401. The Plan is administered by a Board of Trustees which acts as the administrator of the plan. The Board consists of five Trustees, two of whom shall be legal residents of the City who are appointed by the City Commission, two of whom are Members of the plan who are elected by a majority of the Police Officers who are Members of the plan, and a fifth Trustee who is chosen by a majority of the first four Trustees.

Plan Membership:

	<b>As of September 30, 2018</b>	<b>As of September 30, 2019</b>
Retirees, beneficiaries, and DROP participants receiving benefits	32	32
Terminated employees entitled to, but not yet receiving benefits	10	9
Active plan members	31	33
<b>Total</b>	<b>73</b>	<b>74</b>

**CITY OF PALMETTO, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2019**

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**NOTE V - OTHER INFORMATION (CONTINUED)**

**D. Palmetto Police Pension Plan (Continued)**

Normal Retirement and Vesting

The Plan covers permanent, probationary and full time City of Palmetto employees who are classified as uniform police personnel. Any participant is vested once 10 years of creditable service is reached. Any vested participant, who has attained age 55 or has creditable service of 23 years regardless of age, is eligible for normal retirement. Such a retiree would receive a retirement benefit based upon a 3% of average annual earnings during the highest 5 years of the last 10 years of employment prior to the date of retirement multiplied by the years of credited service with a maximum of 75% of average final compensation if hired after June 7, 1982.

On October 7, 2002, the City of Palmetto adopted Ordinance 02-579. This ordinance allows a member who previously served as a police officer with the City during a period of previous employment and for which period accumulated contributions were withdrawn from the plan, or a member who served as a police officer for any other municipal, county or state law enforcement department in the United States to purchase other police service time. To purchase other police service time, the police officer must contribute to the Plan, the amount actuarially determined for the time for which he or she is requesting credit, such that the crediting of service does not result in a cost or liability to the Plan. However, the member may not purchase prior police service that is counted for retirement benefits from another pension plan.

Early Retirement

Plan members with 10 years of credited service are eligible to retire at age 50 with a reduction of the accrued benefit of 3% per each year that the benefit commencement date precedes the Normal Retirement Date.

Disability

The Plan provides disability benefits for both duty-related and non-duty related disabilities from the date of employment. A service incurred disability is computed at 3% of average final compensation (AFC) multiplied by years of credited service on the date of disability, actuarially reduced for payment prior to the normal retirement date. The actuarially reduced benefit may not be less than 62% of the members' AFC. The benefit provided for a non-service incurred disability is computed at the same 3% of AFC as a service incurred disability. However, to a member with 10 years of credited service, the actuarially reduced benefit may not be less than 25% of the member's AFC or 20% of the member's AFC for members with at least 5 years of service. Benefits are paid at a maximum of 75% of average final compensation if hired after June 7, 1982.

Termination of Employment

If an employee separates service from the City before achieving 10 years of credited service, the employee will receive his contributions only. If an employee separates service from the City after achieving ten or more years, the employee may choose 1) refund of contributions without interest, 2) vested accrued benefit payable at Normal (unreduced) Retirement Date, or 3) vested accrued benefit payable at Early (reduced) Retirement Date.

**CITY OF PALMETTO, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2019**

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**NOTE V - OTHER INFORMATION (CONTINUED)**

**D. Palmetto Police Pension Plan (Continued)**

Death Benefits

The Plan provides death benefits for vested and non-vested members. Beneficiaries of members dying prior to vesting eligibility for retirement receive a full refund of the member's accumulated contributions. A beneficiary of a member, who is vested or eligible for retirement upon their death, will receive a benefit payable for life equal to the accrued benefit on the date of death at early (reduced) or normal (unreduced) retirement date.

Contributions

Participants are required to contribute 5% of their annual salary to the Plan. Other contributions are received from the State of Florida and the City. The State of Florida contribution results from the City's share of insurance tax. The City contributes an amount to make the fund actuarially sound. The City's contribution rate was 26.83% for fiscal year 2019.

Deferred Retirement Option Program (DROP)

Effective October 7, 2002, the City approved an Ordinance No. 02-759 creating a deferred retirement option plan (DROP). In lieu of terminating employment, any member may elect to defer receipt of such service retirement pension and to participate in the DROP. A member's participation in the DROP may not exceed sixty months beginning at the time the election becomes effective. A member may participate only once. An account is established for each member participating in the DROP. The member's DROP account consists of the monthly retirement benefit the member would have received had they terminated their employment and the earnings on those amounts. DROP accounts earn interest as elected by the plan member at an effective rate of 6.5% per annum, compounded monthly, or at the actual net rate of investment return realized by the plan. As of September 30, 2019, no officers are participating in the DROP program.

Net Pension Liability of the City

The City's net pension liability was measured as of September 30, 2019. The total pension liability used to calculate the net pension liability was determined as of that date. The components of the net pension liability of the City at September 30, 2019, and reported for fiscal year 2019, were as follows:

Total pension liability	\$ 15,215,552
Plan fiduciary net position	<u>(13,777,431)</u>
<b>City's net pension liability</b>	<b><u>\$ 1,438,121</u></b>
Plan fiduciary net position as a percentage of the total pension liability	90.55 %

The required schedule of changes in the City's net pension liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

**CITY OF PALMETTO, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2019**

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**NOTE V - OTHER INFORMATION (CONTINUED)**

**D. Palmetto Police Pension Plan (Continued)**

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of October 1, 2018, updated to September 30, 2019 using the following actuarial assumptions:

Inflation	2.50%
Salary increases	Service based
Discount rate	7.00%
Investment rate of return	7.00%

Mortality rates were based on the RP2000 Generational, 100% Annuitant white collar, scale BB for females and RP2000 Generational, 10% Annuitant white collar/90% Annuitant blue collar, scale BB for males. The mortality rates for disabled is 60% RP2000 Disabled female set forward two years/40% Annuitant white collar with no setback and no projection scale and 60% RP2000 Disabled male setback four years/40% Annuitant white collar with no setback, no projection scale.

Changes in actuarial assumptions

There were no changes in actuarial assumptions for the year ended September 30, 2019.

Investment policy assumptions

The 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. For 2019, the inflation rate assumption of the investment advisor was 2.50%.

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.

**CITY OF PALMETTO, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
September 30, 2019

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**NOTE V - OTHER INFORMATION (CONTINUED)**

**D. Palmetto Police Pension Plan (Continued)**

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic equity	45.00 %	7.50 %
International equity	15.00 %	8.50 %
Broad market fixed income	20.00 %	2.50 %
Global fixed income	5.00 %	3.50 %
Real estate	10.00 %	4.50 %
Alternative	5.00 %	6.00 %
<b>Total</b>	<b>100.00 %</b>	

Concentrations

The Plan did not hold investments in any one organization that represent 5% or more of the Pension Plan's fiduciary net position.

Rate of Return

For the year ended September 30, 2019, the annual money-weighted rate of return on Pension Plan investments, net of Pension Plan investment expense, was 3.17%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate that the City's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member 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.

**CITY OF PALMETTO, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
September 30, 2019

**NOTE V - OTHER INFORMATION (CONTINUED)**

**D. Palmetto Police Pension Plan (Continued)**

**CHANGES IN NET PENSION LIABILITY**

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Position Liability (a) - (b)</b>
<b>Reporting Period Ending September 30, 2018</b>	\$ 15,320,520	\$ 13,503,567	\$ 1,816,953
<b>Changes for a Year:</b>			
Service cost	340,650	--	340,650
Interest	1,068,270	--	1,068,270
Differences between expected and actual experience	(713,554)	--	(713,554)
Changes of assumptions	--	--	--
Changes of benefits terms	--	--	--
Contributions - Employer	--	480,634	(480,634)
Contributions - State	--	131,486	(131,486)
Contributions - Employee	--	89,571	(89,571)
Net investment income	--	422,898	(422,898)
Benefit payments, including refunds of employee contributions	(800,334)	(800,334)	--
Administrative expense	--	(50,391)	50,391
<b>Net changes</b>	<u>(104,968)</u>	<u>273,864</u>	<u>(378,832)</u>
<b>Reporting period ending September 30, 2019</b>	<u>\$ 15,215,552</u>	<u>\$ 13,777,431</u>	<u>\$ 1,438,121</u>

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the City, calculated using the discount rate of 7.00%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1.0% lower (6.00%) or 1.0% higher (8.00%) than the current rate:

	<b>1.0% Decrease 6.00%</b>	<b>Current Discount Rate 7.00%</b>	<b>1.0% Increase 8.00%</b>
City's net pension liability	\$ 3,217,914	\$ 1,438,121	\$ (43,881)



**CITY OF PALMETTO, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2019**

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**NOTE V - OTHER INFORMATION (CONTINUED)**

**D. Palmetto Police Pension Plan (Continued)**

Pension expense and deferred inflows/outflows of resources related to pensions

For the year ended September 30, 2019, the City recognizes pension expense of \$526,287 and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 107,390	\$ 535,166
Changes of assumptions	136,744	--
Net difference between projected and actual earnings on pension plan investments	--	16,260
	<b>\$ 244,134</b>	<b>\$ 551,426</b>

The outcome of the deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date is recognized as a reduction of the pension expense in the applicable year. There were no subsequent contributions for the year ended September 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended September 30:</b>	
2020	\$ (130,283)
2021	\$ (147,149)
2022	\$ (133,288)
2023	\$ 103,428

**CITY OF PALMETTO, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
September 30, 2019

**NOTE V - OTHER INFORMATION (CONTINUED)**

**E. Aggregate Information for City Pension Plans**

The aggregate balances of the City pension plans are as follows:

	<b>Deferred Outflows of Resources</b>	<b>Net Pension Liability</b>	<b>Deferred Inflows</b>	<b>Pension Expense</b>
Palmetto General Employees' Pension Plan	\$ 3,013	\$ 1,078,030	\$ 313,914	\$ 21,381
Palmetto Police Pension Plan	244,134	1,438,121	551,426	526,287
	<u>\$ 247,147</u>	<u>\$ 2,516,151</u>	<u>\$ 865,340</u>	<u>\$ 547,668</u>

**F. Combining Statement of Fiduciary Net Position and Combining Statement of Changes in Fiduciary Net Position**

The combining statement of fiduciary net position and combining statement of changes in fiduciary net position for the defined benefit pension plans are as follows:

	<b>Palmetto Police Officers' Pension Plan</b>	<b>Palmetto General Employees Pension Plan</b>	<b>Total Fiduciary Funds</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 319	\$ 404	\$ 723
Accounts receivable	57,769	--	57,769
Interest and dividends receivable	8,678	28,853	37,531
Prepaid benefits	65,193	70,480	135,673
Investments			
Money market funds	162,405	551,695	714,100
U. S. government securities	1,230,578	1,208,629	2,439,207
Corporate bonds	379,294	793,741	1,173,035
Corporate stocks	1,097,817	8,524,373	9,622,190
Mutual funds	9,260,759	2,576,815	11,837,574
Alternative investments	1,514,940	1,572,625	3,087,565
<b>Total Investments</b>	<u>13,645,793</u>	<u>15,227,878</u>	<u>28,873,671</u>
Total Assets	<u>13,777,752</u>	<u>15,327,615</u>	<u>29,105,367</u>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	323	--	323
<b>Total liabilities</b>	<u>323</u>	<u>--</u>	<u>323</u>
<b>Net Position</b>			
Restricted for pension benefits	<u>\$ 13,777,429</u>	<u>\$ 15,327,615</u>	<u>\$ 29,105,044</u>

**CITY OF PALMETTO, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
September 30, 2019

**NOTE V - OTHER INFORMATION (CONTINUED)**

**F. Combining Statement of Fiduciary Net Position and Combining Statement of Changes in Fiduciary Net Position (Continued)**

	<b>Palmetto Police Officers' Pension Plan</b>	<b>Palmetto General Employees Pension Plan</b>	<b>Total Fiduciary Funds</b>
<b>Additions</b>			
Contributions			
Employer	\$ 480,635	\$ 721,806	\$ 1,202,441
Plan members	89,571	160,974	250,545
State (from the General Fund)	131,486	--	131,486
Miscellaneous	3,857	10	3,867
<b>Total contributions</b>	<u>705,549</u>	<u>882,790</u>	<u>1,588,339</u>
Investment earnings			
Interest	55,323	45,422	100,745
Dividends	319,740	239,874	559,614
Net increase in the fair value of investments	143,690	265,863	409,553
<b>Total investment earnings</b>	<u>518,753</u>	<u>551,159</u>	<u>1,069,912</u>
Investment expense	<u>(34,828)</u>	<u>(134,613)</u>	<u>(169,441)</u>
<b>Net investment earnings</b>	<u>483,925</u>	<u>416,546</u>	<u>900,471</u>
Total additions	<u>1,189,474</u>	<u>1,299,336</u>	<u>2,488,810</u>
<b>Deductions</b>			
Benefits	788,354	854,688	1,643,042
Refunds of contributions	11,981	43,969	55,950
Administrative expenses	50,391	34,635	85,026
<b>Total deductions</b>	<u>850,726</u>	<u>933,292</u>	<u>1,784,018</u>
Change in net position	338,748	366,044	704,792
Net position, beginning of year	<u>13,438,681</u>	<u>14,961,571</u>	<u>28,400,252</u>
<b>Net position, end of year</b>	<u>\$ 13,777,429</u>	<u>\$ 15,327,615</u>	<u>\$ 29,105,044</u>

**CITY OF PALMETTO, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE V - OTHER INFORMATION (CONTINUED)**

**G. Other Post-Employment Benefits**

Plan Administration

The City's Retiree Health Care Plan (Plan) is a single employer defined benefit postemployment health care plan that covers eligible retired employees of the City of Palmetto. The Plan, which is administered by the City, allows employees who retire and meet retirement eligibility requirements under the City's retirement plans to purchase health insurance at the City's group rate as mandated by Florida Statutes 112.0801. For purposes of applying Paragraph 4 under Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the Plan does not meet the requirement for an other post-employment benefit plan (OPEB) administered through a trust and therefore, there are no assets accumulated to pay future benefits. The plan does not issue a stand-alone financial report.

Employees covered by benefit terms: At October 1, 2017 the date of the actuarial valuation, the following employees were covered by the benefit terms:

	<b>Measurement period As of September 30, 2019</b>
Inactive employees or beneficiaries currently receiving benefit payments	4
Active employees	107
	111

Benefits Provided

A retired employee and his or her spouse are eligible to continue health insurance identical to active employees if they meet the eligibility for retirement under the applicable Plan. The retiree is responsible for paying the entire monthly premium for health coverage including premiums for covered spouse or eligible dependents. Retiree coverage ceases upon coverage under another group policy (i.e. Medicare eligibility). Therefore, there is no liability to the City for these benefits.

Total OPEB Liability

The City's total OPEB liability, as of September 30, 2019, was measured using a discount rate of 3.58%. The measurement for the OPEB expense was October 1, 2018 to September 30, 2019. The City's total OPEB liability was measured as of September 30, 2019.

*Actuarial assumptions.* The total OPEB liability in the October 1, 2017 actuarial valuation was determined using the following actuarial assumptions:

Inflation rate	2.50%
Salary increase rate	Varies by Service
Discount rate	3.58%
Initial healthcare cost trend rate	8.50%
Ultimate trend rate	4.00%
Years to ultimate	55

**CITY OF PALMETTO, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
September 30, 2019

**NOTE V - OTHER INFORMATION (CONTINUED)**

**G. Other Post-Employment Benefits (Continued)**

Mortality rates for non-disabled participants were based on the RP-2000 mortality tables, projected generationally with Improvement Scale BB.

Mortality rates for disabled participants were based on the RP-2000 mortality tables with no projections.

Discount rate

Given the City's decision not to fund the program, all future benefit payments were discounted using a high-quality municipal bond rate of 3.58%. The high-quality municipal bond rate was based on 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 Ratings Services, Aa2 by Moody's or AA by Fitch. If there are multiple ratings, the lowest rating is used.

Changes in the Total OPEB Liability

	<b>Increase (Decrease)</b>
Beginning balance	\$ 288,454
<b>Changes for the year:</b>	
Service cost	15,026
Interest	12,290
Changes of assumptions	15,158
Benefit payments	(19,075)
<b>Net changes</b>	<b>23,399</b>
Ending balance	<b>\$ 311,853</b>

Changes in assumptions reflect a change in the discount rate from 4.18% for the reporting period ending September 30, 2018, to 3.58% for the reporting period ending September 30, 2019.

**CITY OF PALMETTO, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
September 30, 2019

**NOTE V - OTHER INFORMATION (CONTINUED)**

**G. Other Post-Employment Benefits (Continued)**

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 one percentage-point lower 2.58% or one percentage-point higher 4.58% than the current discount rate:

	<b>1% Decrease 2.58%</b>	<b>Discount Rate 3.58%</b>	<b>1% Increase 4.58%</b>
Total OPEB liability (asset)	\$ 339,904	\$ 311,853	\$ 287,225

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 one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	<b>1% Decrease 3.00%- 7.50%</b>	<b>Healthcare Cost Trend Rates 4.00%- 8.50%</b>	<b>1% Increase 5.00%- 9.50%</b>
Total OPEB liability	\$ 276,892	\$ 311,853	\$ 353,569

For the year ended September 30, 2019, the City recognized OPEB expense of \$29,630. At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes of assumptions	\$ 12,993	\$ 9,259

The amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB are recognized in OPEB expenses as follows:

<b>Year ended: September 30,</b>		
2020	\$	314
2021	\$	314
2022	\$	314
2023	\$	314
2024	\$	311
Thereafter	\$	2,167

**CITY OF PALMETTO, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2019**

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**NOTE V - OTHER INFORMATION (CONTINUED)**

**H. Contingent Liabilities**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City Attorney that resolution of these matters will not have a material adverse effect on the financial condition of the City.

**I. Deferred Compensation Plan**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All amounts of compensation deferred under the plan are held in trust on behalf of the employees. Accordingly, the assets are not reported in these financial statements.

**J. Subsequent Events**

As of September 30, 2019, the CRA entered into a contract and are currently performing their due diligence on nineteen parcels for approximately \$2,000,000. At the conclusion of the due diligence process, it is anticipated the CRA will move forward with the contract. The CRA intends to use the properties for sustainable housing.

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## REQUIRED SUPPLEMENTARY INFORMATION

PAGE

In accordance with the Governmental Accounting Standards Board Statement Number 34, the following budgetary comparisons for the Governmental Funds include: General, CRA, and Road and Bridge Funds.

### **Budget (GAAP Basis) and Actual**

Schedule of Revenues, Expenditures, and Changes in Fund Balance - General Fund	102
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Community Redevelopment Agency	103
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Road and Bridge Fund	104

In accordance with the Governmental Accounting Standards Board Statement Numbers 67 *Financial Reporting for Pension Plans*, implemented in fiscal year 2014, and 68 *Accounting and Financial Reporting for Pensions - An Amendment of GASB No. 27*, implemented in fiscal year 2015, the following is the historical trend information of the City's Pension Trust Funds.

### **Pension Trust Funds**

#### **Palmetto General Employees' Pension Plan**

Schedule of Changes in the City's Net Pension Liability and Related Ratios	105
Schedule of Contributions	106
Schedule of Investment Returns	108

#### **Palmetto Police Officers' Pension Plan**

Schedule of Changes in the City's Net Pension Liability and Related Ratios	109
Schedule of Contributions	110
Schedule of Investment Returns	112

In accordance with the Governmental Accounting Standards Board Statement Number 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, implemented in fiscal year 2018, the following is the historical trend information of the City's other post-employment benefit.

<b>Schedule of Changes in the City's OPEB Liability and Related Ratios</b>	<b>113</b>
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**CITY OF PALMETTO, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET**  
**(GAAP BASIS) AND ACTUAL**  
**GENERAL FUND**  
**For the Year Ended September 30, 2019**

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES</b>				
Taxes				
Property	\$ 4,880,587	\$ 4,897,309	\$ 4,903,205	\$ 5,896
Sales	1,034,416	2,015,565	2,022,593	7,028
Utility	1,166,274	1,249,304	1,249,304	--
Motor fuel	11,500	11,649	11,608	(41)
Other	818,083	857,981	873,901	15,920
Permits, fees, and special assessments	1,382,040	1,663,927	1,663,967	40
Intergovernmental revenues	6,000	127,306	113,331	(13,975)
Fines and forfeitures	48,500	72,484	61,499	(10,985)
Charges for services	880,014	903,600	829,690	(73,910)
Interest earnings	76,800	151,546	370,460	218,914
Miscellaneous	159,293	195,903	187,993	(7,910)
Impact fees	--	132,598	132,598	--
Total revenues	<u>10,463,507</u>	<u>12,279,172</u>	<u>12,420,149</u>	<u>140,977</u>
<b>EXPENDITURES</b>				
Current				
General government				
Commission	272,374	277,374	253,803	23,571
City Clerk	2,314,185	2,325,879	2,275,629	50,250
City Attorney	266,247	306,247	286,756	19,491
Finance	684,634	686,596	644,570	42,026
Human resources	203,193	204,138	179,403	24,735
Total general government	<u>3,740,633</u>	<u>3,800,234</u>	<u>3,640,161</u>	<u>160,073</u>
Public Safety				
Police	4,465,405	4,500,785	4,237,346	263,439
Code enforcement	225,049	236,269	137,546	98,723
Planning and zoning	221,284	244,602	225,266	19,336
Building department	352,049	446,507	371,698	74,809
Total public safety	<u>5,263,787</u>	<u>5,428,163</u>	<u>4,971,856</u>	<u>456,307</u>
Recreation				
Parks and recreation	640,200	640,798	500,883	139,915
Events and facilities	171,503	171,503	159,357	12,146
Total recreation	<u>811,703</u>	<u>812,301</u>	<u>660,240</u>	<u>152,061</u>
Economic and physical environment				
Information technology	479,996	483,154	466,600	16,554
Public works administration	715,749	708,276	659,634	48,642
Fleet management	227,418	227,418	195,900	31,518
Total economic and physical environment	<u>1,423,163</u>	<u>1,418,848</u>	<u>1,322,134</u>	<u>96,714</u>
Capital outlay	381,238	1,970,282	898,094	1,072,188
Debt service principal and interest	313,199	290,067	309,207	(19,140)
Total expenditures	<u>11,933,723</u>	<u>13,719,895</u>	<u>11,801,692</u>	<u>1,918,203</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,470,216)</u>	<u>(1,440,723)</u>	<u>618,457</u>	<u>2,059,180</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,039,978	1,154,412	1,009,978	(144,434)
Transfers out	--	(29,251)	(29,251)	--
Capital leases	315,087	266,405	266,405	--
Proceeds from issuance of debt	--	--	369,697	369,697
Payments from issuance of debt	--	--	(339,378)	(339,378)
Total other financing sources (uses)	<u>1,355,065</u>	<u>1,391,566</u>	<u>1,277,451</u>	<u>(114,115)</u>
Net change in fund sources (uses)	<u>(115,151)</u>	<u>(49,157)</u>	<u>1,895,908</u>	<u>1,945,065</u>
Fund balances - beginning	<u>9,899,578</u>	<u>9,899,578</u>	<u>9,899,578</u>	<u>--</u>
Fund balances - ending	<u>\$ 9,784,427</u>	<u>\$ 9,850,421</u>	<u>\$ 11,795,486</u>	<u>\$ 1,945,065</u>

**CITY OF PALMETTO, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET**  
**(GAAP BASIS) AND ACTUAL**  
**COMMUNITY REDEVELOPMENT AGENCY (CRA) FUND**  
**For the Year Ended September 30, 2019**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES</b>				
Taxes				
Property	\$ 3,815,591	\$ 3,812,836	\$ 3,812,836	\$ --
Intergovernmental revenues	--	170,506	170,506	--
Interest earnings	35,000	35,000	101,977	66,977
Miscellaneous	11,316	11,316	116,558	105,242
Total revenues	<u>3,861,907</u>	<u>4,029,658</u>	<u>4,201,877</u>	<u>172,219</u>
<b>EXPENDITURES</b>				
Economic and physical environment	2,624,554	2,639,769	1,678,775	960,994
Capital outlay				
Streets	50,000	55,004	2,400	52,604
Other	1,951,779	4,614,164	1,727,349	2,886,815
Debt service principal and interest	269,750	269,750	263,430	6,320
Total expenditures	<u>4,896,083</u>	<u>7,578,687</u>	<u>3,671,954</u>	<u>3,906,733</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,034,176)</u>	<u>(3,549,029)</u>	<u>529,923</u>	<u>4,078,952</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(79,654)</u>	<u>(334,459)</u>	<u>(334,459)</u>	<u>--</u>
Total other financing sources (uses)	<u>(79,654)</u>	<u>(334,459)</u>	<u>(334,459)</u>	<u>--</u>
Net change in fund sources (uses)	(1,113,830)	(3,883,488)	195,464	4,078,952
Fund balances - beginning	3,883,488	3,883,488	3,883,488	--
Fund balances - ending	<u>\$ 2,769,658</u>	<u>\$ --</u>	<u>\$ 4,078,952</u>	<u>\$ 4,078,952</u>

**CITY OF PALMETTO, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET**  
**(GAAP BASIS) AND ACTUAL**  
**ROAD AND BRIDGE FUND**  
**For the Year Ended September 30, 2019**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES</b>				
Taxes				
Motor fuel	\$ 1,600,608	\$ 1,591,592	\$ 1,591,610	\$ 18
Intergovernmental revenues	--	831	831	--
Charges for services	129,431	129,431	129,537	106
Interest earnings	15,000	27,580	32,802	5,222
Miscellaneous	384	13,948	13,948	--
Impact fees	--	56,931	56,931	--
Total revenues	<u>1,745,423</u>	<u>1,820,313</u>	<u>1,825,659</u>	<u>5,346</u>
<b>EXPENDITURES</b>				
Highways and streets	1,189,255	1,376,531	1,114,485	262,046
Capital outlay				
Streets	68,470	82,450	82,450	--
Debt service principal and interest	314,517	313,196	381,928	(68,732)
Total expenditures	<u>1,572,242</u>	<u>1,772,177</u>	<u>1,578,863</u>	<u>193,314</u>
Excess (deficiency) of revenues over (under) expenditures	<u>173,181</u>	<u>48,136</u>	<u>246,796</u>	<u>198,660</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(246,651)	(750,361)	(750,361)	--
Capital leases	68,470	70,700	70,700	--
Proceeds from issuance of debt	--	--	980,769	980,769
Payments from issuance of debt	--	--	(900,336)	(900,336)
Total other financing sources (uses)	<u>(178,181)</u>	<u>(679,661)</u>	<u>(599,228)</u>	<u>80,433</u>
Net change in fund sources (uses)	(5,000)	(631,525)	(352,432)	279,093
Fund balances - beginning	1,936,726	1,936,726	1,936,726	--
Fund balances - ending	<u>\$ 1,931,726</u>	<u>\$ 1,305,201</u>	<u>\$ 1,584,294</u>	<u>\$ 279,093</u>

**CITY OF PALMETTO, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS**  
**PALMETTO GENERAL EMPLOYEES' PENSION PLAN**  
**Last Ten Fiscal Years (1)**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>Total pension liability</b>						
Service cost	\$ 388,341	\$ 406,052	\$ 432,504	\$ 340,367	\$ 356,601	\$ 376,299
Interest	1,098,660	1,125,493	1,167,342	1,077,822	1,100,191	1,126,047
Differences between expected and actual experience	--	(473,204)	(598,066)	(91,591)	(104,875)	(357,867)
Changes of assumptions	--	481,905	(137,785)	--	--	--
Benefit payments, including refunds of employee contributions	<u>(1,213,674)</u>	<u>(1,080,222)</u>	<u>(937,187)</u>	<u>(940,734)</u>	<u>(1,105,822)</u>	<u>(898,657)</u>
Net change in total pension liability	273,327	460,024	(73,192)	385,864	246,095	245,822
Total pension liability - beginning	<u>14,867,301</u>	<u>15,140,628</u>	<u>15,600,652</u>	<u>15,527,460</u>	<u>15,913,324</u>	<u>16,159,419</u>
Total pension liability - ending (a)	<u>\$ 15,140,628</u>	<u>\$ 15,600,652</u>	<u>15,527,460</u>	<u>15,913,324</u>	<u>16,159,419</u>	<u>16,405,241</u>
<b>Plan fiduciary net position</b>						
Contributions - employer	\$ 837,688	\$ 859,333	836,906	854,277	773,083	721,806
Contributions - employee	133,816	140,131	144,902	148,466	157,785	160,975
Net investment income	923,158	179,086	928,197	1,443,970	1,379,409	416,451
Benefit payments, including refunds of employee contributions	(1,213,674)	(1,080,222)	(937,187)	(940,734)	(1,105,822)	(898,657)
Administrative expense	<u>(20,097)</u>	<u>(27,272)</u>	<u>(25,909)</u>	<u>(39,707)</u>	<u>(27,759)</u>	<u>(34,635)</u>
Net change in plan fiduciary net position	660,891	71,056	946,909	1,466,272	1,176,696	365,940
Plan fiduciary net position - beginning	<u>10,639,447</u>	<u>11,300,338</u>	<u>11,371,394</u>	<u>12,318,303</u>	<u>13,784,575</u>	<u>14,961,271</u>
Plan fiduciary net position - ending (b)	<u>\$ 11,300,338</u>	<u>\$ 11,371,394</u>	<u>12,318,303</u>	<u>13,784,575</u>	<u>14,961,271</u>	<u>15,327,211</u>
City's net pension liability - ending (a - b)	<u>\$ 3,840,290</u>	<u>\$ 4,229,258</u>	<u>3,209,157</u>	<u>2,128,749</u>	<u>1,198,148</u>	<u>1,078,030</u>
Plan fiduciary net position as a percentage of the total pension liability	74.64 %	72.89 %	79.33 %	86.62 %	92.59 %	93.43 %
Covered payroll (2)	\$ 2,676,320	\$ 2,938,908	2,898,036	2,969,332	3,155,700	3,219,489
City's net pension liability as a percentage of covered payroll	143.49 %	143.91 %	110.74 %	71.69 %	37.97 %	33.48 %

**Notes to the Schedule:**

(1) GASB 68 was implemented in fiscal year 2015. Information necessary for this table will accumulate until 10 years of data is available.

(2) The covered payroll numbers shown are in compliance with GASB 82, except for the 9/30/2015 measurement period which includes DROP payroll.

*Changes of assumptions:*

Changes of assumptions made August 26, 2016: Salary increases, Normal and Early Retirement Rates, Withdrawal Rates, Investment Return

Additionally, the inflation assumption rate was lowered from 3.00% to 2.30%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

Changes of assumptions made in the October 1, 2017 valuation included a change in the mortality assumption to reflect changes from the rates utilized by the Florida Retirement System in the July 1, 2015 valuation to those utilized in the July 1, 2016 valuation for other than special risk employees.

**CITY OF PALMETTO, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CONTRIBUTIONS**  
**PALMETTO GENERAL EMPLOYEES' PENSION PLAN**  
**Last Ten Fiscal Years (1)**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Actuarially determined contribution	\$ 837,688	\$ 859,281	\$ 836,083	\$ 854,277	\$ 772,200	\$ 721,809
Contributions in relation to the actuarially determined contributions	<u>837,688</u>	<u>859,333</u>	<u>836,906</u>	<u>854,277</u>	<u>773,083</u>	<u>721,806</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ (52)</u>	<u>\$ (823)</u>	<u>\$ --</u>	<u>\$ (883)</u>	<u>\$ 3</u>
Covered payroll (2)	2,676,320	2,938,908	2,898,036	2,969,332	3,155,700	3,219,489
Contributions as a percentage of covered payroll	31.30 %	29.24 %	28.88 %	28.77 %	24.50 %	22.42 %

**Notes to the Schedule:**

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Valuation date	October 1, 2017
Funding method	Entry age normal actuarial cost method (level percent of pay).
Amortization method	Level dollar, closed
Remaining amortization period	20 years (as of 10/1/2015)
Mortality	Mortality Rate Healthy Inactive Lives: Female: RP 2000 Generational, 100% Annuitant White Collar, Scale BB.Male: RP 2000 Generational, 50% Annuitant White Collar / 50% Annuitant Blue Collar, Scale BB.Mortality Rate Healthy Active Lives:Female: RP2000 Generational, 100% Combined Healthy (previously Annuitant) White Collar, Scale BB.Male: RP2000 Generational, 50% Combined Healthy (previously Annuitant) White Collar / 50% Combined Healthy Blue Collar, Scale BB.
Interest rate	7% per year compounded annually, net of investment related expenses.
Inflation	2.30% per year
Cost of living adjustments	None
Payroll increases	None
Actuarial value of assets	The Actuarial Value of Assets utilize four-year smoothing methodology. The annual difference between expected and actual investment earnings (Market Value, net of investment-related expenses), is phased-in over a four-year period.

Normal Retirement Age (3):

<u>Years of Service</u>	<u>Age</u>	<u>Probability of Retirement</u>
10-29 years	60-63	80%
10-29 years	64-69	25%
10-29 years	70+	100%
30	All	33%
31	All	33%
32 + years	All	100%

Early Retirement Age:

A 10% probability of early retirement is assumed for each year of early retirement eligibility between the ages of 55 and 59. This assumption was approved by the Board as the result of an Experience Study for the period October 1, 2009 through September 30, 2015.

Salary increases:

<b>Years of Service</b>	<b>Rates</b>
0-2 years	6.00%
3-9 years	4.50%
10 or more years	4.00%

Disability Rates:

<b>Age</b>	<b>Probability of Disability</b>
25	0.09%
30	0.12%
35	0.14%
40	0.25%
45	0.35%
50	0.55%
55	0.74%
60	0.97%
65 and older	1.19%

Termination rates:

<b>Sample Age</b>	<b>Years of service</b>	<b>% of Active Members Separating Within Next Year</b>
All	0-3 years	15%
	4 - 9 years	8.5%
	10 - 14 years	7.5%
	15 - 19 years	5%
	20 or more years	0%

Terminal leave pay:

<b>Credited Service as of 10/1/2012</b>	<b>Liability Loan</b>
10 or more years	4.5%
At least 5, less than 10 years	3.0%
Less than 5 years	0.0%

(1) GASB 68 was implemented in fiscal year 2015. Information necessary for this table will accumulate until 10 years of data is available.

(2) The covered payroll numbers shown are in compliance with GASB 82, except for the 9/30/2015 measurement period which includes DROP payroll.

(3) The rates above were previously adopted by the Board as the result of an Experience Study for the period of October 1, 2000 through September 30, 2007.

**CITY OF PALMETTO, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF INVESTMENT RETURNS**  
**PALMETTO GENERAL EMPLOYEES' PENSION PLAN**  
**Last Ten Fiscal Years (1)**

---

	<b>September 30, 2014</b>	<b>September 30, 2015</b>	<b>September 30, 2016</b>	<b>September 30, 2017</b>	<b>September 30, 2018</b>	<b>September 30, 2019</b>
Annual money-weighted rate of return net of investment expense	8.77 %	1.61 %	8.18 %	11.78 %	10.07 %	2.81 %

**Notes to the Schedule**

(1) GASB 68 was implemented in fiscal year 2015. Information necessary for this table will accumulate until 10 years of data is available.



**CITY OF PALMETTO, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS**  
**PALMETTO POLICE OFFICERS' PENSION PLAN**  
**Last Ten Fiscal Years (1)**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>Total pension liability</b>						
Service cost	\$ 393,530	\$ 375,644	\$ 392,233	\$ 332,469	\$ 341,648	\$ 340,650
Interest	883,658	933,499	975,789	984,780	1,016,788	1,068,270
Differences between expected and actual experience	--	(498,919)	(332,570)	81,800	173,880	(713,554)
Changes of assumptions	--	541,965	485,432	220,697	163,140	--
Benefit payments, including refunds of employee contributions	<u>(585,282)</u>	<u>(621,699)</u>	<u>(703,105)</u>	<u>(1,073,813)</u>	<u>(708,481)</u>	<u>(800,334)</u>
Net change in total pension liability	691,906	730,490	817,779	545,933	986,975	(104,968)
Total pension liability - beginning	<u>11,547,437</u>	<u>12,239,343</u>	<u>12,969,833</u>	<u>13,787,612</u>	<u>14,333,545</u>	<u>15,320,520</u>
Total pension liability - ending (a)	<u>\$ 12,239,343</u>	<u>\$ 12,969,833</u>	<u>\$ 13,787,612</u>	<u>14,333,545</u>	<u>15,320,520</u>	<u>15,215,552</u>
<b>Plan fiduciary net position</b>						
Contributions - employer	\$ 426,776	\$ 437,216	\$ 442,836	525,731	452,774	480,634
Contributions - state	97,971	103,281	114,200	121,071	130,363	131,486
Contributions - employee	74,568	77,319	82,118	86,729	85,229	89,571
Net investment income	1,032,897	(94,890)	1,076,748	1,308,549	1,169,844	422,898
Benefit payments, including refunds of employee contributions	(585,282)	(621,699)	(703,105)	(1,073,813)	(708,481)	(800,334)
Administrative expense	<u>(16,881)</u>	<u>(24,018)</u>	<u>(31,438)</u>	<u>(32,154)</u>	<u>(30,797)</u>	<u>(50,391)</u>
Net change in plan fiduciary net position	1,030,049	(122,791)	981,359	936,113	1,098,932	273,864
Plan fiduciary net position - beginning	<u>9,579,905</u>	<u>10,609,954</u>	<u>10,487,163</u>	<u>11,468,522</u>	<u>12,404,635</u>	<u>13,503,567</u>
Plan fiduciary net position - ending (b)	<u>\$ 10,609,954</u>	<u>\$ 10,487,163</u>	<u>\$ 11,468,522</u>	<u>12,404,635</u>	<u>13,503,567</u>	<u>13,777,431</u>
City's net pension liability - ending (a - b)	<u>\$ 1,629,389</u>	<u>\$ 2,482,670</u>	<u>\$ 2,319,090</u>	<u>1,928,910</u>	<u>1,816,953</u>	<u>1,438,121</u>
Plan fiduciary net position as a percentage of the total pension liability	86.69 %	80.86 %	83.18 %	86.54 %	88.14 %	90.55 %
Covered payroll (2)	\$ 1,491,360	\$ 1,663,139	\$ 1,642,361	1,734,587	1,704,571	1,791,416
City's net pension liability as a percentage of covered payroll	109.26 %	149.28 %	141.20 %	111.20 %	106.59 %	80.28 %

**Notes to the Schedule:**

(1) GASB 68 was implemented in fiscal year 2015. Information necessary for this table will accumulate until 10 years of data is available.

(2) The covered payroll numbers shown are in compliance with GASB 82, except for the 9/30/2015 measurement period which includes DROP payroll.

*Changes of assumptions:*

For measurement date 9/30/2017, as required by Chapter 2015-157, Laws of Florida, the assumed rates of mortality have been changed from those in the July 1, 2015 Florida Retirement System (FRS) valuation report to those used in the July 1, 2016 FRS valuation report.

For measurement date 9/30/2016, amounts reported as changes of assumptions was a result of the Experience Study dated 8/26/2016, the Board approved the following changes of assumptions: Salary increases and Withdrawal Rates

The investment return assumption will be lowered from the current 7.50% rate by the following schedule: 10/1/2016 - 7.25%; 10/1/2017 - 7.10%; 10/1/2018 - 7.00%

Inflation assumption rate was lowered from 3.00% to 2.50%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

**CITY OF PALMETTO, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CONTRIBUTIONS**  
**PALMETTO POLICE OFFICERS' PENSION PLAN**  
**Last Ten Fiscal Years (1)**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Actuarially determined contribution	\$ 524,660	\$ 536,596	\$ 551,341	\$ 640,930	\$ 557,736	\$ 610,335
Contributions in relation to the actuarially determined contributions	<u>524,747</u>	<u>540,497</u>	<u>557,036</u>	<u>646,802</u>	<u>583,137</u>	<u>612,120</u>
Contribution deficiency (excess)	<u>\$ (87)</u>	<u>\$ (3,901)</u>	<u>\$ (5,695)</u>	<u>\$ (5,872)</u>	<u>\$ (25,401)</u>	<u>\$ (1,785)</u>
Covered payroll (2)	1,491,360	1,663,139	1,642,361	1,734,587	1,704,571	1,791,416
Contributions as a percentage of covered payroll	35.19 %	32.50 %	33.92 %	37.29 %	34.21 %	34.17 %

**Notes to the Schedule:**

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Valuation date	October 1, 2017
Funding method	Entry age normal actuarial cost method (level percent of pay).
Amortization method	Level dollar
Remaining amortization period	25 years (as of 10/1/2014)
Mortality	Mortality Rate Healthy Inactive Lives: Female: RP 2000 Generational, 100% Annuitant White Collar, Scale BB.Male: RP 2000 Generational, 10% Annuitant White Collar / 90% Annuitant Blue Collar, Scale BB.Mortality Rate Healthy Active Lives:Female: RP2000 Generational, 100% Combined Healthy (previously Annuitant) White Collar, Scale BB.Male: RP2000 Generational, 10% Combined Healthy (previously Annuitant) White Collar / 90% Combined Healthy Blue Collar, Scale BB.Mortality Rates Disabled Lives:Female: 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale. Male: 60% RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale.
Interest rate	7.10% per year compounded annually, net of investment related expenses.
Inflation	2.50% per year
Cost of living adjustments	None
Payroll increases	None
Actuarial value of assets	The Actuarial Value of Assets utilize four-year smoothing methodology. The annual difference between expected and actual investment earnings (Market Value, net of investment-related expenses), is phased-in over a four-year period.

Normal Retirement Age:

<b>Number of Years after First Eligibility for Normal Retirement</b>	<b>Probability of Retirement</b>
0 years	80%
1-4 years	40%
5 years	100%

Early Retirement Age: 5% for each eligible year

---

Salary increases:

<b>Years of Service</b>	<b>Rates</b>
Less than 1	8.0%
1-4	5.5%
5 or more	5.0%

Disability Rates:

<b>Age</b>	<b>Probability of Disability</b>
25	0.15%
30	0.18%
35	0.23%
40	0.30%
45	0.51%
50	1.00%

It is assumed that 75% of disablements and active member deaths are service related.

Termination rates:

<b>Years of Service</b>	<b>% of Active Members Separating within Next Year</b>
0-5	8.0%
7-14	6.0%
15 or more	-%

Terminal leave pay:

<b>Credited Service as of 10/1/2011</b>	<b>Liability Loan</b>
10 or more years	4.5%
1 - 10 years	3.5%
Less than 1 year	0.0%

(1) GASB 68 was implemented in fiscal year 2015. Information necessary for this table will accumulate until 10 years of data is available.

(2) The covered payroll numbers shown are in compliance with GASB 82, except for the 9/30/2015 measurement period which includes DROP payroll.

**CITY OF PALMETTO, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF INVESTMENT RETURNS**  
**POLICE PENSION TRUST FUND**  
**Last Ten Fiscal Years (1)**

	<u>September 30, 2014</u>	<u>September 30, 2015</u>	<u>September 30, 2016</u>	<u>September 30, 2017</u>	<u>September 30, 2018</u>	<u>September 30, 2019</u>
Annual money-weighted rate of return net of investment expense	10.85 %	(0.90)%	10.33 %	11.46 %	9.46 %	3.17 %

**Notes to the Schedule**

(1) GASB 68 was implemented in fiscal year 2015. Information necessary for this table will accumulate until 10 years of data is available.

**CITY OF PALMETTO, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS**

Last Ten Fiscal Years (1)

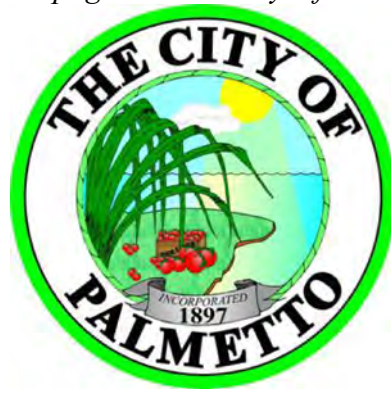
	<u>2018</u>	<u>2019</u>
<b>Total OPEB liability</b>		
Service cost	\$ 15,911	\$ 15,026
Interest	10,898	12,290
Changes of assumptions	(12,960)	15,158
Benefit payment	<u>(17,581)</u>	<u>(19,075)</u>
Net change in total OPEB liability	(3,732)	23,399
Total OPEB liability - beginning	<u>292,186</u>	<u>288,454</u>
Total OPEB liability - ending	<u>\$ 288,454</u>	<u>\$ 311,853</u>
Covered payroll	\$ 5,312,728	\$ 5,859,514
Total OPEB Liability as a percentage of covered payroll	5.43 %	5.32 %

Changes in benefit terms. There were no changes in benefit terms during the year ended September 30, 2019 .

Changes in assumptions: There was a change in the discount rate from the reporting period ending September 30, 2018 which was 4.18% to 3.58% for the report period ending September 30, 2019.

(1) In accordance with Governmental Accounting Standards Board Statement Number 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, implemented in Fiscal Year 2018, the City's other postemployment benefit plan historical schedule is presented to illustrate the requirement to show information for 10 years. Information necessary for this table will accumulate until 10 years of data is available.

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## COMBINING FUND STATEMENTS AND SCHEDULES

These financial statements provide a more detailed view of the "Basic Financial Statements" presented in the preceding section.

Combining statements are presented when there are more than one fund of a given fund type. Individual fund statements are presented when there is only one fund of a given type. They are also necessary to present non-major capital project fund budgetary comparisons.

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**CITY OF PALMETTO, FLORIDA**  
**OTHER SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET**  
**(GAAP BASIS) AND ACTUAL**  
**CAPITAL PROJECTS FUND**  
**For the Year Ended September 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental revenues	\$ --	\$ 579,308	\$ 26,440	\$ (552,868)
Total revenues	--	579,308	26,440	(552,868)
<b>EXPENDITURES</b>				
Capital outlay				
Streets	--	1,093,710	479,891	613,819
Other	--	532,580	111,033	421,547
Total expenditures	--	1,626,290	590,924	1,035,366
Excess (deficiency) of revenues over (under) expenditures	--	(1,046,982)	(564,484)	482,498
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	--	497,766	497,766	--
Total other financing sources (uses)	--	497,766	497,766	--
Net change in fund sources (uses)	--	(549,216)	(66,718)	482,498
Fund balances - beginning	707,814	707,814	707,814	--
Fund balances - ending	\$ 707,814	\$ 158,598	\$ 641,096	\$ 482,498



**CITY OF PALMETTO, FLORIDA**  
**OTHER SUPPLEMENTARY INFORMATION**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**September 30, 2019**

	<b>Palmetto Police Officers' Pension Plan</b>	<b>Palmetto General Employees' Pension Plan</b>	<b>Total Fiduciary Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 319	\$ 404	\$ 723
Accounts receivable	57,769	--	57,769
Interest and dividends receivable	8,678	28,853	37,531
Prepaid benefits	65,193	70,480	135,673
Investments			
Money market funds	162,405	551,695	714,100
U. S. government securities	1,230,578	1,208,629	2,439,207
Corporate bonds	379,294	793,741	1,173,035
Corporate stocks	1,097,817	8,524,373	9,622,190
Mutual funds	9,260,759	2,576,815	11,837,574
Alternative investments	1,514,940	1,572,625	3,087,565
Total investments	<u>13,645,793</u>	<u>15,227,878</u>	<u>28,873,671</u>
Total assets	<u>13,777,752</u>	<u>15,327,615</u>	<u>29,105,367</u>
<b>LIABILITIES</b>			
Accounts payable	<u>323</u>	<u>--</u>	<u>323</u>
Total liabilities	<u>323</u>	<u>--</u>	<u>323</u>
<b>NET POSITION</b>			
Restricted for pension benefits	<u>\$ 13,777,429</u>	<u>\$ 15,327,615</u>	<u>\$ 29,105,044</u>

**CITY OF PALMETTO, FLORIDA**  
**OTHER SUPPLEMENTARY INFORMATION**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**For the Year Ended September 30, 2019**

	<b>Palmetto Police Officers' Pension Plan</b>	<b>Palmetto General Employees' Pension Plan</b>	<b>Total Fiduciary Funds</b>
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 480,635	\$ 721,806	\$ 1,202,441
Plan members	89,571	160,974	250,545
State (from the General Fund)	131,486	--	131,486
Miscellaneous	3,857	10	3,867
Total contributions:	<u>705,549</u>	<u>882,790</u>	<u>1,588,339</u>
Investment earnings			
Interest	55,323	45,422	100,745
Dividends	319,740	239,874	559,614
Net increase in the fair value of investments	143,690	265,863	409,553
Total investment earnings	518,753	551,159	1,069,912
Less investment expense	(34,828)	(134,613)	(169,441)
Net investment earnings	<u>483,925</u>	<u>416,546</u>	<u>900,471</u>
Total additions	<u>1,189,474</u>	<u>1,299,336</u>	<u>2,488,810</u>
<b>DEDUCTIONS</b>			
Benefits	788,354	854,688	1,643,042
Refunds of contributions	11,981	43,969	55,950
Administrative expenses	50,391	34,635	85,026
Total deductions	<u>850,726</u>	<u>933,292</u>	<u>1,784,018</u>
Change in net position	338,748	366,044	704,792
Net position, beginning of year	<u>13,438,681</u>	<u>14,961,571</u>	<u>28,400,252</u>
Net position, end of year	<u>\$ 13,777,429</u>	<u>\$ 15,327,615</u>	<u>\$ 29,105,044</u>

**CITY OF PALMETTO, FLORIDA**  
**OTHER SUPPLEMENTARY INFORMATION**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FIDUCIARY FUND - AGENCY FUND**  
**September 30, 2019**

	<b>Agency Fund</b>			<b>September 30, 2019</b>
	<b>October 1, 2018</b>	<b>Additions</b>	<b>Deletions</b>	
<b>ASSETS</b>				
Cash and cash equivalents	\$ --	\$ 2,873,749	\$ (2,871,922)	\$ 1,827
Prepaid benefits	884	--	(884)	--
Total assets	<u>884</u>	<u>2,873,749</u>	<u>(2,872,806)</u>	<u>1,827</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	--	2,964,862	(2,966,689)	(1,827)
Advances from other funds	1,678	--	(1,678)	--
Total liabilities	<u>\$ 1,678</u>	<u>\$ 2,964,862</u>	<u>\$ (2,968,367)</u>	<u>\$ (1,827)</u>

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## STATISTICAL SECTION

This part of the City of Palmetto, Florida's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City's overall financial health. The following types of information are presented:

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Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**CITY OF PALMETTO, FLORIDA**  
**NET POSITION BY COMPONENT**  
Last Ten Fiscal Years  
(accrual basis of accounting)

	Fiscal Year			
	2010	2011	2012	2013 (1)
<b>Governmental Activities</b>				
Net investment in capital assets	\$ 25,413,841	\$ 27,139,012	\$ 30,654,831	\$ 31,673,980
Restricted	3,836,360	8,923,098	5,078,638	4,217,646
Unrestricted	10,257,039	5,196,210	7,684,475	7,257,727
Governmental Activities net position	<u>\$ 39,507,240</u>	<u>\$ 41,258,320</u>	<u>\$ 43,417,944</u>	<u>\$ 43,149,353</u>
<b>Business-type Activities</b>				
Net investment in capital assets	16,716,784	17,638,823	18,570,910	19,190,117
Restricted	2,033,805	469,719	530,506	488,908
Unrestricted	1,215,155	2,548,267	2,392,528	2,564,049
Total business-type activities net position	<u>\$ 19,965,744</u>	<u>\$ 20,656,809</u>	<u>\$ 21,493,944</u>	<u>\$ 22,243,074</u>
<b>Primary Government</b>				
Net investment in capital assets	\$ 42,130,625	\$ 44,777,835	\$ 49,225,741	\$ 50,864,097
Restricted	5,870,165	9,392,817	5,609,144	4,706,554
Unrestricted	11,472,194	7,744,477	10,077,003	9,821,776
Total primary government net position	<u>\$ 59,472,984</u>	<u>\$ 61,915,129</u>	<u>\$ 64,911,888</u>	<u>\$ 65,392,427</u>

(1) GASB 63 & 65 was implemented during fiscal year 2013. Prior to this, Net Position was termed Net Assets and Net Investment in Capital Assets was titled Invested in Capital Assets, Net of Related Debt.

(2) GASB 68 and 71 was implemented during fiscal year 2015. Prior to this net pension liability and associated deferred inflows and outflows of pension resources were not recorded.

<b>Fiscal Year</b>					
<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
	<b>(2)</b>				
\$ 32,241,516	\$ 33,319,038	\$ 33,506,241	\$ 34,364,152	\$ 35,933,864	\$ 38,025,148
3,193,316	3,567,422	4,378,810	5,751,126	8,872,485	9,505,182
6,679,783	3,030,809	3,140,557	4,160,584	3,620,287	5,111,856
<u>\$ 42,114,615</u>	<u>\$ 39,917,269</u>	<u>\$ 41,025,608</u>	<u>\$ 44,275,862</u>	<u>\$ 48,426,636</u>	<u>\$ 52,642,186</u>
21,989,061	21,533,620	22,947,006	24,414,011	24,524,166	26,379,526
245,743	906,723	1,012,806	1,120,585	1,121,064	653,354
2,929,840	3,731,428	3,937,734	4,927,292	7,184,686	9,128,614
<u>\$ 25,164,644</u>	<u>\$ 26,171,771</u>	<u>\$ 27,897,546</u>	<u>\$ 30,461,888</u>	<u>\$ 32,829,916</u>	<u>\$ 36,161,494</u>
\$ 54,230,577	\$ 54,852,658	\$ 56,453,247	\$ 58,778,163	\$ 60,458,030	\$ 64,404,674
3,439,059	4,474,145	5,391,616	6,871,711	9,993,549	10,158,536
9,609,623	6,762,237	7,078,291	9,087,876	10,804,973	14,240,470
<u>\$ 67,279,259</u>	<u>\$ 66,089,040</u>	<u>\$ 68,923,154</u>	<u>\$ 74,737,750</u>	<u>\$ 81,256,552</u>	<u>\$ 88,803,680</u>

**CITY OF PALMETTO, FLORIDA**  
**CHANGES IN NET POSITION**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(continued on subsequent pages)**

	Fiscal Year			
	2010	2011 (1)	2012	2013 (2)
<b>Expenses</b>				
<b>Governmental activities:</b>				
General government (net of indirect allocation)	\$ 4,036,111	\$ 2,270,420	\$ 2,667,131	\$ 3,382,557
Public safety	4,648,615	4,256,660	4,432,536	4,353,495
Highways and streets	870,116	960,680	827,562	894,480
Recreation	892,002	787,011	823,114	729,485
Intergovernmental (net of indirect allocation)	3,151,831	3,068,007	2,504,506	2,582,701
Interest on long-term debt	188,221	171,188	160,217	151,233
<b>Total governmental activities expenses</b>	<b>13,786,896</b>	<b>11,513,966</b>	<b>11,415,066</b>	<b>12,093,951</b>
<b>Business-type activities:</b>				
Solid waste	2,008,625	1,974,313	1,990,565	2,075,468
Water and sewer	3,794,901	4,193,367	4,258,959	4,524,200
Stormwater	686,325	688,710	668,659	656,269
Reuse	89,366	91,761	86,689	88,650
<b>Total business-type activities expenses</b>	<b>6,579,217</b>	<b>6,948,151</b>	<b>7,004,872</b>	<b>7,344,587</b>
<b>Total primary government expenses</b>	<b>\$ 20,366,113</b>	<b>\$ 18,462,117</b>	<b>\$ 18,419,938</b>	<b>\$ 19,438,538</b>
<b>Program revenues</b>				
<b>Governmental activities:</b>				
Charges for services				
General government	1,646,668	330,820	243,076	312,316
Public safety	414,139	277,205	340,888	270,709
Highways and streets	137,268	85,349	92,720	109,443
Recreation	87,333	2,242	--	--
Operating grants and contributions	3,000	209,731	--	--
Capital grants and contributions	654,471	304,488	1,700,739	144,407
<b>Total governmental activities program revenues</b>	<b>2,942,879</b>	<b>1,209,835</b>	<b>2,377,423</b>	<b>836,875</b>
<b>Business-type activities:</b>				
Charges for services				
Solid waste	2,155,751	2,124,827	2,088,560	2,136,874
Water and sewer	4,653,542	4,805,767	4,815,175	4,897,027
Stormwater	804,251	788,920	788,563	785,132
Reuse	184,702	187,480	188,069	189,698
Capital grants and contributions	132,575	912,043	211,618	513,359
<b>Total business-type activities program revenues</b>	<b>7,930,821</b>	<b>8,819,037</b>	<b>8,091,985</b>	<b>8,522,090</b>
<b>Total primary government program revenues</b>	<b>10,873,700</b>	<b>10,028,872</b>	<b>10,469,408</b>	<b>9,358,965</b>
<b>Net (Expense)/Revenue</b>				
Government activities	\$ (10,844,017)	\$ (10,304,131)	\$ (9,037,643)	\$ (11,257,076)
Business-type activities	1,351,604	1,870,886	1,087,113	1,177,503
<b>Total primary government net expense</b>	<b>(9,492,413)</b>	<b>(8,433,245)</b>	<b>(7,950,530)</b>	<b>(10,079,573)</b>



Fiscal Year						
2014	2015 (3)	2016	2017	2018	2019	
\$ 3,434,529	\$ 2,761,333	\$ 3,063,567	\$ 3,202,580	\$ 3,389,085	\$ 3,489,138	
4,489,409	4,447,435	4,773,190	4,712,040	4,922,734	4,990,389	
1,332,919	1,030,938	1,163,107	1,004,315	1,455,875	1,529,769	
636,947	648,017	632,666	650,416	691,519	679,524	
2,634,057	2,713,354	2,699,069	2,993,731	3,087,537	3,134,261	
129,675	120,874	116,363	112,689	123,283	205,543	
<u>12,657,536</u>	<u>11,721,951</u>	<u>12,447,962</u>	<u>12,675,771</u>	<u>13,670,033</u>	<u>14,028,624</u>	
2,200,590	2,180,098	2,001,620	2,001,143	2,324,223	2,067,018	
4,744,118	4,919,816	5,255,761	5,136,548	5,272,179	5,500,925	
612,953	574,894	593,910	559,892	497,092	686,512	
113,245	130,437	158,216	143,347	165,525	169,525	
<u>7,670,906</u>	<u>7,805,245</u>	<u>8,009,507</u>	<u>7,840,930</u>	<u>8,259,019</u>	<u>8,423,980</u>	
<u>\$ 20,328,442</u>	<u>\$ 19,527,196</u>	<u>\$ 20,457,469</u>	<u>\$ 20,516,701</u>	<u>\$ 21,929,052</u>	<u>\$ 22,452,604</u>	
163,793	480,864	521,631	429,653	881,869	843,384	
375,222	146,175	188,432	197,235	244,484	314,232	
139,397	113,236	88,597	248,239	203,537	186,468	
600	35,139	33,706	40,285	143,064	116,625	
--	29,693	5,470	1,952	6,000	110,862	
334,025	554,283	220,296	224,402	506,276	82,790	
<u>1,013,037</u>	<u>1,359,390</u>	<u>1,058,132</u>	<u>1,141,766</u>	<u>1,985,230</u>	<u>1,654,361</u>	
2,177,967	2,272,215	2,170,087	2,151,687	2,166,408	2,220,651	
5,615,854	6,638,840	6,935,577	7,213,578	7,595,756	7,625,127	
785,144	781,649	786,912	778,978	798,498	810,387	
282,522	389,078	397,958	409,888	436,377	444,348	
960,091	67,137	41,303	394,126	134,437	834,777	
<u>9,821,578</u>	<u>10,148,919</u>	<u>10,331,837</u>	<u>10,948,257</u>	<u>11,131,476</u>	<u>11,935,290</u>	
<u>10,834,615</u>	<u>11,508,309</u>	<u>11,389,969</u>	<u>12,090,023</u>	<u>13,116,706</u>	<u>13,589,651</u>	
\$ (11,644,499)	\$ (10,362,561)	\$ (11,389,830)	\$ (11,534,005)	\$ (11,684,803)	\$ (12,374,263)	
2,150,672	2,343,674	2,322,330	3,107,327	2,872,457	3,511,310	
<u>(9,493,827)</u>	<u>(8,018,887)</u>	<u>(9,067,500)</u>	<u>(8,426,678)</u>	<u>(8,812,346)</u>	<u>(8,862,953)</u>	

**CITY OF PALMETTO, FLORIDA**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
**(accrual basis of accounting)**  
**(continued from previous pages)**

	Fiscal Year			
	2010	2011 (1)	2012	2013 (2)
<b>Net (Expense)/Revenue</b>				
Government activities	\$ (10,844,017)	\$ (10,304,131)	\$ (9,037,643)	\$ (11,257,076)
Business-type activities	1,351,604	1,870,886	1,087,113	1,177,503
Total primary government net expense	(9,492,413)	(8,433,245)	(7,950,530)	(10,079,573)
<b>General Revenues and Other Changes in Net Position</b>				
<b>Government activities:</b>				
Taxes				
Property taxes	8,191,906	6,315,246	6,107,019	5,802,343
Sales taxes	809,534	861,772	793,591	848,863
Utility taxes	903,826	909,987	910,783	986,029
Motor fuel taxes	1,219,376	1,227,138	1,202,520	1,194,620
Other taxes	316,025	917,678	886,666	864,389
Franchise fees	1,265,842	818,570	840,158	811,682
Interest and investment earnings	253,740	196,277	178,264	26,515
Other general revenues	--	--	--	--
Transfers	(1,390,556)	808,543	278,266	454,044
Total government activities	11,569,693	12,055,211	11,197,267	10,988,485
<b>Business-type activities:</b>				
Investment earnings	29,487	29,989	28,288	25,671
Transfers	1,390,556	(808,543)	(278,266)	(454,044)
Total business-type activities	1,420,043	(778,554)	(249,978)	(428,373)
Total primary government	12,989,736	11,276,657	10,947,289	10,560,112
<b>Change in Net Position</b>				
Government activities	725,676	1,751,080	2,159,624	(268,591)
Business-type activities	2,771,647	1,092,332	837,135	749,130
Total primary government	\$ 3,497,323	\$ 2,843,412	\$ 2,996,759	\$ 480,539

(1) As of fiscal year 2011, franchise fees are no longer reported as taxes.

(2) GASB 63 & 65 was implemented during fiscal year 2013. Prior to this, Net Position was termed Net Assets and Net Investment in Capital Assets was titled Invested in Capital Assets, Net of Related Debt.

(3) GASB 68 and 71 was implemented during fiscal year 2015. Prior to this net pension liability and associated deferred inflows and outflows of pension resources were not recorded.

Fiscal Year					
2014	2015 (3)	2016	2017	2018	2019
\$ (11,644,499)	\$ (10,362,561)	\$ (11,389,830)	\$ (11,534,005)	\$ (11,684,803)	\$ (12,374,263)
2,150,672	2,343,674	2,322,330	3,107,327	2,872,457	3,511,310
(9,493,827)	(8,018,887)	(9,067,500)	(8,426,678)	(8,812,346)	(8,862,953)
6,252,171	6,557,041	7,261,107	7,744,097	8,277,283	8,716,041
912,455	950,806	987,991	1,648,177	2,030,235	2,022,593
1,088,481	1,096,095	1,107,225	1,143,031	1,187,993	1,249,304
1,298,344	1,428,522	1,528,050	1,591,988	1,590,376	1,603,218
853,806	781,298	813,066	844,339	858,059	873,901
856,531	904,809	848,579	882,834	906,516	927,890
107,545	111,708	123,720	138,093	199,260	505,239
--	244,338	192,608	179,765	167,382	297,954
(759,572)	406,595	458,963	611,935	643,814	393,673
10,609,761	12,481,212	13,321,309	14,784,259	15,860,918	16,589,813
11,326	23,362	36,754	68,950	144,230	213,941
759,572	(406,595)	(458,963)	(611,935)	(643,814)	(393,673)
770,898	(383,233)	(422,209)	(542,985)	(499,584)	(179,732)
11,380,659	12,097,979	12,899,100	14,241,274	15,361,334	16,410,081
(1,034,738)	2,118,651	1,931,479	3,250,254	4,176,115	4,215,550
2,921,570	1,960,441	1,900,121	2,564,342	2,372,873	3,331,578
\$ 1,886,832	\$ 4,079,092	\$ 3,831,600	\$ 5,814,596	\$ 6,548,988	\$ 7,547,128

**CITY OF PALMETTO, FLORIDA**  
**FUND BALANCE, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(modified accrual basis of accounting)**

	Fiscal Year			
	2010	2011 (1)	2012	2013
<b>General fund</b>				
Reserved	\$ 1,474,449	\$ --	\$ --	\$ --
Unreserved	6,078,712	--	--	--
Nonspendable	--	459,956	345,962	277,823
Restricted	--	1,041,681	797,181	654,934
Committed	--	2,008,234	1,964,498	1,964,498
Assigned	--	123,674	461,271	804,869
Unassigned	--	4,022,971	4,047,702	3,867,975
Total general fund	<u>\$ 7,553,161</u>	<u>\$ 7,656,516</u>	<u>\$ 7,616,614</u>	<u>\$ 7,570,099</u>
<b>All other governmental funds</b>				
Reserved	3,096,331	--	--	--
Unreserved, reported in:				
Special revenue funds	3,666,272	--	--	--
Capital projects funds	670,772	--	--	--
Nonspendable	--	2,654	--	--
Restricted	--	7,881,417	5,256,670	4,509,519
Committed	--	876,753	941,849	583,906
Total all other governmental funds	<u>\$ 7,433,375</u>	<u>\$ 8,760,824</u>	<u>\$ 6,198,519</u>	<u>\$ 5,093,425</u>

(1) During fiscal year 2011, the City implemented the new fund balance classifications under GASB No. 54.

<b>Fiscal Year</b>					
<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--	--
319,834	318,269	275,926	278,290	263,417	292,142
477,674	615,227	844,837	1,563,003	3,052,271	3,885,242
1,983,593	2,003,079	2,039,206	2,075,406	2,020,887	2,057,086
343,795	199,142	393,991	350,837	316,356	393,205
4,077,272	4,586,884	4,652,720	5,101,766	4,246,647	5,167,811
<u>\$ 7,202,168</u>	<u>\$ 7,722,601</u>	<u>\$ 8,206,680</u>	<u>\$ 9,369,302</u>	<u>\$ 9,899,578</u>	<u>\$ 11,795,486</u>
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
3,320,385	3,556,542	3,670,011	4,301,268	5,820,214	5,663,246
281,583	262,856	846,341	975,801	707,814	641,096
<u>\$ 3,601,968</u>	<u>\$ 3,819,398</u>	<u>\$ 4,516,352</u>	<u>\$ 5,277,069</u>	<u>\$ 6,528,028</u>	<u>\$ 6,304,342</u>

**CITY OF PALMETTO, FLORIDA**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(modified accrual basis of accounting)**

	<b>Fiscal Year</b>			
	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
	<b>(1)</b>			
<b>Revenues</b>				
Taxes	\$ 12,706,509	\$ 10,231,821	\$ 9,900,579	\$ 9,696,244
Permits, fees, and special assessments	215,939	1,015,445	1,023,579	964,238
Intergovernmental revenues	657,471	514,219	1,700,739	102,941
Charges for services	1,485,145	1,405,022	907,925	846,821
Fines and forfeitures	161,769	29,843	101,317	61,545
Interest earnings	253,740	196,277	178,264	26,515
Impact fees (1)	245,878	4,045	12,611	21,292
Miscellaneous	168,566	245,295	228,740	168,543
<b>Total revenues</b>	<b>15,895,017</b>	<b>13,641,967</b>	<b>14,053,754</b>	<b>11,888,139</b>
<b>Expenditures</b>				
General government	3,125,314	2,728,179	2,723,534	3,378,574
Public safety	4,313,113	4,196,600	4,215,246	4,159,702
Highways and streets	637,443	768,765	590,527	609,082
Economic and physical environment	2,865,768	2,958,752	2,359,788	2,421,266
Recreation	763,796	742,296	754,781	672,960
Capital outlay	1,770,178	869,311	6,044,196	1,679,365
Debt service				
Principal retirement	188,221	171,189	160,217	151,233
Interest	625,867	543,020	466,938	526,340
<b>Total expenditures</b>	<b>14,289,700</b>	<b>12,978,112</b>	<b>17,315,227</b>	<b>13,598,522</b>
Excess of revenues over (under) expenditures	1,605,317	663,855	(3,261,473)	(1,710,383)
<b>Other financing sources (uses)</b>				
Transfers in	597,074	1,402,298	1,602,970	2,081,969
Transfers out	(1,987,630)	(574,387)	(1,324,704)	(1,627,925)
Capital leases	84,000	165,482	381,000	104,730
Reallocation of loan	--	--	--	--
Proceeds from issuance of debt	--	--	--	--
Payments from issuance of debt	--	--	--	--
<b>Total other financing sources (uses)</b>	<b>(1,306,556)</b>	<b>993,393</b>	<b>659,266</b>	<b>558,774</b>
<b>Net change in fund balances</b>	<b>\$ 298,761</b>	<b>\$ 1,657,248</b>	<b>\$ (2,602,207)</b>	<b>\$ (1,151,609)</b>
Debt service as a percentage of non-capital expenditures	6.50 %	5.90 %	5.56 %	5.68 %

(1) Beginning in fiscal year 2011, franchise fees are no longer reported as taxes but are reported as permits, fees and special assessments.

<b>Fiscal Year</b>						
<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	
\$ 10,405,257	\$ 10,813,762	\$ 11,697,439	\$ 12,971,632	\$ 13,943,946	\$ 14,465,057	
1,135,631	1,312,655	1,314,226	1,293,917	1,678,070	1,663,967	
334,025	511,887	229,447	226,354	109,597	311,108	
783,332	874,483	716,463	894,464	859,465	959,227	
58,255	53,414	47,122	38,955	96,605	61,499	
107,545	111,708	123,720	138,093	199,260	505,239	
65,417	34,422	64,528	108,684	266,009	189,529	
255,752	279,535	215,230	200,756	192,710	318,499	
<u>13,145,214</u>	<u>13,991,866</u>	<u>14,408,175</u>	<u>15,872,855</u>	<u>17,345,662</u>	<u>18,474,125</u>	
2,767,181	2,896,947	3,111,603	3,299,997	3,492,141	3,640,161	
4,264,229	4,337,159	4,456,172	4,653,229	4,786,308	4,971,856	
757,656	635,317	740,798	664,664	990,841	1,114,485	
2,483,372	2,587,428	2,522,372	2,807,943	2,927,091	3,000,909	
598,012	637,539	617,505	650,987	678,255	660,240	
2,636,068	2,323,322	1,724,190	2,008,448	2,923,392	3,301,217	
339,802	629,785	663,096	681,294	790,830	749,019	
347,493	120,954	116,369	112,689	123,283	205,546	
<u>14,193,813</u>	<u>14,168,451</u>	<u>13,952,105</u>	<u>14,879,251</u>	<u>16,712,141</u>	<u>17,643,433</u>	
(1,048,599)	(176,585)	456,070	993,604	633,521	830,692	
1,358,442	1,146,055	3,207,657	1,379,591	1,284,956	1,507,744	
(2,118,014)	(739,460)	(2,748,694)	(767,656)	(641,142)	(1,114,071)	
291,500	507,853	266,000	317,800	503,900	337,105	
(342,717)	--	--	--	--	--	
--	--	--	--	--	1,350,466	
--	--	--	--	--	(1,239,714)	
<u>(810,789)</u>	<u>914,448</u>	<u>724,963</u>	<u>929,735</u>	<u>1,147,714</u>	<u>841,530</u>	
<u>\$ (1,859,388)</u>	<u>\$ 737,863</u>	<u>\$ 1,181,033</u>	<u>\$ 1,923,339</u>	<u>\$ 1,781,235</u>	<u>\$ 1,672,222</u>	
5.95 %	6.34 %	6.37 %	6.17 %	6.63 %	6.66 %	

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**CITY OF PALMETTO, FLORIDA**  
**GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE**  
**LAST TEN FISCAL YEARS**  
**(accrual basis of accounting)**

<u>Fiscal year</u>	<u>Tax Year</u>	<u>Property Tax</u>	<u>Franchise Fees (2)</u>	<u>Sales Tax (3)</u>	<u>Utility Tax</u>	<u>Motor Fuel Tax</u>	<u>Other Taxes</u>	<u>Total</u>
2010	2009	\$ 8,191,906	\$ 1,265,842	\$ 809,534	\$ 903,826	\$ 1,219,376	\$ 316,025	\$ 12,706,509
2011	2010	6,315,246	--	861,772	909,987	1,227,138	917,678	10,231,821
2012 (1)	2011	6,107,019	--	793,591	910,783	1,202,520	886,666	9,900,579
2013	2012	5,802,343	--	848,863	986,029	1,194,620	864,389	9,696,244
2014	2013	6,252,171	--	912,455	1,088,481	1,298,344	853,806	10,405,257
2015	2014	6,557,041	--	950,806	1,096,095	1,428,522	781,298	10,813,762
2016	2015	7,261,107	--	987,991	1,107,225	1,528,050	813,066	11,697,439
2017	2016	7,744,097	--	1,648,177	1,143,031	1,591,988	844,339	12,971,632
2018	2017	8,277,283	--	2,030,235	1,187,993	1,590,376	858,059	13,943,946
2019	2018	8,716,041	--	2,022,593	1,249,304	1,603,218	873,901	14,465,057

**Change:**

2010 - 2019	6.40 %	(100.00)%	149.85 %	38.22 %	31.48 %	176.53 %	13.84 %
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(1) During fiscal year 2009, City Commission approved the reorganization of the Community Redevelopment Agency (CRA), declaring itself as the CRA Board changing the presentation of the CRA from a discretely presented component unit to a blended component unit as a special revenue fund included in governmental funds. Tax Increment Financing (TIF) received by CRA is now listed as property tax revenue.

(2) Beginning in fiscal year 2011, Franchise Fees are no longer reported as taxes but are now reported as permits, fees and special assessments in the fund statements. Communication services taxes previously reported as franchise fees are now reported as other taxes.

(3) During fiscal year 2017, Manatee County citizens approved an additional half-cent sales tax for the improvement of public infrastructure. The amount for 2017 reflects 12 months of Sales Tax and 8 months of Infrastructure Sales Tax. Subsequent years reflect 12 months of both taxes.

**CITY OF PALMETTO, FLORIDA**  
**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**

Fiscal year	Tax Year	Real Property (1)				Personal Property (2)
		Residential Property	Commercial Property (2)	Other Property		
2011	2010	\$ 614,168,328	\$ 212,722,187	\$ 137,320,529	\$ 69,641,003	
2012	2011	557,754,188	196,427,515	118,572,496	62,585,676	
2013	2012	529,454,692	177,147,023	117,865,188	58,154,531	
2014	2013	542,474,465	170,679,337	120,027,477	56,942,237	
2015	2014	546,047,253	173,714,875	130,736,017	54,537,589	
2016	2015	575,879,259	183,047,888	148,321,535	54,046,711	
2017	2016	604,560,649	204,843,261	153,101,726	51,876,829	
2018	2017	649,526,269	209,755,805	154,950,980	53,628,021	
2019	2018	694,988,610	217,548,089	157,583,187	53,995,762	
2020	2019	733,426,973	241,055,351	156,333,325	58,497,253	

Source: Manatee County Property Appraiser's Office

(1) Taxable value of property subject to direct tax rate.

(2) Personal Property includes furniture, fixtures, tools, machinery, equipment, etc.  
and is taxed at various rates.

(3) Adopted Millage Rate

(4) Estimated Actual Value represents the Total Net Taxable Assessed Value plus the value of:

A. Tax exempt properties (i.e. governmental and institutional),

B. Exemptions (i.e. homestead exemptions) and

C. The 1992 Florida Constitution amendment known as "Save Our Homes" (or Amendment 10 Cap).

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<b>Less: Tax Exempt Real Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate (3)</b>	<b>Estimated Actual Taxable Value (4)</b>	<b>Assessed Value as a Percent of Actual Value</b>
\$ 275,055,525	\$ 758,796,522	4.6662	\$ 763,433,066	99.4 %
248,654,218	686,685,657	5.1185	686,685,657	100.0 %
229,863,094	652,758,340	5.2171	652,758,340	100.0 %
233,788,946	656,334,570	5.7171	656,334,570	100.0 %
225,659,674	679,376,060	5.7171	679,376,060	100.0 %
244,350,184	716,945,209	5.9671	716,945,209	100.0 %
249,085,938	765,296,527	5.9671	765,296,527	100.0 %
258,248,553	809,612,522	5.9671	809,612,522	100.0 %
272,163,608	851,952,040	5.9671	851,952,040	100.0 %
275,174,735	914,138,167	5.9671	914,138,167	100.0 %

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**CITY OF PALMETTO, FLORIDA**  
**PROPERTY TAX RATES, DIRECT AND OVERLAPPING GOVERNMENTS**  
**LAST TEN FISCAL YEARS**  
**(Per \$1,000 of Assessed Value)**

<b>Fiscal year</b>	<b>Tax Year</b>	<b>City Direct Rates</b>		<b>Overlapping Rates</b>	
		<b>General Fund (1)</b>	<b>School District (2)</b>	<b>County (2)</b>	<b>Total</b>
2010	2009	4.6662	7.5910	7.1135	19.3707
2011	2010	4.6662	7.9600	6.9900	19.6162
2012	2011	5.1185	7.5900	6.9900	19.6985
2013	2012	5.2171	7.5700	6.9800	19.7671
2014	2013	5.7171	7.3800	6.3100	19.4071
2015	2014	5.7171	7.2700	6.9400	19.9271
2016	2015	5.9671	6.9200	9.9400	19.8271
2017	2016	5.9671	6.6100	6.9100	19.4871
2018	2017	5.9671	7.3310	6.9275	20.2256
2019	2018	5.9671	7.1350	6.9121	20.0142

Sources:

(1) Office of the City Clerk

(2) Manatee County Tax Collector's Office

<http://www.taxcollector.com/docs/tax/MillageRates.pdf>

**CITY OF PALMETTO, FLORIDA  
PRINCIPAL PROPERTY TAX PAYERS  
CURRENT YEAR AND NINE YEARS AGO**

<b>Taxpayer</b>	<b>2019</b>			<b>2010</b>		
	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total Taxable Assessed Value</b>	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total Taxable Assessed Value</b>
Wal-Mart Stores East LP	\$ 12,766,693	1	1.40 %	\$ 18,026,355	1	2.36 %
Florida Power & Light Co	12,025,513	2	1.32 %	6,403,937	9	0.84 %
Palm Bay MHC Holdings LLC	11,610,473	3	1.27 %			
Colonial Manor MHC Holdings LLC	10,827,227	4	1.18 %			
SS Palmetto LLC	8,516,224	5	0.93 %			
Palmetto Mobile Home Club Inc.	7,832,098	6	0.86 %			
Palmetto, City of	7,801,243	7	0.85 %			
Pacific Tomato Growers LTD	6,573,635	8	0.72 %	6,807,715	7	0.89 %
Riverside Investment Property LLC	6,270,849	9	0.69 %			
SPT Dolphin Palmetto Trace LLC	6,205,144	10	0.68 %			
Regatta Point Marina				15,115,737	2	1.98 %
Sanctuary Cove (Bradenton) ASLI VI LLLP				12,871,731	3	1.69 %
R D Marina LLC				10,645,967	4	1.39 %
Space Box LLC				9,691,793	5	1.27 %
TBR II Development LLC				8,405,823	6	1.10 %
Waterford Palms at Riviera Dunes LLC				6,603,368	8	0.86 %
Palmetto Dunes LTD				5,750,462	10	0.75 %
	<u>\$ 90,429,099</u>		<u>10 %</u>	<u>\$ 100,322,888</u>		<u>13 %</u>

**Note**

Total taxable assessed value                      \$914,138,167                                      \$ 763,433,066

Source: Manatee County Property Appraiser - Top Tax Payers By Jurisdiction - Palmetto

Website: [https://www.manateepao.com/data/top\\_taxpayers.txt](https://www.manateepao.com/data/top_taxpayers.txt)

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**CITY OF PALMETTO, FLORIDA**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**

<b>Fiscal year ended September 30,</b>	<b>Tax Year</b>	<b>Taxes Levied for the Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy (2)</b>		<b>Collections in Subsequent Years (2)</b>	<b>Total Collections to Date</b>	
			<b>Amount (1)</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
2010	2009	\$ 4,336,277	\$ 4,203,070	96.9 %	\$ 22,957	\$ 4,226,027	97.5 %
2011	2010	3,524,841	3,411,075	96.8 %	9,223	3,420,298	97.0 %
2012	2011	3,422,787	3,386,486	98.9 %	2,925	3,389,411	99.0 %
2013	2012	3,415,249	3,292,442	96.4 %	8,815	3,301,257	96.7 %
2014	2013	3,752,330	3,623,920	96.6 %	5,942	3,629,862	96.7 %
2015	2014	3,889,099	3,755,416	96.6 %	7,823	3,763,239	96.8 %
2016	2015	4,278,064	4,134,271	96.6 %	3,435	4,137,706	96.7 %
2017	2016	4,557,792	4,383,765	96.2 %	1,626	4,385,391	96.2 %
2018	2017	4,842,830	4,668,081	96.4 %	4,320	4,672,401	96.5 %
2019	2018	4,842,830	4,668,081	96.4 %	-	4,668,081	96.4 %

Notes:

(1) Florida law allows a percentage discount for prompt payment of taxes. Accordingly, it is unlikely that the amount levied will equal the amount collected.

(2) Manatee County's payment system started tracking prior year payments in fiscal year 2011. Therefore, taxes for prior years are only determinable if remitted in fiscal year 2011 or later.

Source: Manatee County Property Appraiser's and Tax Collector's offices and Office of the City Clerk.

**CITY OF PALMETTO, FLORIDA**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**

<u>Fiscal year</u>	<u>Governmental Activities</u>		<u>Business-type activities</u>			<u>Total Primary Government (1)</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
	<u>Bank Qualified Loans</u>	<u>Capital Leases</u>	<u>Bank Qualified Loans</u>	<u>State Revolving Loan Funds</u>	<u>Capital Leases</u>			
2010	\$ 6,290,948	\$ 240,462	\$ 9,712,117	\$ 1,792,033	\$ 26,465	\$ 8,062,025	3.10 %	\$ 1,250
2011	5,945,722	208,150	9,268,053	1,653,105	50,444	17,125,474	3.43 %	1,359
2012	5,595,143	472,791	8,805,056	1,509,929	39,162	16,422,081	3.06 %	1,288
2013	5,238,163	408,161	8,319,269	1,362,376	1,464,786	16,792,755	3.06 %	1,317
2014	4,547,953	489,532	9,388,019	1,210,313	1,632,738	17,268,555	2.71 %	1,349
2015	4,196,661	718,812	8,768,536	1,053,602	1,277,667	16,015,278	2.55 %	1,224
2016	3,839,607	678,764	8,125,454	892,106	1,161,853	14,697,784	2.24 %	1,124
2017	3,476,242	678,635	7,453,918	725,667	1,096,954	13,431,416	1.97 %	1,021
2018	3,086,339	781,608	6,751,582	922,887	941,748	12,484,164	1.74 %	942
2019	2,803,460	763,322	6,411,804	2,017,512	714,365	12,710,463	1.69 %	951



**CITY OF PALMETTO, FLORIDA**  
**RATIO OF GENERAL BONDED DEBT OUTSTANDING**  
**LAST TEN FISCAL YEARS**

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<b>Fiscal year</b>	<b>Population (1)</b>	<b>Assessed Value (2)</b>	<b>Gross Bonded Debt (3)</b>	<b>Net Bonded Debt (3)</b>	<b>Percentage of Actual Taxable Value of Property (3)</b>	<b>Per Capita (3)</b>
2010	14,447	\$ 763,433,066	\$ --	\$ --	0 %	\$ --
2011	12,606	686,685,657	-	-	0 %	-
2012	12,755	652,758,340	-	-	0 %	-
2013	12,755	656,334,570	-	-	0 %	-
2014	12,799	679,376,060	-	-	0 %	-
2015	13,082	716,945,209	-	-	0 %	-
2016	13,082	765,296,527	-	-	0 %	-
2017	13,156	809,612,522	-	-	0 %	-
2018	13,259	851,952,040	-	-	0 %	-
2019	13,360	914,138,167	-	-	0 %	-

Source:

(1) University of Florida, Bureau of Economic and Business Research. Table 1 Population Pg 11

(2) Manatee County Property Appraiser's Office

(3) Office of the City Clerk

**CITY OF PALMETTO, FLORIDA**  
**COMPUTATION OF DIRECT AND OVERLAPPING DEBT**  
**AS OF SEPTEMBER 30, 2019**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
<b>Direct:</b>			
City of Palmetto	\$ 3,566,782	100.00 %	\$ 3,566,782
Subtotal direct debt			<u>3,566,782</u>
<b>Overlapping (2):</b>			
Manatee County	107,163,000	3.45 %	3,697,124
Manatee County School Board	220,864,329	3.45 %	<u>7,619,819</u>
Subtotal overlapping debt			<u>11,316,943</u>
Total direct and overlapping debt			<u><u>\$ 14,883,725</u></u>

Source: Manatee County Government

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the County's taxable assessed value that is within the City's boundaries and dividing it by the County's total taxable assessed value.

(2) Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Palmetto. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

**CITY OF PALMETTO, FLORIDA**  
**DEMOGRAPHIC STATISTICS**  
**LAST TEN FISCAL YEARS**

<b>Fiscal year</b>	<b>City Population</b>	<b>Personal Income thousand \$(1)</b>	<b>Personal Income Per Capita (2)</b>	<b>Median Age (3)</b>	<b>School Enrollment (4)</b>	<b>Manatee County Unemployment Rate (2)</b>
2010	14,447	\$ 582,980	\$ 40,353	45	42,700	12.60%
2011	12,606	499,828	39,650	46	43,516	10.90%
2012	12,755	537,049	42,105	46	45,050	9.00%
2013	12,755	549,447	43,077	46	45,800	7.50%
2014	12,799	638,197	49,863	46	46,800	6.10%
2015	13,082	626,903	47,921	46	47,700	5.10%
2016	13,082	655,918	50,139	46	48,600	4.70%
2017	13,156	683,204	51,931	46	48,284	3.50%
2018	13,259	716,357	54,028	48	48,454	2.90%
2019	13,360	751,735	56,268	46	48,853	2.90%

Source:

(1) University of Florida, Bureau of Economic and Business Research. Florida Estimates of Population - Table 1 Pg. 11

(2) U.S. Bureau of Economic Analysis - 2017

(3) Personal income is a calculated amount based on population and per capita person income utilizing North Port - Sarasota Brandenton Metropolitan Statistical Area

(4) Manatee County School Board. School enrollment exceeds the City population because the school system serves the entire county via Manatee County. FY2018-2019 Manatee County School Board CAFR page 167.

**CITY OF PALMETTO, FLORIDA**  
**PRINCIPAL EMPLOYERS IN MANATEE COUNTY**  
**CURRENT YEAR AND NINE YEARS AGO**

<b>Employer</b>	<b>2019</b>			<b>2010</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment (1)</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment (1)</b>
Manatee County School Board	5,634	1	3.22 %	5,300	1	4.19 %
Publix	2,577	2	1.47 %	860	4	0.68 %
Beall's Inc.	2,363	3	1.35 %	1,500	7	1.19 %
Manatee Memorial Hospital	2,183	4	1.25 %	1,500	3	1.19 %
Manatee County Government	1,968	5	1.12 %	1,800	2	1.42 %
Manatee County Sheriff's Department	1,222	6	0.70 %	1,072	8	0.85 %
Pacific Tomato Growers	1,139	7	0.65 %			
Tropicana Products, Inc.	900	8	0.51 %	1,400	5	1.11 %
State College of Florida, Manatee-Sarasota	889	9	0.51 %			
IMG Academies	832	10	0.48 %			
Blake Medical Center		10		1,156	6	0.91 %
City of Bradenton				529	9	0.42 %
SYSCO West Coast Florida, Inc.				520	10	0.41 %
<b>Total</b>	<b>19,707</b>		<b>11.26 %</b>	<b>15,637</b>		<b>12.36 %</b>

**Note**

Total Manatee County	174,997	126,545
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**Source:**

(1) Data was unavailable specifically for the City of Palmetto. The above information is based on the county in which the City resides. Manatee County 2019 CAFR.

**CITY OF PALMETTO, FLORIDA**  
**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION**  
**LAST TEN FISCAL YEARS**

	<b>Full-time Equivalent Employees as of September 30,</b>									
	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Function</b>										
General government	17.5	17.8	17.8	21.0	20.0	19.0	19.0	19.5	19.0	19.0
Intergovernmental	13.5	12.0	13.3	13.3	13.5	12.5	12.0	12.0	12.0	12.0
Public safety										
Police										
Officers	35.0	35.0	35.8	35.8	36.0	35.5	35.0	35.0	35.0	35.0
Civilians	20.8	19.0	20.8	20.8	22.0	22.0	22.0	22.0	22.0	22.0
Highways and streets										
Engineering	3.0	-	-	-	-	-	-	-	-	-
Maintenance	3.0	3.0	5.0	5.0	5.0	10.0	10.0	10.0	10.0	10.0
Sanitation	2.0	1.0	1.0	2.0	2.0	2.0	2.0	3.0	2.0	2.0
Culture and recreation	10.0	10.0	9.0	9.0	8.0	8.0	8.0	9.0	8.0	8.0
Water	13.0	14.0	12.0	11.0	11.0	6.0	6.0	6.0	6.0	6.0
Sewer	6.0	4.0	7.0	7.0	6.0	7.0	7.0	7.0	7.0	7.0
<b>Total</b>	<b>123.8</b>	<b>115.8</b>	<b>121.7</b>	<b>124.9</b>	<b>123.5</b>	<b>122.0</b>	<b>121.0</b>	<b>123.5</b>	<b>121.0</b>	<b>121.0</b>

Source: Payroll Reports: Cost Center Analysis

**CITY OF PALMETTO, FLORIDA**  
**OPERATING INDICATORS BY FUNCTION**  
**LAST TEN FISCAL YEARS**

Function	Fiscal Year			
	2010	2011	2012	2013
<b>Police (1)</b>				
Total calls/incidents (2)	25,862	27,848	23,471	20,911
Adult arrests	478	473	470	547
Juvenile arrests	93	100	99	74
Traffic violations	1,993	1,419	2,120	1,882
Traffic crash reports (2)	463	389	408	448
<b>Water</b>				
New connections (3)	62	10	19	32
Average daily consumption (4) (million of gallons)	1	1	1	1
Average daily capacity (4) (million of gallons)	2	2	2	2
<b>Wastewater</b>				
New connections (3)	58	11	13	15
Average daily sewage treatment (4) (million of gallons)	1	1	1	1
Average daily capacity (4) (million of gallons)	2	2	2	2
<b>Reuse</b>				
New connections (3)	-	20	39	315
Average daily consumption (4) (million of gallons)	1	1	1	1
Average daily capacity (4) (million of gallons)	4	4	3	3

N/A Information is not available

Source: (1) Palmetto PD

(2) Data available from FY2019

(3) Palmetto Customer Service

(4) Palmetto Public Works

<b>Fiscal Year</b>					
<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
19,819	17,930	15,092	18,713	18,948	23,109
986	884	732	709	961	735
149	193	156	132	125	100
1,950	1,754	1,414	1,424	1,891	1,793
551	651	687	678	689	733
11	14	14	20	51	45
1	1	1	1	1	1
2	2	2	2	2	2
11	11	9	12	47	48
1	1	1	1	1	1
2	2	2	2	2	2
-	25	30	38	149	63
1	1	1	1	1	1
3	3	3	3	3	3

**CITY OF PALMETTO, FLORIDA**  
**CAPITAL ASSET STATISTICS BY FUNCTION**  
**LAST TEN FISCAL YEARS**

Function	Fiscal Year			
	2010	2011	2012	2013
<b>Public Safety (1)</b>				
Police				
Stations	1	1	1	1
Patrol units	49	44	45	41
K-9 units	2	2	2	3
<b>Highway and Streets (2)</b>				
Streets (miles)	42	42	42	42
Traffic signals	12	12	12	12
Streetlights	864	864	864	1,111
<b>Culture and Recreation (3)</b>				
Parks acreage	95	95	95	95
Parks	12	12	12	12
Tennis courts	1	1	1	1
<b>Utility Infrastructure</b>				
Water mains (miles)	67	67	67	67
Sewer (miles)	49	49	49	49
Storm sewers (miles)	12	12	12	12
Reclaimed water (miles)	23	23	23	23

Source: (1) Palmetto PD  
(2) Palmetto Public Works  
(3) Palmetto Parks Department



<b>Fiscal Year</b>						
<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	
1	1	1	1	1	1	1
44	46	45	44	48	48	48
3	3	-	-	-	-	-
42	42	42	42	42	42	42
12	12	12	12	12	12	12
1,111	928	928	928	706	928	928
95	101	101	101	91	101	101
12	13	13	13	13	13	13
1	1	1	1	1	1	1
67	74	74	74	74	74	74
49	68	68	69	57	69	69
12	27	27	64	64	64	64
24	33	33	33	32	33	33



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

To the Honorable Mayor,  
and Members of the City Commission  
City of Palmetto, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Palmetto, Florida (the "City"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 17, 2020.

#### Internal Control over Financial Reporting

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

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

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

#### 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Christopher, Smith, Leonard,  
Bristow & Stanell, P.A.*

CHRISTOPHER, SMITH, LEONARD,  
BRISTOW & STANELL, P.A.

March 17, 2020  
Bradenton, Florida



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

To the Honorable Mayor,  
and Members of the City Commission  
City of Palmetto, Florida

**Report on Compliance for Each Major Federal Program and State Project**

We have audited the City of Palmetto, Florida, (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the 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 Federal program and State projects for the year ended September 30, 2019. The City's major Federal programs and State projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with Federal and State statutes, regulations, and the terms and conditions of its Federal awards and State projects applicable to its Federal programs and State projects.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the City's major Federal programs and State projects based on our audit of the types of compliance requirements referred to above. 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; and the audit requirements of Title 2 U.S. *Code of Federal Regulation*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and Chapter 10.550, Rules of the Auditor General. Those standards, the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program and State project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program and State project. However, our audit does not provide a legal determination of the City's compliance.

**Opinion on Each Major Federal Program and State Project**

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 Federal programs and State projects for the year ended September 30, 2019.

## Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program and State project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and State project 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's 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 Federal program or 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 Federal program or 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 the type of compliance requirement of a Federal program or 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 Uniform Guidance and Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

*Christopher, Smith, Leonard,  
Bristow & Stanell, P.A.*  
CHRISTOPHER, SMITH, LEONARD,  
BRISTOW & STANELL, P.A.

March 17, 2020

Bradenton, Florida

CITY OF PALMETTO, FLORIDA  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS -  
 FEDERAL AWARD PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS

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Section I - Summary of Auditors' Results

**Financial Statements**

Type of Auditor's report issued: Unmodified

Internal Control over financial reporting:

Material weakness(es) identified? \_\_\_ yes    x no

Significant deficiency(ies) identified? \_\_\_ yes    x none  
reported

Noncompliance material to financial statements noted? \_\_\_ yes    x no

**Federal Awards and State Financial Assistance**

Internal Control over major programs or 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 programs or projects: Unmodified

Any audit findings disclosed that are required to be reported in  
 accordance with CFR 200.516(a) or Chapter 10.557 \_\_\_ yes    x no

**Identification of Major Federal Programs:**

Community Development Block Grants

**CFDA Number**

14.228

**Identification of Major State Projects:**

Wastewater Treatment Facility Construction

**CSFA Number**

37.077

Dollar threshold used to distinguish between Type A and Type B programs:

Federal

\$750,000

State

\$387,116

Auditee qualified as low-risk auditee pursuant to the Uniform Guidance? \_\_\_ yes    x no

CITY OF PALMETTO, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -  
FEDERAL AWARD PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS

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Section II – Financial Statement Findings

There were no findings required to be reported.

PRIOR YEAR FINDINGS

There were no findings reported in the prior year.

Section III – Federal Award Findings and Questioned Costs

There were no findings required to be reported.

PRIOR YEAR FINDINGS

There were no findings reported in the prior year.

Section IV – State Project Findings and Questioned Costs

There were no findings required to be reported.

PRIOR YEAR FINDINGS

There were no reported findings in the prior year.

**CITY OF PALMETTO, FLORIDA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE  
For the Year Ended September 30, 2019**

<u>Federal Agency/Federal Program</u>	<u>CFDA Number</u>	<u>Pass Through Entity Identifying Number/Grant ID Number</u>	<u>Passed Through to Subrecipients</u>	<u>Expenditure</u>
<b>DEPARTMENT OF ECONOMIC OPPORTUNITY</b>				
<b>Passed through the Florida Department of Economic Opportunity</b>				
Community Development Block Grant	14.228	18DB-OM-08-51-02-N 32	N/A	\$ 419,023
<b>TOTAL DEPARTMENT OF ECONOMIC OPPORTUNITY</b>				<u>419,023</u>
<b>DEPARTMENT OF JUSTICE</b>				
Bulletproof Vest Partnership Program	16.607	N/A	N/A	3,600
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.738	2019-JAGD-MANA-1-N3-033	N/A	3,300
<b>TOTAL DEPARTMENT OF JUSTICE</b>				<u>6,900</u>
<b>ENVIRONMENTAL PROTECTION AGENCY</b>				
Brownfields Assessment and Cleanup Cooperative Agreement	66.818	BD-00D47316-0	N/A	12,552
<b>TOTAL ENVIRONMENTAL PROTECTION AGENCY</b>				<u>12,552</u>
<b>DEPARTMENT OF HOMELAND SECURITY</b>				
<b>Passed through the Florida Division of Emergency Management</b>				
Disaster Grants -(Presidentially Declared Disaster)	97.036	Z0620	N/A	414,689
<b>TOTAL DEPARTMENT OF HOMELAND SECURITY</b>				<u>414,689</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>				<u>\$ 853,164</u>
<u>State Agency/State Project</u>	<u>CSFA Number</u>	<u>Pass Through Entity Identifying Number/Grant ID Number</u>	<u>Passed Through to Subrecipients</u>	<u>Expenditure</u>
<b>DEPARTMENT OF ENVIRONMENTAL PROTECTION</b>				
Wastewater Treatment Facility Construction	37.077	WW410200	N/A	\$ 1,290,042
Wastewater Treatment Facility Construction	37.077	WW410201	N/A	345
<b>TOTAL DEPARTMENT OF ENVIRONMENTAL PROTECTION</b>				<u>1,290,387</u>
<b>TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE</b>				<u>\$ 1,290,387</u>



**CITY OF PALMETTO, FLORIDA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE**  
**For the Year Ended September 30, 2019**

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**NOTE A – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal and state grant activity of the City of Palmetto, Florida (City) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Audits*, and of the Florida State Single Audit Act and Rules of the Auditor General of the State of Florida, Chapter 10.550. Some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Because the schedule presents only a selected portion of the City's operations, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City. The City has elected not to use the 10 percent de minimus indirect cost rate allowed under the Uniform Guidance.

**NOTE B – CONTINGENCIES**

Grant monies received and distributed by the City are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based on prior experience, the City does not believe that such allowances, if any, would have a material effect on the financial position of the City. As of March 17, 2020, there were no material questioned or disallowed costs as a result of grant audits in process or completed.



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MANAGEMENT LETTER

To the Honorable Mayor,  
and Members of the City Commission  
City of Palmetto, Florida

#### Report on the Financial Statements

We have audited the financial statements of the City of Palmetto, Florida (the "City"), as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated March 17, 2020.

#### Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

#### Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated March 17, 2020, should be considered in conjunction with this management letter.

#### Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. There were no findings and recommendations made in the preceding financial audit report.

#### Official Title and Legal Authority

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

### Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.566(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the City met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the City was not in a state of financial emergency as it did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the City. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by the 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 did not have any such recommendations.

### 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 did not have any such findings.

### Purpose of this Letter

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

*Christopher, Smith, Leonard,  
Bristow & Stanell, P.A.*  
CHRISTOPHER, SMITH, LEONARD,  
BRISTOW & STANELL, P.A.

March 17, 2020  
Bradenton, Florida



INDEPENDENT ACCOUNTANT'S REPORT  
ON INVESTMENT COMPLIANCE

To the Honorable Mayor,  
and Members of the City Commission  
City of Palmetto, Florida

We have examined the City of Palmetto, Florida's (the "City") compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2019. Management of the City is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

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

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

In our opinion, the City complied in all material respects, with Section 218.415, Florida Statutes, regarding the investment of public funds for the year ended September 30, 2019.

This report is intended solely for the information and use of the City and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

*Christopher Smith, Leonard,  
Bristow & Stanell, P.A.*  
CHRISTOPHER, SMITH, LEONARD,  
BRISTOW & STANELL, P.A.

March 17, 2020  
Bradenton, Florida