



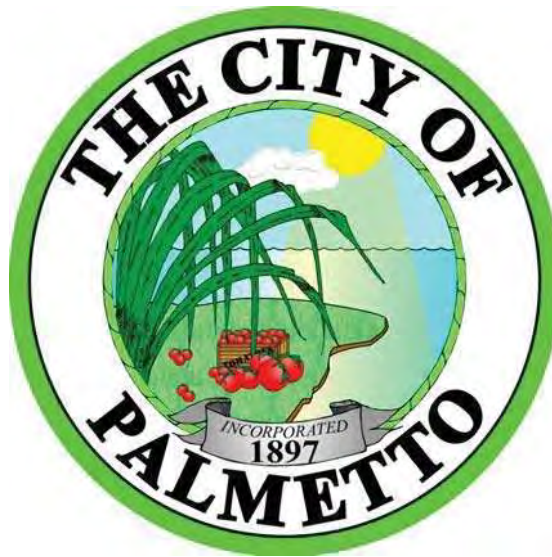
The City of Palmetto, Florida
Annual Comprehensive Financial Report
Fiscal Year Ended September 30, 2021



The cover picture includes a portion of the Great Chime Bell located on Riverside Drive across from the Manatee River.

*Annual Comprehensive
Financial Report
City of Palmetto, Florida*

For the Fiscal Year Ended
September 30, 2021



Prepared By
The Finance Department

Cheryl A. Miller, CGFO
Finance Director

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City of Palmetto, Florida

September 30, 2021

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September 30, 2021

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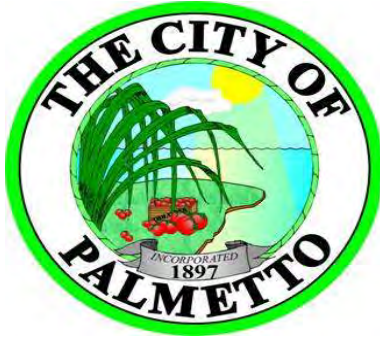
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516 8th Avenue West
P.O. Box 1209
Palmetto, Florida 34220-1209
Phone (941) 723-4570
FAX (941) 723-4576

March 30, 2022

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 Annual Comprehensive Financial Report of the City of Palmetto, Florida, for the fiscal year ended September 30, 2021.

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, Mauldin & Jenkins CPAs & Advisors. 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, 2021, 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, 2021 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 Florida Single Audit Act. The City did not meet the required minimum threshold of \$750,000 of State expenditures during fiscal year 2021.

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 30th 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 SeaPort 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, 2021 continued to show strong signs that the economy is rebounding from the COVID-19 pandemic. The economic environment has placed additional demands and growth has been steady for the past year. The real estate market remained strong throughout the year, and sales tax collections rebounded nicely by mid-summer. There is no doubt that the pandemic has placed additional demands on the City to ensure that the health, safety, and welfare of the community are maintained. We were fortunate to receive some federal government grants to help defray many of the COVID-19 additional costs. In recent years, 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 decreased from 7.2 percent at the end of 2020 to 3.9 percent as of September 2021. Unemployment in the North Port, Bradenton, Sarasota Metropolitan Statistical Area (MSA) decreased to 3.7 percent in September 2021, compared to 5.2 percent in September 2020.

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 hiring incentives for 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 FY2020, the CRA awarded their first rebate for the new convention center hotel. The hotel is expected to bring several new jobs to the area and an overall budget of \$70 million.

Although the economy has been on a very positive run for the last several 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 nine years have helped offset declines in other areas, but tax revenues are still slightly below their peak of 2009. Since 2015, the final assessed taxable value has increased by 44.1% percent. This equates to an average annual increase of 7.3% over the period from 2015 to 2021.

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 implemented 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) for 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 2021 and fiscal year 2022 include:

- Completion of Equalization Tank at our Wastewater Treatment Plant to eliminate sanitary sewer overflow
- Investing in community capital projects utilizing the American Rescue Plan Act grant funding
- Continued development of the multimodal corridor via our partnership with FDOT
- Construction of a new Police Department Headquarters to be completed in 2023
- Street paving throughout the City
- Continued investment in the City's inflow and infiltration (I&I) to minimize sewage spills
- Development of CRA property for mixed use along the riverfront.
- Manatee County and the Palmetto CRA partnered, and construction is underway, towards 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 7th Street W in conjunction with the new convention center hotel
- Construction of a new roundabout in 2022 at 23rd street and BUS/41 in cooperation with FDOT

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 Annual Comprehensive Financial Report for the fiscal year ended September 30, 2020. This was the Sixteenth 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 Annual Comprehensive 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 Annual Comprehensive 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, 2020, the same period covered by this Annual Comprehensive Financial Report. This was the twelfth 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 Annual Comprehensive 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 Mauldin & Jenkins CPAs & Advisors for their cooperation and assistance throughout the year.

Sincerely,

A handwritten signature in blue ink that reads "Shirley Groover Bryant". The signature is written in a cursive style with a large initial "S".

Shirley Groover Bryant, Mayor
City of Palmetto



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

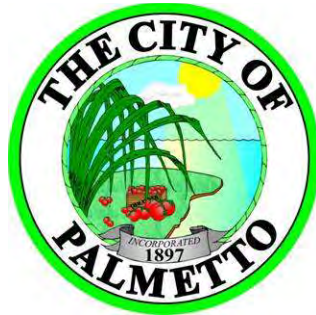
**City of Palmetto
Florida**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

Christopher P. Morill

Executive Director/CEO



**City of Palmetto, Florida
Fiscal Year Ended September 30, 2021
List of Principal Officials**

Elected Officials

Shirley Groover Bryant	Mayor
Brian Williams	Vice Mayor, Ward 3
Tamara Cornwell	Commissioner At-Large
Sheldon Jones	Commissioner At-Large
Harold Smith	Commissioner, Ward 1
Tambra Varnadore	Commissioner, Ward 2

Office of the City Clerk

James R. Freeman	City Clerk
Vanessa Cochran	Assistant City Clerk
Cheryl A. Miller	Finance Director

Public Works

Mohammed Rayan	Public Works Director
Matt Bloome	Superintendent
Grace Johnson	Public Works Administrator

Police Department

Scott Tyler	Police Chief
Mike Stinson	Captain
Lorenzo Waiters	Captain

Community Redevelopment Agency

Jeff Burton	Director
Xavier Colon	Assistant Director

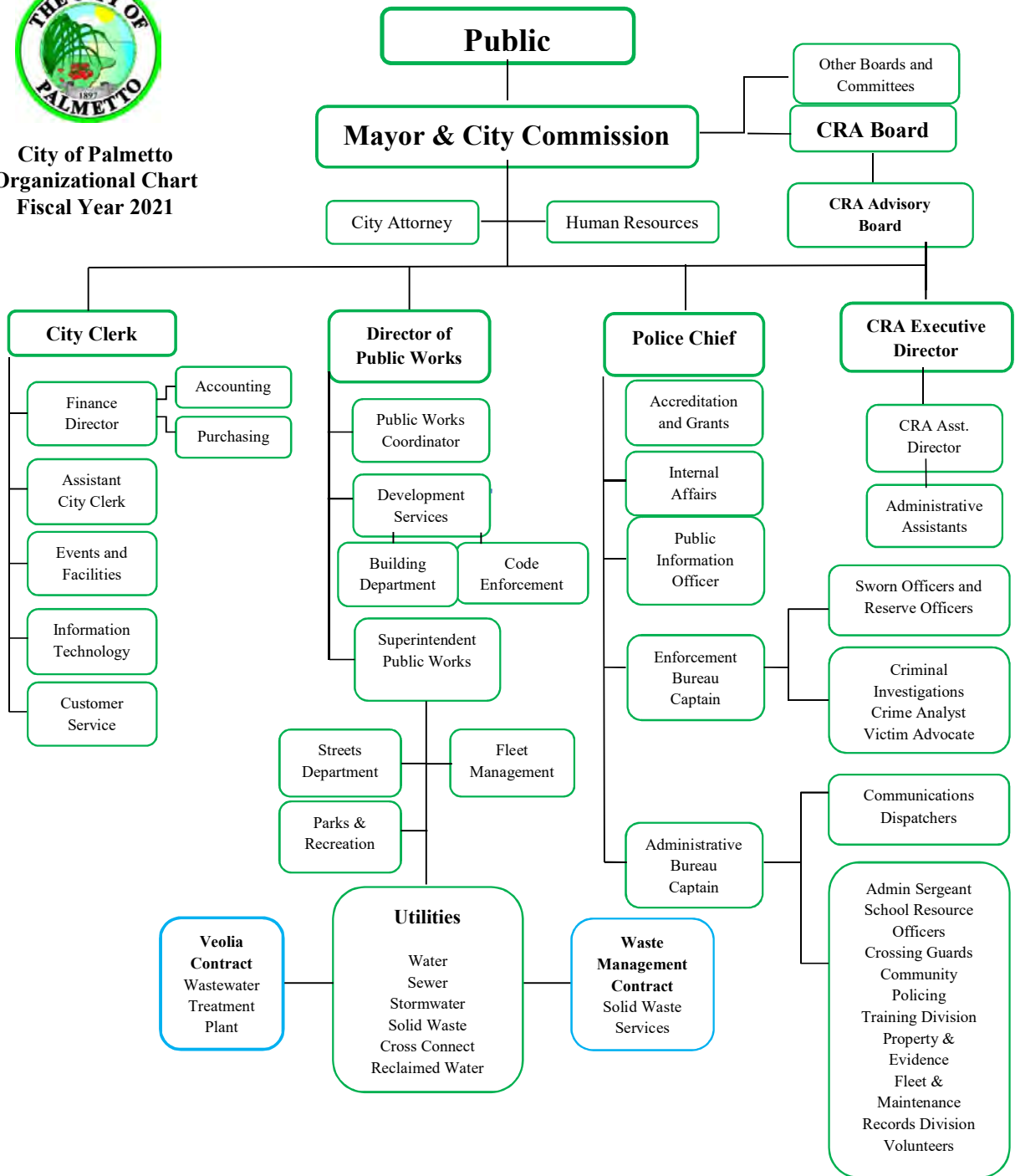
City Attorney

Mark Barnebey	City Attorney
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**City of Palmetto
Organizational Chart
Fiscal Year 2021**

ORGANIZATIONAL CHART





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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 on pages 7 through 21 and 97 through 118, respectively, 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 fund statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other 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 fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section 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 30, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Bradenton, Florida
March 30, 2022

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CITY OF PALMETTO, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2021
(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, 2021. 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 27.

FINANCIAL HIGHLIGHTS

At the close of the fiscal year ending September 30, 2021:

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources by \$107,774,607 (*net position*). Of this amount, \$20,346,808 (*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 \$9,688,432 compared to \$9,282,495 in fiscal year 2020. Increased revenues outpaced nearly stable expenses resulting in a healthier net position at the end of fiscal year 2021. The City's total net position increased by \$9,688,432, or 9.88%, in comparison to the prior year.
- Total revenues decreased \$10,462 or 0.03% in comparison to the prior year. Charges for services which includes impact fees \$(144,355) and interest and investments \$(616,928) decreased due to the decline in favorable interest rates. Property and other taxes, increased \$598,354 and \$492,918 respectively and offset total revenues. The increase of property taxes was due to a 6.38% increase in property values and the increase in other taxes was associated with the continuing build out of a major community. Other increases include utility rate increases for water, sewer, stormwater and reuse in the business-type activities.
- Total expenses decreased \$416,399 or 1.88% in comparison to prior year. Governmental activities reported a net decrease in expenses of \$691,659 due a decrease in personnel staffing, debt interest payments and cost savings in other departments. Business-type activities expenses increased \$275,260 due to the completion of the Equalization Basin in water sewer fund which were offset by a minor increases in solid waste, sewer and reuse.
- The City's governmental funds reported combined ending fund balances of \$25,461,240, an increase of \$6,024,046 in comparison with the prior year ending balance. Approximately 27.69% of this total amount, \$7,050,884 (*unassigned fund balance*), is available for spending at the City's discretion and is 59.90% of the total general fund expenditures. Restricted fund balance of \$14,258,987 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 \$3,266,695 includes \$2,171,852 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.

The *Statement of Net Position* presents information on all of the City's assets, deferred outflows, liabilities, and deferred inflows

CITY OF PALMETTO, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2021
(Unaudited)

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Government-wide financial statements (Continued)

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 27 through 29 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 liabilities is labeled as 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, 2021 was the Capital Projects fund.

CITY OF PALMETTO, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2021
(Unaudited)

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fund financial statements (Continued)

Governmental funds (Continued)

The City's governmental fund financial statements are presented beginning on page 30.

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, 2021.

The proprietary fund financial statements can be found beginning on page 33 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.

The fiduciary fund financial statements can be found on pages 37 and 38 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 40 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 125.

CITY OF PALMETTO, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2021
(Unaudited)

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 \$107,774,607 at the close of the most recent fiscal year.

The following schedule is a summary of the Statement of Net position found on page 27 of this report:

City of Palmetto's Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Assets						
Current and other assets	\$ 18,686,555	\$ 14,490,538	\$ 11,880,796	\$ 8,503,977	\$ 30,567,351	\$ 22,994,515
Restricted assets	9,493,382	5,587,486	5,918,398	4,056,491	15,411,780	9,643,977
Capital assets, net of depreciation	44,787,441	45,119,058	41,851,057	41,962,287	86,638,498	87,081,345
Total assets	<u>72,967,378</u>	<u>65,197,082</u>	<u>59,650,251</u>	<u>54,522,755</u>	<u>132,617,629</u>	<u>119,719,837</u>
Deferred outflows of resources	<u>734,075</u>	<u>688,287</u>	<u>321,682</u>	<u>374,037</u>	<u>1,055,757</u>	<u>1,062,324</u>
Liabilities						
Current and other liabilities	841,038	668,242	5,021,878	1,831,226	5,862,916	2,499,468
Non-current liabilities	4,197,972	5,683,817	12,354,592	13,310,592	16,552,564	18,994,409
Total liabilities	<u>5,039,010</u>	<u>6,352,059</u>	<u>17,376,470</u>	<u>15,141,818</u>	<u>22,415,480</u>	<u>21,493,877</u>
Deferred inflows of resources	<u>3,077,548</u>	<u>1,069,583</u>	<u>405,751</u>	<u>132,528</u>	<u>3,483,299</u>	<u>1,202,111</u>
Net Position						
Net investment in capital assets	42,336,583	42,038,825	30,001,681	29,161,052	72,338,264	71,199,877
Restricted	13,856,493	9,963,795	1,233,042	1,269,654	15,089,535	11,233,449
Unrestricted	9,391,819	6,461,109	10,954,989	9,191,740	20,346,808	15,652,849
Total net position	<u>\$ 65,584,895</u>	<u>\$ 58,463,729</u>	<u>\$ 42,189,712</u>	<u>\$ 39,622,446</u>	<u>\$107,774,607</u>	<u>\$ 98,086,175</u>

The overall net position of the City increased in 2021 as a result of increases in revenues and stable operating expenses. Changes in net position over time can be one of the best and more useful indicators of financial position. The total net position of the City increased from fiscal year 2020 by \$9,688,432 or 9.88%. The net position of governmental activities increased by \$7,121,166, or 12.18% due to and increases of property tax of \$598,354 new construction and rising home values. In addition an increase of \$252,135 in capital grants and smaller increases in nearly every other revenue type. Net position of business-type activities increased by \$2,567,266, or 6.48% primarily as a result of receiving federal grants funds from the Treasury Department for American Rescue Plan Act capital projects. The overall net operating income of the business-type activities is \$3,428,547.

A significant portion of the City's net position, \$72,338,264 or 67.12% 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.

CITY OF PALMETTO, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2021
(Unaudited)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

An additional portion of the City's net position, \$15,089,535 or 14.00% represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$20,346,808 or 18.88% 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 \$2,171,852, 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 28 and 29 of this report:

City of Palmetto's Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Revenues						
Charges for services	\$ 1,478,170	\$ 2,007,640	\$ 11,977,670	\$ 11,592,555	\$ 13,455,840	\$ 13,600,195
Operating grants and contributions	28,158	62,720	--	--	28,158	62,720
Capital grants and contributions	353,228	101,093	142,664	1,011,727	495,892	1,112,820
General revenue						
Property taxes	9,977,632	9,379,278	--	--	9,977,632	9,379,278
Other taxes	6,145,136	5,652,218	--	--	6,145,136	5,652,218
Other	1,222,036	1,420,729	47,229	154,425	1,269,265	1,575,154
Total revenues	19,204,360	18,623,678	12,167,563	12,758,707	31,371,923	31,382,385
Expenses						
Governmental Activities:						
General government	4,248,135	4,029,897	--	--	4,248,135	4,029,897
Public Safety	3,798,610	4,248,695	--	--	3,798,610	4,248,695
Highways and streets	967,761	1,355,491	--	--	967,761	1,355,491
Recreation	631,505	684,068	--	--	631,505	684,068
Economic and physical environment	3,168,921	3,185,980	--	--	3,168,921	3,185,980
Interest on long-term debt	69,635	72,095	--	--	69,635	72,095
Business-type Activities:						
Solid waste	--	--	2,215,866	2,180,346	2,215,866	2,180,346
Water and sewer	--	--	5,799,859	5,543,719	5,799,859	5,543,719
Stormwater	--	--	473,322	517,802	473,322	517,802
Reuse	--	--	309,877	281,797	309,877	281,797
Total expenses	12,884,567	13,576,226	8,798,924	8,523,664	21,683,491	22,099,890
Increase (decrease) in net position before transfers	6,319,793	5,047,452	3,368,639	4,235,043	9,688,432	9,282,495
Transfers	801,373	774,091	(801,373)	(774,091)	--	--
Change in net position	7,121,166	5,821,543	2,567,266	3,460,952	9,688,432	9,282,495
Net position - beginning	58,463,729	52,642,186	39,622,446	36,161,494	98,086,175	88,803,680
Net position - ending	\$ 65,584,895	\$ 58,463,729	\$ 42,189,712	\$ 39,622,446	\$ 107,774,607	\$ 98,086,175

CITY OF PALMETTO, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2021
(Unaudited)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Governmental activities

Total revenues for governmental activities increased by \$580,682 or 3.12% 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 \$598,354 or 6.38% 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 eighth year property values have increased, and it appears the trend will continue in the future.
- Other taxes applicable to governmental activities increased by \$252,135 or 26.37% due the increase in sales tax collected for the continued service to the community.
- Other general revenues decreased by \$198,693 or 13.99% compared to the prior year is largely attributed to an decrease in interest and investment earning.

Total expenses for governmental activities decreased by \$691,659 or 5.09% in comparison to the prior year. The decrease in the current year expenses is attributed to:

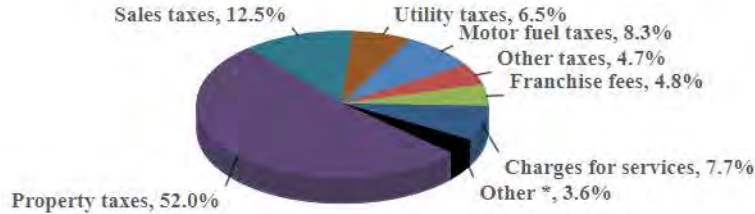
- General government increased by \$218,238 or 5.42% in comparison to the prior years' governmental expenses. This increase includes \$143,227 in increased tax increment funds to CRA for increased property values and minor increases throughout general government.
- Public safety decreased by \$450,085 or (10.59%) in comparison to the prior years' governmental expenses. The decrease includes reduction of \$837,632 in pension related expense which was offset by increases in personnel cost.
- Highways and streets decreased by \$387,730 or (28.60%) compared to the prior year and accounts for 56.1% of the overall decrease in governmental expenses and can be attributed to an decrease of paving projects of \$267,650 due to high levels of attrition and the decrease of costs relating to several road maintenance projects completed from the prior year.
- Decreases in culture and recreation accounted for \$52,563 or (7.68%) compared to the prior year and accounts for 7.6% of the overall decrease in governmental expenses. The decrease includes \$29,472 in personnel cost for positions vacant in the recreation department.
- Decreases in interest on long-term debt accounted for \$2,460 or (3.41%) compared to the prior year and accounts for 0.4% of the overall decrease in governmental expenses. The decrease is due to the payoff of existing loans.

CITY OF PALMETTO, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
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(Unaudited)

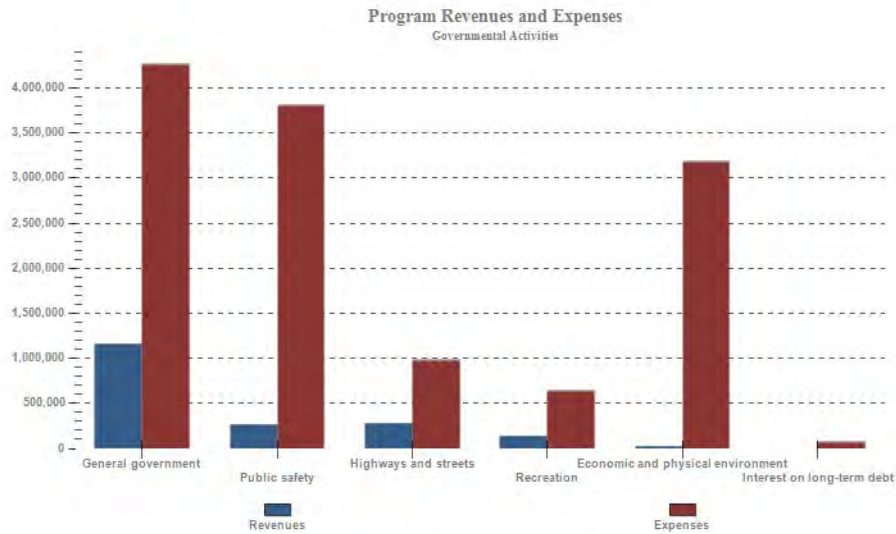
GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

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

Revenues by Source - Governmental Activities



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



Business-type Activities

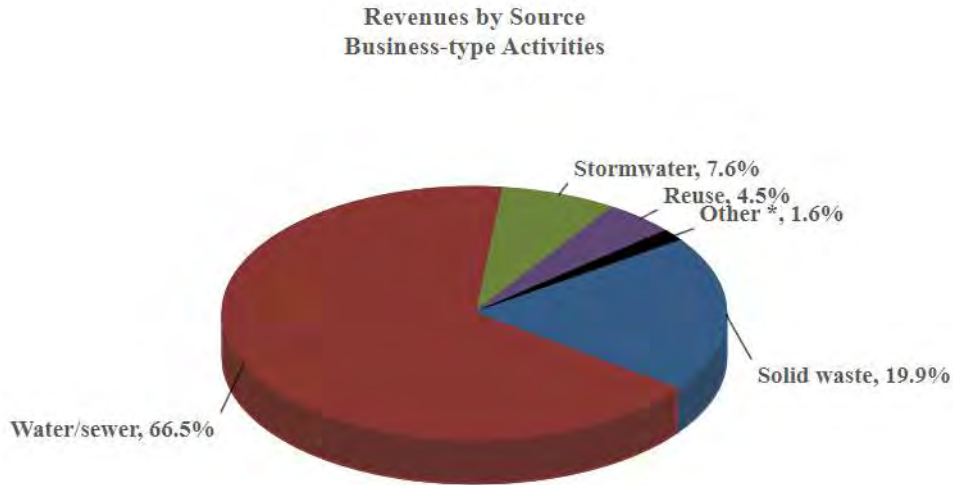
Total revenues decreased by \$591,144 or 4.63% for the current year. This revenue decrease was largely associated with decreases in capital grants totaling \$(869,063) and offset by charges for services of \$385,115. The decrease in capital grants for fiscal year 2021 was related to a capital improvement projects completed in 2020 and partially funded by the Community Development Block Grant (CDBG) and the State Revolving Fund (SRF). The City completed a new user rate study in fiscal year 2019 and implemented the rates in fiscal year 2020. The first year of utility rates increased for water (4%), sewer (4%), stormwater (10%) and reuse (7%). In years two through ten, the rates will be for water (2%), sewer (2%), stormwater (5%) and reuse (3.5%). A small increase occurred in fiscal year 2021 related to the solid waste rates based on the franchise agreement CPI changes.

CITY OF PALMETTO, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
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(Unaudited)

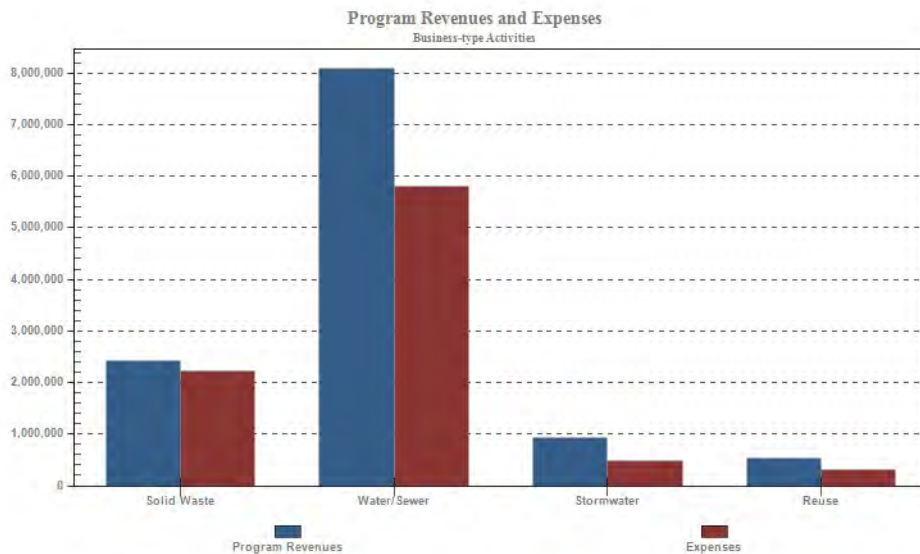
GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Total expenses increased by \$275,260 or 3.23% when compared to the previous year. Increased expenses in solid waste of \$35,520 was due an annual increase in the tipping fees and filling a vacant position. A slight increase in the Water/Sewer Department of \$256,140 for general expenses. Decreases in Stormwater were due to the changes in personnel of \$44,480. Reuse expenses increased by \$28,080 as a result of overall maintenance and changes in personnel. Greater detail and explanation is provided in the Proprietary funds section.

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



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



CITY OF PALMETTO, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2021
(Unaudited)

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 30 and 31. 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 \$25,461,240 an increase of \$6,024,046 compared to the prior year. Approximately 27.69% of this amount, or \$7,050,884, 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 \$3,082,457, Road and Bridge fund of \$829,267, Capital Projects Fund of \$432,386 and the CRA fund of \$1,679,936.

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 \$16,837,475, as compared with \$13,755,018 in the previous year.

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

- Unassigned fund balance is \$7,050,884 as compared to \$6,110,072 the previous year. The \$940,812 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 6.58 months of budgeted 2022 expenditures.
- Assigned fund balance increased by \$295,933 to \$589,999. This increase was attributed to carried forward encumbrances and a portion of the available fund balance being assigned to fund 2022 capital projects. The City's fund balance policy allows that unassigned balances above five months of the expenditure budget can be used to fund capital projects.
- Committed fund balance is \$2,171,852, all of which is associated with the Trailer Park Trust.
- Restricted fund balance is \$6,730,065 which includes \$2,101,424 for the Building department, \$3,206,940 for the infrastructure half-cent sales tax, \$930,002 for impact fees and \$491,699 in Lease Proceeds, Law Enforcement Reserve, and Cemetery Reserve. The Building department restricted fund balance was increased \$417,146 as a result of fiscal year 2021 operations. This is the seventh straight year reserves have increased due to an upturn in construction.
- Nonspendable fund balance related to inventory is \$294,675.

Revenues for the General Fund increased by \$497,174 or 3.83%. The increases in revenue was associated with property taxes and permits, fees and special assessments. The property taxes increased \$366,176 from higher property values and permits, fees and special assessments increased by \$8,019. Intergovernmental decreased by \$43,541 and the reduction of several federal and state grants. Decreases in interest earnings, and other taxes, due to COVID-19 totaled \$293,935.

Expenditures for the General Fund decreased by \$525,989 or 4.28%. The decrease of expenditures relates to personnel cost of \$276,982, capital lease expense \$272,610 and an increase in TIF funds to the CRA of \$143,227. The total net change increased the unassigned fund balance by \$940,812, because revenue increases offset decreases in expenditures.

CITY OF PALMETTO, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2021
(Unaudited)

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (CONTINUED)

Governmental funds (Continued)

Revenues for the CRA, a blended component unit of the City, increased \$188,630 or 4.48% compared to the previous year. TIF dollars from the City and County accounted for \$143,227 of additional revenue and was offset by a decrease of \$56,139 in investment earnings. Total expenditures decreased by \$2,432,554 or 49.20%. This decrease is attributed to a \$2,344,962 reduction in land purchases from fiscal year 2020 to fiscal year 2021.

Revenues in the Road and Bridge fund decreased by \$87,334 or 4.49% compared to the previous year. Revenues associated with impact fees in Road and Bridge accounted for the majority of the decrease. Expenditures decreased by \$484,803 in the Road and Bridge fund due to the absence of a carryforward of road repair and maintenance expense in fiscal year 2020 of \$267,650 that was not present in 2021. In addition, there was a reduction in capital lease expense of \$109,460 from the prior year.

Revenues in the Capital Project fund decreased by \$409,010 due the 14th Avenue at 17th Street and Subsystem 4 projects receiving their final reimbursement in fiscal year 2020 and not receiving grant revenue in fiscal year 2021. Due in part to the aforementioned projects having been completed, expenditures decreased in the Capital Projects funds by \$642,305 in fiscal year 2021.

Proprietary funds

The fund financial statements for the City's proprietary funds, provided on pages 33 through 37, 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 \$42,189,712, an increase of \$2,567,266 in comparison with the prior year. Total operating revenues associated with the proprietary funds were \$11,977,670. Total operating revenues, increased by \$385,115 or 3.32% compared to the previous year. The reasons for the increased revenues are explained below.

The Solid Waste fund had operating income of \$209,347 for the year, and an increase in net position of \$137,847. Revenues increased by \$110,669 or 4.78% due to the increase in the rates and operating expenses increased by \$35,254 or 1.62%. Net position increased by \$137,847 after interest and transfers out. The total net position at the end of the current fiscal year, is \$1,040,542 of which, 97.71% is unrestricted.

The Water and Sewer fund had operating income of \$2,465,583 for the year, and an increase in net position of \$1,835,327. Revenues increased slightly by \$184,137 or 2.33% in accordance with the scheduled rate increase, and operating expenses increased by \$244,896 or 4.55% as a result of increase in expense for several major capital project closeouts offset by a slight increase in general operating expenses. The unrestricted net position at the end of current fiscal year is \$8,130,651 and total net position is \$27,338,022.

The Stormwater fund had operating income of \$488,679 and an increase in net position of \$405,550. The stormwater user fee structure for residential and commercial customers increased in accordance with the scheduled rate increase while operating expenses decreased by \$34,893 or 7.46% for changes in personnel. The unrestricted net position at the end of current fiscal year is \$981,365 and the total net position is \$6,780,456.

The Reuse fund had operating income of \$264,938 and an increase in net position of \$188,542. The expenses increased by \$32,585 or 13.20% as a result of an increase in general operating expenses and utility maintenance. However, revenue increased due addition reclaimed lines installed and utility rate adjustment per the study. At the end of the current fiscal year the unrestricted net position reflects a balance of \$826,269 and the total net position is \$7,030,692.

CITY OF PALMETTO, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2021
(Unaudited)

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 \$2,539,278. The increase in budgeted revenue included increases associated with taxes of \$1,750,193. More specifically, \$1,501,448 of infrastructure half-cent sales tax was not initially added as capital expenditures as it had not been identified at the beginning of the year. In addition, the increase in budgeted revenues increased \$453,788 in permit, fees, and assessments and \$168,603 in impact fees associated with the continuing build out of a major community. Other taxes, impact fees, interest earnings and miscellaneous revenues were also increased by smaller amounts and offset by decreases to intergovernmental, fines, and charges for services. The original General Fund budget anticipated decreasing the General Fund's fund balance by \$56,000 for use of fund balance to fund approved capital outlay and contingencies.

The General fund total expense budget was increased by \$1,949,572 of which the largest adjustments totaling \$1,703,376 related to infrastructure half-cent sales tax capital projects which had not been identified at the beginning of the year. Encumbrance carryforward from fiscal year 2021 was \$1,065,408. Transfers out were increased by \$177,523 to fund capital projects. The final amended budget anticipated increasing the General Fund's fund balance by \$384,182 after transfers. This was largely due to the additional capital revenues for infrastructure projects added during the year that surpassed the additional increase in expense. However, the final result is a net increase of \$3,082,457 was even better due to lower actual expenses compared to the final budget.

Actual revenues excluding other financing sources were less than final budgetary estimates by \$182,379. 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 \$2,910,653 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, 2021, amounts to \$86,638,498 (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 \$442,847 or 0.51%. The largest factors contributing to the increase in capital assets were related to the ongoing construction of a new police department building and a new park. Ongoing Capital Improvement Plan projects amongst the utility funds also contributed. The largest vehicle and equipment purchases of the fiscal year 2021 capital lease consisted of the purchase of a sewer department vac truck, several public works crew vehicles, twenty eight police laptops, and a curbing machine. Due to supply chain issues, funds have been encumbered for 4 new police vehicles along with their associated in car video systems, a bucket truck and a grapple truck, however these have not yet been expensed as of the end of the fiscal year. The budgeted total of the capital lease is \$1,290,619.

The 2021 Capital Improvement Plan (CIP) was approved by the Commission on October 19, 2020 in the amount of \$5,326,824 for fiscal year 2021.

The CRA also budgeted \$4,802,138 for other capital improvements within the CRA district.

CITY OF PALMETTO, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2021
(Unaudited)

CAPITAL ASSETS AND DEBT (CONTINUED)

Capital Assets (Continued)

The following projects in 2021 had expenditures greater than \$50,000:

City Capital Projects

- New Police Department Building - \$393,066 for architectural and engineering services related to the construction of a new police building.
- Inflows and Infiltration - \$203,267 in ongoing upgrades. The project will continue in 2022.
- Chloramine Project - \$184,854 for the renovation and infrastructure needed to facilitate the introduction of a Chloramine injection system.
- Lift Station Upgrades - \$143,670 for the ongoing upgrades of the City's lift stations.
- Ward 1 Phase III - \$82,815 for engineering services in preparation of the future comprehensive utility improvement project.
- Waste Water Treatment Plant Upgrades - \$72,401 for improvements made to the infrastructure at the plant.

CRA

- Connor Park - \$244,012 for engineering, architectural, and construction work necessary to complete the brownfield remediation at the Edenfield site in preparation for the construction of Connor Park.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Land	\$ 10,888,456	\$ 10,526,695	\$ 279,415	\$ 279,415	\$ 11,167,871	\$ 10,806,110
Buildings	1,423,246	1,128,106	438,636	415,490	1,861,882	1,543,596
Improvements other than buildings	--	--	31,132,701	31,474,138	31,132,701	31,474,138
Machinery and equipment	1,862,974	2,244,644	2,362,609	1,878,401	4,225,583	4,123,045
Infrastructure	29,965,264	28,897,137	--	--	29,965,264	28,897,137
Construction in progress	647,501	2,322,476	7,637,696	7,914,843	8,285,197	10,237,319
Total	\$ 44,787,441	\$ 45,119,058	\$ 41,851,057	\$ 41,962,287	\$ 86,638,498	\$ 87,081,345

Additional information on the City's capital assets is presented in Note IV, F beginning on page 63 of this report.

CITY OF PALMETTO, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2021
(Unaudited)

CAPITAL ASSETS AND DEBT (CONTINUED)

Long-term Liabilities

At the end of the current fiscal year, the City had long-term liabilities outstanding of \$16,552,564. Long-term liabilities includes compensated absences of \$756,610, net pension liability of \$2,284,118, and other post-employment benefits of \$497,312 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 \$2,118,078 in outstanding capital leases as of September 30, 2021.

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 \$1,079,098 as of September 30, 2021. 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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Bank Qualified Loans						
2014 Loan	\$ --	\$ --	\$ 735,230	\$ 815,195	\$ 735,230	\$ 815,195
2019 Loan	905,460	1,096,889	3,889,340	4,711,611	4,794,800	5,808,500
SRF Loans	--	--	6,571,436	6,783,396	6,571,436	6,783,396
CRA Loan	1,079,098	1,298,848	--	--	1,079,098	1,298,848
Total Loans	<u>1,984,558</u>	<u>2,395,737</u>	<u>11,196,006</u>	<u>12,310,202</u>	<u>13,180,564</u>	<u>14,705,939</u>
Capital Leases	1,089,730	760,896	1,028,348	819,202	2,118,078	1,580,098
Total Loans and Leases	<u>\$ 3,074,288</u>	<u>\$ 3,156,633</u>	<u>\$ 12,224,354</u>	<u>\$ 13,129,404</u>	<u>\$ 15,298,642</u>	<u>\$ 16,286,037</u>

See Note IV, G, and H on pages 66 through 76.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The unemployment rate for the North Port/Sarasota/Bradenton area for September was 3.70%, which is lower than the State's unemployment rate of 4.60% for the same time period. The national unemployment rate for the same time period is 4.60% percent (source: Bureau of Labor Statistics).

According to the 2020 Census, the City's population was 13,661. (source: Bureau of Economic and Business Research).

The 2021 taxable value of commercial and residential property increased from \$978,938,293 in fiscal year 2020 to \$1,040,995,404 for fiscal year 2021. This represents a 6.34 percent increase in taxable value and is largely attributed to the increased property values that are being experienced statewide. This increase of 6.34 percent was slightly less than the 7.09 percent increased realized a year ago. After several years of declining property values, fiscal year 2021 was the ninth 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 and will continue to monitor the economic forecast from the state. Since the City's taxable value peaked in fiscal year 2009, values decreased by 36 percent during a four year slide ending in FY2012. Since that time, property values have been increasing each year and the fiscal year 2021 are close to the peak values of fiscal year 2009. The City has made adjustments along the way to meet the challenges of the economic downturn. We are well poised and encouraged by the direction of our economy here in Palmetto.

The General Fund property tax millage of \$5.9671 for fiscal year 2021 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.

CITY OF PALMETTO, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2021
(Unaudited)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES (CONTINUED)

The fiscal year 2021 pension contribution amounts as a percentage of each payroll dollar for the Police and General Employees Pension Plans was 21.19% and 15.03% respectively compared to 21.63% and 18.47% for the prior year. This represented an decrease of 2.04% for the Police Plan and a decrease of 18.60% for the General Employees' Pension Plan. The decreases in the both pension plans was due to the favorable actuarial gains associated with plan assumptions. 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 utility rate study was implemented and 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. Construction of the equalization basin at our Wastewater Treatment plant completed in the Winter of 2021. 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 early 2022 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.

City of Palmetto, Florida

For the Year Ended September 30, 2021



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CITY OF PALMETTO, FLORIDA
STATEMENT OF NET POSITION
As of September 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 14,614,408	\$ 10,519,831	\$ 25,134,239
Receivables, net of allowance for uncollectible	435,603	1,473,124	1,908,727
Due from other governments	380,235	--	380,235
Investments	2,849,475	--	2,849,475
Internal balances	112,159	(112,159)	--
Inventory	294,675	--	294,675
Restricted assets			
Cash and cash equivalents	7,645,148	5,482,514	13,127,662
Net pension asset	1,848,234	435,884	2,284,118
Capital assets (net of accumulated depreciation)			
Land	10,888,456	279,415	11,167,871
Buildings	1,423,246	438,636	1,861,882
Improvements other than buildings	--	31,132,701	31,132,701
Machinery and equipment	1,862,974	2,362,609	4,225,583
Infrastructure	29,965,264	--	29,965,264
Construction in progress	647,501	7,637,696	8,285,197
Total assets	<u>72,967,378</u>	<u>59,650,251</u>	<u>132,617,629</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred outflows of pension resources	558,603	31,700	590,303
Deferred outflows of other post-employment benefits	113,156	22,307	135,463
Deferred outflows of loss on refunding	62,316	267,675	329,991
Total deferred outflow of resources	<u>734,075</u>	<u>321,682</u>	<u>1,055,757</u>
LIABILITIES			
Accounts payable and other accrued liabilities	542,724	822,049	1,364,773
Accrued interest	7,436	42,971	50,407
Unearned revenue	287,529	3,442,868	3,730,397
Customer deposits	3,349	713,990	717,339
Noncurrent liabilities			
Due within one year	977,622	1,672,116	2,649,738
Due in more than one year	3,220,350	10,682,476	13,902,826
Total liabilities	<u>5,039,010</u>	<u>17,376,470</u>	<u>22,415,480</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of pension earnings	3,063,122	403,066	3,466,188
Deferred inflows from other post-employment benefits	14,426	2,685	17,111
Total deferred inflows of resources	<u>3,077,548</u>	<u>405,751</u>	<u>3,483,299</u>
NET POSITION			
Net investment in capital assets	42,336,583	30,001,681	72,338,264
Restricted for:			
Capital projects	4,292,999	--	4,292,999
Debt service	--	169,420	169,420
Building program	2,101,424	--	2,101,424
Law enforcement	85,518	--	85,518
Impact fees	1,151,906	1,063,622	2,215,528
Community redevelopment	4,956,964	--	4,956,964
Transportation	1,267,682	--	1,267,682
Unrestricted	9,391,819	10,954,989	20,346,808
Total net position	<u>\$ 65,584,895</u>	<u>\$ 42,189,712</u>	<u>\$ 107,774,607</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, 2021

Function/Programs	Expenses	Indirect Expenses Allocation
Primary Government:		
Governmental activities:		
General government	\$ 4,248,135	\$ --
Public safety	4,402,305	(603,695)
Highways and streets	967,761	--
Recreation	631,505	--
Economic and physical environment	2,565,226	603,695
Interest on long-term debt	69,635	--
Total governmental activities	<u>12,884,567</u>	<u>--</u>
Business-type activities:		
Solid waste	2,215,866	--
Water and sewer	5,799,859	--
Stormwater	473,322	--
Reuse	309,877	--
Total business-type activities	<u>8,798,924</u>	<u>--</u>
 Total primary government	 <u>\$ 21,683,491</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	
\$ 1,111,828	\$ 6,704	\$ 33,359	\$ (3,096,244)	\$ --	\$ (3,096,244)
204,808	21,454	34,409	(3,537,939)	--	(3,537,939)
134,868	--	145,083	(687,810)	--	(687,810)
26,666	--	112,847	(491,992)	--	(491,992)
--	--	27,530	(3,141,391)	--	(3,141,391)
--	--	--	(69,635)	--	(69,635)
<u>1,478,170</u>	<u>28,158</u>	<u>353,228</u>	<u>(11,025,011)</u>	<u>--</u>	<u>(11,025,011)</u>
2,424,494	--	--	--	208,628	208,628
8,086,956	--	142,664	--	2,429,761	2,429,761
921,755	--	--	--	448,433	448,433
544,465	--	--	--	234,588	234,588
<u>11,977,670</u>	<u>--</u>	<u>142,664</u>	<u>--</u>	<u>3,321,410</u>	<u>3,321,410</u>
<u>\$ 13,455,840</u>	<u>\$ 28,158</u>	<u>\$ 495,892</u>	<u>\$ (11,025,011)</u>	<u>\$ 3,321,410</u>	<u>\$ (7,703,601)</u>
General Revenues:					
Property taxes			\$ 9,977,632	\$ --	\$ 9,977,632
Sales taxes			2,405,574	--	2,405,574
Utility taxes			1,242,277	--	1,242,277
Motor fuel taxes			1,597,359	--	1,597,359
Other taxes			899,926	--	899,926
Franchise fees			921,440	--	921,440
Interest and investment earnings			63,568	47,229	110,797
Other general revenues			237,028	--	237,028
Transfers			801,373	(801,373)	--
Total general revenues and transfers			<u>18,146,177</u>	<u>(754,144)</u>	<u>17,392,033</u>
Change in net position			<u>7,121,166</u>	<u>2,567,266</u>	<u>9,688,432</u>
Net position - beginning			<u>58,463,729</u>	<u>39,622,446</u>	<u>98,086,175</u>
Net position - ending			<u>\$ 65,584,895</u>	<u>\$ 42,189,712</u>	<u>\$ 107,774,607</u>

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

CITY OF PALMETTO, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2021

	<u>General</u>	<u>Community Redevelopment Agency</u>	<u>Road and Bridge</u>	<u>Capital Projects (Nonmajor)</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 6,967,242	\$ 5,049,043	\$ 1,476,297	\$ 1,121,826	\$ 14,614,408
Receivables, net of allowance for uncollectible	308,834	41,888	35,106	49,775	435,603
Advances to other funds	112,159	--	--	--	112,159
Due from other governments	253,192	--	127,043	--	380,235
Investments	2,849,475	--	--	--	2,849,475
Inventory	294,675	--	--	--	294,675
Cash - restricted	6,658,125	--	987,023	--	7,645,148
Total assets	<u>\$ 17,443,702</u>	<u>\$ 5,090,931</u>	<u>\$ 2,625,469</u>	<u>\$ 1,171,601</u>	<u>\$ 26,331,703</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable and accrued liabilities	\$ 393,082	\$ 98,801	\$ 31,294	\$ 26,983	\$ 550,160
Unearned revenue	75,529	--	--	--	75,529
Customer deposits payable	1,549	1,800	--	--	3,349
Total liabilities	<u>470,160</u>	<u>100,601</u>	<u>31,294</u>	<u>26,983</u>	<u>629,038</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	<u>136,067</u>	<u>33,366</u>	<u>22,217</u>	<u>49,775</u>	<u>241,425</u>
FUND BALANCES					
Nonspendable - Inventory	294,675	--	--	--	294,675
Restricted	6,730,065	4,956,964	2,571,958	--	14,258,987
Committed	2,171,852	--	--	1,094,843	3,266,695
Assigned	589,999	--	--	--	589,999
Unassigned	7,050,884	--	--	--	7,050,884
Total fund balances	<u>16,837,475</u>	<u>4,956,964</u>	<u>2,571,958</u>	<u>1,094,843</u>	<u>25,461,240</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 17,443,702</u>	<u>\$ 5,090,931</u>	<u>\$ 2,625,469</u>	<u>\$ 1,171,601</u>	
Adjustments for primary government total net position					
General capital assets, net of accumulated depreciation					\$ 44,787,441
Unearned revenue					(212,000)
Unavailable revenue					241,425
Deferred outflows of pension resources					558,603
Deferred inflows of pension earnings					(3,063,122)
Net pension asset					1,848,234
Deferred outflows of other post-employment benefits					113,156
Deferred inflows from other post-employment benefits					(14,426)
Long term debt for capital leases; compensated absences, loss on refunding, OPEB and loans					<u>(4,135,656)</u>
Total net position for governmental activities (page 27)					<u>\$ 65,584,895</u>

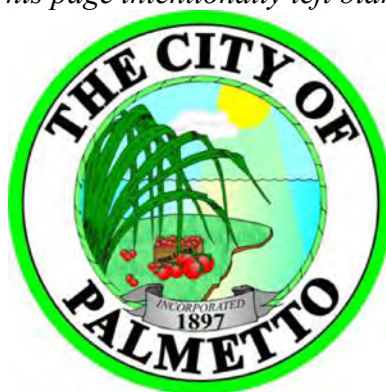
The notes to the financial statements are an integral part of this statement.

CITY OF PALMETTO, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2021

	<u>General</u>	<u>Community Redevelopment Agency</u>	<u>Road and Bridge</u>	<u>Capital Projects (Nonmajor)</u>	<u>Total Governmental Funds</u>
REVENUES					
Taxes					
Property	\$ 5,631,120	\$ 4,346,512	\$ --	\$ --	\$ 9,977,632
Sales	2,405,574	--	--	--	2,405,574
Utility	1,242,277	--	--	--	1,242,277
Motor fuel	7,648	--	1,589,711	--	1,597,359
Other	899,926	--	--	--	899,926
Permits, fees, and special assessments	1,986,017	--	--	--	1,986,017
Intergovernmental revenues	28,158	3,707	--	--	31,865
Fines and forfeitures	49,541	--	--	--	49,541
Charges for services	816,441	--	134,868	--	951,309
Interest earnings	34,649	20,634	6,586	--	61,869
Miscellaneous	222,192	29,196	5,784	--	257,172
Impact fees	168,603	--	122,076	--	290,679
Total revenues	<u>13,492,146</u>	<u>4,400,049</u>	<u>1,859,025</u>	<u>--</u>	<u>19,751,220</u>
EXPENDITURES					
Current					
General government	3,956,487	--	--	--	3,956,487
Public safety	4,972,870	--	--	--	4,972,870
Highways and streets	--	--	456,533	--	456,533
Recreation	632,357	--	--	--	632,357
Economic and physical environment	1,344,153	1,674,337	--	--	3,018,490
Capital outlay					
Streets	13,707	--	41,957	82,815	138,479
Other	546,948	602,558	--	65,929	1,215,435
Debt service principal and interest	305,466	234,412	321,971	--	861,849
Total expenditures	<u>11,771,988</u>	<u>2,511,307</u>	<u>820,461</u>	<u>148,744</u>	<u>15,252,500</u>
Excess (deficiency) of revenues over expenditures	<u>1,720,158</u>	<u>1,888,742</u>	<u>1,038,564</u>	<u>(148,744)</u>	<u>4,498,720</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	1,012,536	--	--	581,130	1,593,666
Transfers out	(177,523)	(208,806)	(405,964)	--	(792,293)
Capital leases	527,286	--	196,667	--	723,953
Total other financing sources (uses)	<u>1,362,299</u>	<u>(208,806)</u>	<u>(209,297)</u>	<u>581,130</u>	<u>1,525,326</u>
Net change in fund balances	3,082,457	1,679,936	829,267	432,386	6,024,046
Fund balances, beginning	13,755,018	3,277,028	1,742,691	662,457	19,437,194
Fund balances, ending	<u>\$ 16,837,475</u>	<u>\$ 4,956,964</u>	<u>\$ 2,571,958</u>	<u>\$ 1,094,843</u>	<u>\$ 25,461,240</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, 2021

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

Net change in fund balances - total governmental funds	\$ 6,024,046
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.	(307,409)
The issuance of long-term debt (i.e. loans and capital leases) provides current financial resources to government funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds and does not effect net assets. This amount is the net effect of these differences in the treatment of long-term debt and related payments.	82,345
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.	1,354,050
Some revenues reported in the statement of activities do not increase current financial resources Unearned Revenue	56,835
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations) is to decrease net position.	(24,208)
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:	<u>(64,493)</u>
Changes in net assets of governmental activities	<u>\$ 7,121,166</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, 2021

	Business-type Activities - Enterprise Funds				
	Solid Waste	Water and Sewer	Stormwater	Reuse	Total
ASSETS					
Current assets					
Cash and cash equivalents	\$ 938,062	\$ 8,136,342	\$ 689,995	\$ 755,432	\$ 10,519,831
Receivables, net of allowance for uncollectible	223,292	1,104,883	89,664	55,285	1,473,124
Total current assets	<u>1,161,354</u>	<u>9,241,225</u>	<u>779,659</u>	<u>810,717</u>	<u>11,992,955</u>
Noncurrent assets					
Cash - restricted					
Cash - capital projects	23,000	3,050,613	224,595	129,975	3,428,183
Loan proceeds	56,666	47,944	2,689	--	107,299
Loan covenant accounts	--	168,128	--	1,292	169,420
Impact fees	--	1,063,622	--	--	1,063,622
Customer deposits	--	713,990	--	--	713,990
Total cash - restricted	<u>79,666</u>	<u>5,044,297</u>	<u>227,284</u>	<u>131,267</u>	<u>5,482,514</u>
Net pension assets	<u>48,578</u>	<u>301,377</u>	<u>57,982</u>	<u>27,947</u>	<u>435,884</u>
Total noncurrent assets	<u>128,244</u>	<u>5,345,674</u>	<u>285,266</u>	<u>159,214</u>	<u>5,918,398</u>
Capital assets:					
Land	--	4,815	274,600	--	279,415
Buildings	6,847	848,400	10,842	5,135	871,224
Improvements other than buildings	--	34,332,779	10,056,950	7,958,896	52,348,625
Machinery and equipment	231,856	5,429,141	292,974	13,390	5,967,361
Construction in progress	--	7,614,531	--	23,165	7,637,696
Less: accumulated depreciation	<u>(212,296)</u>	<u>(19,981,402)</u>	<u>(3,851,438)</u>	<u>(1,208,128)</u>	<u>(25,253,264)</u>
Total capital assets (net of accumulated depreciation)	<u>26,407</u>	<u>28,248,264</u>	<u>6,783,928</u>	<u>6,792,458</u>	<u>41,851,057</u>
Total noncurrent assets	<u>154,651</u>	<u>33,593,938</u>	<u>7,069,194</u>	<u>6,951,672</u>	<u>47,769,455</u>
Total assets	<u>1,316,005</u>	<u>42,835,163</u>	<u>7,848,853</u>	<u>7,762,389</u>	<u>59,762,410</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows of pension earnings	3,533	21,918	4,217	2,032	31,700
Deferred outflows of other post-employment benefit	2,740	14,663	4,050	854	22,307
Deferred outflows of loss on refunding	<u>--</u>	<u>160,383</u>	<u>64,636</u>	<u>42,656</u>	<u>267,675</u>
Total deferred outflows of resources	<u>6,273</u>	<u>196,964</u>	<u>72,903</u>	<u>45,542</u>	<u>321,682</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, 2021

	Business-type Activities - Enterprise Funds				
	Solid Waste	Water and Sewer	Stormwater	Reuse	Total
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	156,396	652,298	11,882	1,473	822,049
Accrued interest payable	--	34,258	5,207	3,506	42,971
Advances from other funds	--	--	--	112,159	112,159
Compensated absences	2,848	9,048	964	--	12,860
Capital leases payable-current	17,879	330,799	30,051	430	379,159
Loans payable-current	--	939,527	202,198	138,372	1,280,097
Unearned revenue	--	3,442,868	--	--	3,442,868
Total current liabilities payable from unrestricted assets	<u>177,123</u>	<u>5,408,798</u>	<u>250,302</u>	<u>255,940</u>	<u>6,092,163</u>
Current liabilities payable from restricted assets:					
Customer deposits payable	--	713,990	--	--	713,990
Total current liabilities	<u>177,123</u>	<u>6,122,788</u>	<u>250,302</u>	<u>255,940</u>	<u>6,806,153</u>
Noncurrent liabilities					
Loans payable	--	8,690,059	736,966	488,884	9,915,909
Other post-employment benefits	9,493	52,940	14,204	2,165	78,802
Compensated absences	8,543	27,142	2,891	--	38,576
Capital leases payable	41,357	520,587	82,946	4,299	649,189
Total noncurrent liabilities	<u>59,393</u>	<u>9,290,728</u>	<u>837,007</u>	<u>495,348</u>	<u>10,682,476</u>
Total liabilities	<u>236,516</u>	<u>15,413,516</u>	<u>1,087,309</u>	<u>751,288</u>	<u>17,488,629</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of pension earnings	44,921	278,686	53,616	25,843	403,066
Deferred inflows of other post-employment benefits	299	1,903	375	108	2,685
Total deferred inflows of resources	<u>45,220</u>	<u>280,589</u>	<u>53,991</u>	<u>25,951</u>	<u>405,751</u>
NET POSITION					
Net investment in capital assets	23,838	17,975,621	5,799,091	6,203,131	30,001,681
Restricted for:					
Debt service	--	168,128	--	1,292	169,420
Impact fees	--	1,063,622	--	--	1,063,622
Unrestricted	<u>1,016,704</u>	<u>8,130,651</u>	<u>981,365</u>	<u>826,269</u>	<u>10,954,989</u>
Total net position	<u>\$ 1,040,542</u>	<u>\$ 27,338,022</u>	<u>\$ 6,780,456</u>	<u>\$ 7,030,692</u>	<u>\$ 42,189,712</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, 2021

	Business-type Activities - Enterprise Funds				
	Solid Waste	Water and Sewer	Stormwater	Reuse	Total
Operating Revenues					
Charges for sales and services					
Garbage and trash pickup	\$ 2,385,521	\$ --	\$ --	\$ --	\$ 2,385,521
Water sales	--	4,308,612	--	--	4,308,612
Sewer charges	--	3,583,941	--	--	3,583,941
Stormwater fees	--	--	916,916	--	916,916
Reuse fees	--	--	--	540,804	540,804
Installation and connection fees	--	49,300	--	--	49,300
Penalties and check charges	8,628	39,021	3,715	3,403	54,767
Miscellaneous	30,345	106,082	1,124	258	137,809
Total operating revenues	<u>2,424,494</u>	<u>8,086,956</u>	<u>921,755</u>	<u>544,465</u>	<u>11,977,670</u>
Operating Expenses					
Cost of sales and services	2,208,655	4,672,664	202,151	94,342	7,177,812
Depreciation	6,492	948,709	230,925	185,185	1,371,311
Total operating expenses	<u>2,215,147</u>	<u>5,621,373</u>	<u>433,076</u>	<u>279,527</u>	<u>8,549,123</u>
Operating income	<u>209,347</u>	<u>2,465,583</u>	<u>488,679</u>	<u>264,938</u>	<u>3,428,547</u>
Nonoperating Revenues (Expenses)					
Interest earnings	3,666	38,092	2,702	2,769	47,229
Interest expense	(651)	(178,486)	(40,246)	(30,350)	(249,733)
Total nonoperating revenues (expenses)	<u>3,015</u>	<u>(140,394)</u>	<u>(37,544)</u>	<u>(27,581)</u>	<u>(202,504)</u>
Income before impact fees, capital contributions and transfers	212,362	2,325,189	451,135	237,357	3,226,043
Impact fees	--	136,818	--	--	136,818
Capital contributions-grants	(68)	5,846	--	--	5,778
Transfers in	--	--	79,288	--	79,288
Transfers out	(74,447)	(632,526)	(124,873)	(48,815)	(880,661)
Change in net position	137,847	1,835,327	405,550	188,542	2,567,266
Total net position - beginning	902,695	25,502,695	6,374,906	6,842,150	39,622,446
Total net position - ending	<u>\$ 1,040,542</u>	<u>\$ 27,338,022</u>	<u>\$ 6,780,456</u>	<u>\$ 7,030,692</u>	<u>\$ 42,189,712</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, 2021

	Solid Waste	Water and Sewer	Stormwater	Reuse	Total Proprietary
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 2,440,957	13,411,524	918,852	548,666	17,319,999
Payments to suppliers	(2,086,706)	(4,196,524)	(54,525)	(19,782)	(6,357,537)
Payments to employees	(141,273)	(886,917)	(175,289)	(86,788)	(1,290,267)
Net cash provided by operating activities	<u>212,978</u>	<u>8,328,083</u>	<u>689,038</u>	<u>442,096</u>	<u>9,672,195</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Advance from other funds	-	-	-	(53,641)	(53,641)
Transfers from other funds	-	-	79,288	-	79,288
Transfers to other funds	(74,447)	(632,526)	(124,873)	(48,815)	(880,661)
Net cash used by noncapital and related financing activities	<u>(74,447)</u>	<u>(632,526)</u>	<u>(45,585)</u>	<u>(102,456)</u>	<u>(855,014)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	-	(1,122,106)	(114,812)	(23,164)	(1,260,082)
Capital contributions	(68)	-	-	-	(68)
Impact fee capital contributions	-	136,818	-	-	136,818
Grant capital contributions	-	5,846	-	-	5,846
Proceeds from issuance of debt	-	334,155	-	-	334,155
Capital lease proceeds	49,679	413,977	103,014	-	566,670
Payments on capital lease obligations	(9,033)	(338,939)	(9,145)	(407)	(357,524)
Principal paid on capital debt	-	(931,020)	(381,517)	(135,814)	(1,448,351)
Interest paid on capital debt	(651)	(141,760)	(29,308)	(21,491)	(193,210)
Net cash provided (used) by capital and related financing activities	<u>39,927</u>	<u>(1,643,029)</u>	<u>(431,768)</u>	<u>(180,876)</u>	<u>(2,215,746)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and dividends received	3,668	38,088	2,702	2,769	47,227
Net cash provided by investing activities	<u>3,668</u>	<u>38,088</u>	<u>2,702</u>	<u>2,769</u>	<u>47,227</u>
Net change in cash and cash equivalents	182,126	6,090,616	214,387	161,533	6,648,662
Cash and cash equivalents - October 1	835,602	7,090,023	702,892	725,166	9,353,683
Cash and cash equivalents - September 30	<u>\$ 1,017,728</u>	<u>13,180,639</u>	<u>917,279</u>	<u>886,699</u>	<u>16,002,345</u>
Detail of cash and equivalents at September 30:					
Cash and equivalents	\$ 938,062	8,136,342	689,995	755,432	10,519,831
Restricted cash:					
Cash - Capital Projects	23,000	3,050,613	224,595	129,975	3,428,183
Loan proceeds	56,666	47,944	2,689	-	107,299
Loan covenant accounts	-	168,128	-	1,292	169,420
Impact fees	-	1,063,622	-	-	1,063,622
Customer deposits	-	713,990	-	-	713,990
Total	<u>\$ 1,017,728</u>	<u>13,180,639</u>	<u>917,279</u>	<u>886,699</u>	<u>16,002,345</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating income	\$ 209,347	2,465,583	488,679	264,938	3,428,547
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation expense	6,492	948,709	230,925	185,185	1,371,311
(Increase) decrease in accounts receivable	16,463	1,881,700	(2,903)	4,201	1,899,461
(Increase) decrease in net pension asset	(48,578)	(301,377)	(57,982)	(27,947)	(435,884)
(Increase) decrease in deferred outflows - pensions	(1,174)	(9,130)	(910)	(1,172)	(12,386)
(Increase) decrease in deferred outflows - OPEB	473	2,934	565	272	4,244
Increase (decrease) in accounts payable and accrued liabilities	3,940	(287,573)	8,768	(1,116)	(275,981)
Increase (decrease) in deferred revenue	-	3,442,868	-	-	3,442,868
Increase (decrease) in customer deposits	-	27,739	-	-	27,739
Increase (decrease) in accrued compensated absences	3,442	(1,073)	(358)	-	2,011
Increase (decrease) in net pension liability	(6,473)	(35,082)	(9,074)	(2,359)	(52,988)
Increase (decrease) in OPEB liability	3	21	4	2	30
Increase (decrease) in deferred inflows - pensions	28,876	191,730	31,125	19,996	271,727
Increase (decrease) in deferred inflows - OPEB	167	1,034	199	96	1,496
Total adjustments	<u>3,631</u>	<u>5,862,500</u>	<u>200,359</u>	<u>177,158</u>	<u>6,243,648</u>
Net cash provided by operating activities	<u>\$ 212,978</u>	<u>8,328,083</u>	<u>689,038</u>	<u>442,096</u>	<u>9,672,195</u>

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, 2021

	Pension Trust Funds
ASSETS	
Accounts receivable	\$ 3,075
Interest and dividends receivable	31,294
Prepaid benefits	138,776
Investments, at fair value	
Money market funds	787,021
U. S. government securities	3,229,766
Corporate bonds	1,540,112
Corporate stocks	11,695,202
Mutual funds	15,078,200
Alternative investments	3,178,146
Total investments	35,508,447
Total assets	35,681,592
LIABILITIES	
Accounts payable	74,725
Total liabilities	74,725
NET POSITION	
Restricted for pension benefits	\$ 35,606,867

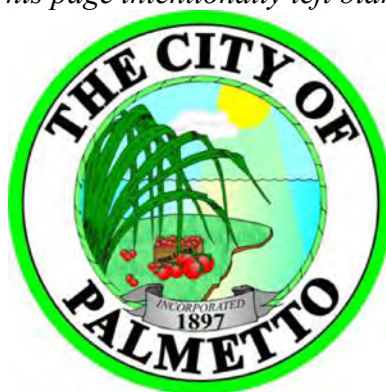
The notes to the financial statements are an integral part of this statement.

CITY OF PALMETTO, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended September 30, 2021

	Pension Trust Funds
ADDITIONS	
Contributions:	
Employer	\$ 833,786
Plan members	247,653
State (from the General Fund)	144,799
Miscellaneous	(764)
Total contributions:	1,225,474
Investment Earnings	
Interest	83,623
Dividends	489,102
Net increase in the fair value of investments	5,191,608
Total investment earnings	5,764,333
Less investment expense	(140,894)
Net investment earnings	5,623,439
Total additions	6,848,913
DEDUCTIONS	
Benefits	1,738,995
Refunds of contributions	106,574
Administrative expenses	74,142
Total deductions	1,919,711
Change in net position	4,929,202
Net position, beginning	30,677,665
Net position, ending	\$ 35,606,867

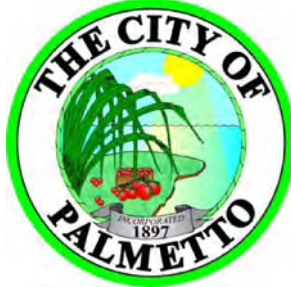
The notes to the financial statements are an integral part of this statement.

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City of Palmetto, Florida

September 30, 2021



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CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

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 13,348. 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.

The City of Palmetto's General Employee's Pension Plan (the "Plan")

The Plan is a single-employer defined benefit plan administered by a Board of Trustees which act 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 the 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, they City Clerk pursuant to City ordinance, and a sixth and seventh Trustee who are chosen by a majority of the first five Trustees. The plan is reported as a fiduciary component unit in accordance with Governmental Accounting Standards Board Statement Number 84.

The Palmetto Police Pension Plan (the "Plan")

The Plan is a single-employer defined benefit pension plan administered by a Board of Trustees which act 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. The Plan is reported as a fiduciary component unit in accordance with Governmental Accounting Standards Board Statement Number 84.

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 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, 2021

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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, 2021

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.

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, 2021

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, 2021

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. 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.

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

8. Compensated Absences (Continued)

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
Intangibles (excluding land related assets)	7 years	\$ 2,000

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, 2021

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 refunding is a result of the difference in the carrying value of refunded debt and its reacquisition price. This amount is amortized using the straight-line 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 2021 was based on taxable assessed property values totaling \$1,040,995,404.

The State of Florida permits the City to levy taxes up to 10 mills of assessed property valuations for the General Fund. For the 2020-2021 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, 2021

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, the net pension liability and the total other post-employment benefit liability 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, 2021

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, 2021

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 \$44,787,441 difference are as follows:

Capital assets (net of accumulated depreciation)	
Land	\$ 10,888,456
Buildings	1,423,246
Machinery and equipment	1,862,974
Infrastructure	29,965,264
Construction in progress	<u>647,501</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u><u>\$ 44,787,441</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	\$ <u>(212,000)</u>
Net adjustment to decrease <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<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 \$241,425 difference are as follows:

Unavailable revenue - Code Enforcement	\$ 86,290
Unavailable revenue - Special Assessments	61,388
Unavailable revenue for grants which were earned in the governmental activities but did not meet the 60 day requirement in the governmental funds	<u>93,747</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u><u>\$ 241,425</u></u>

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

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	\$ 558,603
Deferred outflows of other post-employment benefits	\$ 113,156
Deferred inflows of pension earnings	\$ (3,063,122)
Deferred inflows from other post-employment benefits	\$ (14,426)

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 \$4,135,656 difference are as follows:

Deferred outflows - debt refunding	\$ 62,316
2019 loan payable	(905,460)
CRA loan payable	(1,079,098)
Capital leases payable	(1,089,730)
Compensated absences	(705,174)
Other post employment benefits	<u>(418,510)</u>
Net adjustment to decrease fund balance - total governmental funds to arrive at net position - governmental activities	<u><u>\$ (4,135,656)</u></u>

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 \$(307,409) difference are as follows:

Capital outlay	\$ 1,356,566
Depreciation expense	<u>(1,663,975)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u><u>\$ (307,409)</u></u>

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

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 \$82,345 difference are as follows:

Principal payments on long-term bank loans	\$ 411,179
Payments on capital leases	395,119
Capital lease additions	<u>(723,953)</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities</i>	<u>\$ 82,345</u>

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 \$1,354,050 difference are as follows:

OPEB Change	\$ (31,652)
Change in net pension liability, deferred inflows and deferred outflows	<u>1,385,702</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities</i>	<u>\$ 1,354,050</u>

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 \$56,835 difference are as follows:

Change in unavailable revenue	\$ <u>56,835</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities</i>	<u>\$ 56,835</u>

5. *Some expenses reported in the statement of activities do not provide current financial resources:* These expenses, therefore, are not reported in the governmental fund statements. The details of this \$(64,493) difference are as follows:

Loss on refunding	\$ (14,084)
Changes in compensated absences	<u>(50,409)</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities</i>	<u>\$ (64,493)</u>

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

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, 2021, 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, 2021

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, 2021, the carrying amount of the City's primary government deposits was \$41,111,376. This amount includes interest bearing time deposits consisting of collateralized certificates of deposit and FDIC insured certificates of deposit valued at \$6,533,961, two money market accounts valued at \$4,139,628, the SBA investment of \$7,049,057, the FMIT investment of \$201,866, loan covenant accounts of \$169,420, the operating account of \$19,497,456, lease proceeds \$668,413, petty cash \$2,100 and \$2,849,475 from the Trailer Park Trust fund that may be used only on approval by City Commission. The bank balance for the operating accounts was \$19,758,344. 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, 2021, the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense was 18.15% for the Police Pension Plan and 18.49% 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, 2021

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, 2020 through September 30, 2021, no such disclosure has been made.

As of September 30, 2021, 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, 2021

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, 2021, the City and its pension trust funds had the following cash and investments and maturities:

Investment Type	Investment Maturities (in Years)				
	Fair Value	Less than 1	1 - 5	6 - 10	More than 10
Cash and Short Term Investments	\$ 25,264,038	\$ 25,264,038	\$ --	\$ --	\$ --
Investment Pools	13,583,018	10,603,018	2,980,000	--	--
US Agencies	6,281,107	3,488,984	1,575,705	860,956	355,462
Corporate Bonds	1,540,112	150,839	444,430	853,520	91,323
Common Stock	11,695,202	11,695,202	--	--	--
Mutual Funds - Fixed Income	3,196,516	3,196,516	--	--	--
Mutual Funds - Equity	11,881,684	11,881,684	--	--	--
Alternative Investments - Real Estate	3,178,146	3,178,146	--	--	--
Total cash and investments	\$ 76,619,823	\$ 69,458,427	\$ 5,000,135	\$ 1,714,476	\$ 446,785

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, 2021 is 48 days, and the weighted average life is 63 days.

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

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, 2021. These funds include \$7,049,057 in the SBA and \$3,840,348 in Florida Safe. The City also has \$6,533,961 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 AAAs/S2, and the Intermediate High Quality Bond Fund at AAAs/S3 as of September 30, 2021. The City has investments in these bond funds of \$201,866 and \$2,849,475, 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

Investments	Fair Value	Credit Rating (Moody's)	Percent Distribution
Cash and Short Term Investments	\$ 467,976		2.51 %
U.S. Government Securities	2,057,750	Not rated	11.04 %
Corporate Bonds	88,229	A1	0.47 %
Corporate Bonds	50,513	Baa1	0.27 %
Corporate Bonds	888,147	Not rated	4.77 %
Corporate Stock	10,388,563	Not rated	55.74 %
Mutual Funds - Fixed Income	862,317	Not rated	4.63 %
Mutual Funds - Equity	2,371,043	Not rated	12.72 %
Alternative Investments - Real Estate	1,463,089	Not rated	7.85 %
Total cash and investments	<u>\$ 18,637,627</u>		<u>100.00 %</u>

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

NOTE IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Police Pension Plan			
Investments	Fair Value	Credit Rating (Moody's)	Percent Distribution
Cash and Short Term Investments	\$ 319,045		1.89 %
U.S. Governmental Securities	846,802	Not rated	5.02 %
U.S. Governmental Securities	325,214	Not rated	1.93 %
Corporate Bonds	96,233	A1	0.57 %
Corporate Bonds	172,659	A2	1.02 %
Corporate Bonds	60,716	A3	0.36 %
Corporate Bonds	78,908	Baa1	0.47 %
Corporate Bonds	104,707	Baa2	0.62 %
Corporate Stock	1,306,639		7.74 %
Mutual Funds - Fixed Income	2,334,198	Not rated	13.84 %
Mutual Funds - Equity	9,510,642	Not rated	56.37 %
Alternative Investments - Real Estate	<u>1,715,057</u>	Not rated	<u>10.17 %</u>
Total cash and investments	<u>\$ 16,870,820</u>		<u>100.00 %</u>

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, 2021

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, 2021 :

	<u>Fair Value</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>
Investments by fair value level:				
Common Stocks	\$ 11,695,201	\$ 11,695,201	\$ --	\$ --
Mutual Funds	15,078,200	15,078,200	--	--
Money Market Funds	787,020	787,020	--	--
Debt Securities:				
U.S. Treasury Notes	2,405,505	--	2,405,505	--
U.S. Government Agencies	3,875,601	--	3,875,601	--
Corporate Bonds	1,540,112	--	1,540,112	--
Total investments by fair value level	<u>35,381,639</u>	<u>27,560,421</u>	<u>7,821,218</u>	<u>--</u>
Instruments measured at the net asset value (NAV):				
Real Estate:				
UBS Trumbull Property Fund	1,463,089			
Principal U.S. Property Account	1,715,057			
Total investments measured at NAV	<u>3,178,146</u>			
Total investments	<u>\$ 38,559,785</u>	<u>\$ 27,560,421</u>	<u>\$ 7,821,218</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, 2021

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:

Real Estate:	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
UBS Trumbull Property Fund	\$ 1,463,089	\$ --	Quarterly	60 Days Prior to Quarter End Daily, but Subject to Deferment
Principal U.S. Property Account	<u>1,715,057</u>	--	Monthly	
Total investments measured at NAV	<u><u>\$ 3,178,146</u></u>			

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, 2021

NOTE IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Receivables

Receivables and allowances for uncollectible accounts as of September 30, 2021 totals \$1,943,096 for the City at the fund level as shown below:

	Governmental Funds					Fiduciary Funds
	General	CRA	Road & Bridge	Capital Projects	Total	Pension Trust
Accounts receivable	\$ 147,256	\$ 37,073	\$ 10,511	\$ --	\$ 194,840	\$ 3,075
Special assessments	39,171	--	22,217	--	61,388	--
Intergovernmental	106,557	--	--	--	106,557	--
Interest and dividends	11,820	4,815	2,378	--	19,013	31,294
Grants	4,030	--	--	49,775	53,805	--
Gross Receivables	308,834	41,888	35,106	49,775	435,603	34,369
Less: Allowances for Uncollectible	--	--	--	--	--	--
Net Total Receivables	\$ 308,834	\$ 41,888	\$ 35,106	\$ 49,775	\$ 435,603	\$ 34,369

	Enterprise Funds				
	Solid Waste Fund	Water and Sewer Fund	Stormwater Fund	Reuse Fund	Total
Accounts receivable	\$ 324,529	\$ 1,397,713	\$ 129,123	\$ 77,224	\$ 1,928,589
Special assessments	--	804	--	--	804
Interest and dividends receivable	1,064	10,073	654	1,340	13,131
Gross Receivables	325,593	1,408,590	129,777	78,564	1,942,524
Less: Allowances for Uncollectible	(102,301)	(303,707)	(40,113)	(23,279)	(469,400)
Net Total Receivables	\$ 223,292	\$ 1,104,883	\$ 89,664	\$ 55,285	\$ 1,473,124

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, 2021 is \$112,159 and is reported with the General Fund in the financial statements.

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General Fund/Trailer Park Trust	Reuse	\$ 112,159

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

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.

The composition of interfund transfers as of September 30, 2021, is as follows:

	Transfers Out	Transfers In			Total Transfers
		Transfers In General Fund (1)	Capital Projects Fund (2)	Transfers In Stormwater Fund (3)	
General Fund		\$ --	\$ 177,523	\$ --	\$ 177,523
CRA Fund		58,806	150,000	--	208,806
Road and Bridge Fund		173,754	232,210	--	405,964
Solid Waste Fund		74,447	--	--	74,447
Water and Sewer Fund		531,841	21,397	79,288	632,526
Stormwater Fund		124,873	--	--	124,873
Reuse Fund		48,815	--	--	48,815
Total		<u>\$ 1,012,536</u>	<u>\$ 581,130</u>	<u>\$ 79,288</u>	<u>\$ 1,672,954</u>

Transfers are used for the following purposes:

- (1) to move budgeted administration fees to the General Fund from other funds
- (2) to provide funding for capital projects
- (3) to provide a subsidy for the stormwater fund

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

NOTE IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Restricted Assets

The balances of the restricted asset accounts are as follows:

	Governmental Funds		
	General	Road and Bridge	Total
Building department reserve	\$ 2,101,424	\$ --	\$ 2,101,424
Capital improvement lease proceeds	402,496	158,618	561,114
Law enforcement	85,518	--	85,518
Impact fees	930,002	821,904	1,751,906
Customer deposits	1,549	--	1,549
Contributions - capital improvements	3,137,136	6,501	3,143,637
Total Governmental Restricted Assets	\$ 6,658,125	\$ 987,023	\$ 7,645,148

	Proprietary Funds				Total
	Solid Waste	Water and Sewer	Stormwater	Reuse	
Cash - capital projects	\$ 23,000	\$ 3,050,613	\$ 224,595	\$ 129,975	\$ 3,428,183
Loan proceeds	56,666	47,944	2,689	--	107,299
Loan covenant accounts	--	168,128	--	1,292	169,420
Impact fees	--	1,063,622	--	--	1,063,622
Customer deposits	--	713,990	--	--	713,990
Total Proprietary Restricted Assets	\$ 79,666	\$ 5,044,297	\$ 227,284	\$ 131,267	\$ 5,482,514
Total Restricted Assets					\$ 13,127,662

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 2021 and total \$108,721.

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

NOTE IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Capital Assets (Continued)

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

Primary Government	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 10,526,695	\$ 361,761	\$ --	\$ 10,888,456
Construction in progress	2,322,476	358,698	(2,033,673)	647,501
Total capital assets, not being depreciated:	<u>12,849,171</u>	<u>720,459</u>	<u>(2,033,673)</u>	<u>11,535,957</u>
Capital assets, being depreciated:				
Buildings	3,466,383	408,917	--	3,875,300
Machinery and equipment	9,239,039	210,053	(350,260)	9,098,832
Infrastructure	45,245,434	2,050,810	--	47,296,244
Total capital assets, being depreciated:	<u>57,950,856</u>	<u>2,669,780</u>	<u>(350,260)</u>	<u>60,270,376</u>
Less accumulated depreciation for:				
Buildings	(2,338,277)	(113,778)	--	(2,452,055)
Machinery and equipment	(6,994,395)	(567,515)	326,052	(7,235,858)
Infrastructure	(16,348,297)	(982,682)	--	(17,330,979)
Total accumulated depreciation	<u>(25,680,969)</u>	<u>(1,663,975)</u>	<u>326,052</u>	<u>(27,018,892)</u>
Total capital assets, being depreciated, net	<u>32,269,887</u>	<u>1,005,805</u>	<u>(24,208)</u>	<u>33,251,484</u>
Governmental activities capital assets, net	<u>\$ 45,119,058</u>	<u>\$ 1,726,264</u>	<u>\$ (2,057,881)</u>	<u>\$ 44,787,441</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 279,415	\$ --	\$ --	\$ 279,415
Construction in progress	7,914,843	40,223	(317,370)	7,637,696
Total capital assets, not being depreciated:	<u>8,194,258</u>	<u>40,223</u>	<u>(317,370)</u>	<u>7,917,111</u>
Capital assets being depreciated:				
Buildings	826,900	44,323	--	871,223
Improvements other than buildings	51,723,751	624,874	--	52,348,625
Machinery and equipment	5,106,134	868,031	(6,805)	5,967,360
Total capital assets, being depreciated:	<u>57,656,785</u>	<u>1,537,228</u>	<u>(6,805)</u>	<u>59,187,208</u>
Less accumulated depreciation for:				
Buildings	(411,410)	(21,177)	--	(432,587)
Improvements other than buildings	(20,249,613)	(966,311)	--	(21,215,924)
Machinery and equipment	(3,227,733)	(383,823)	6,805	(3,604,751)
Total accumulated depreciation	<u>(23,888,756)</u>	<u>(1,371,311)</u>	<u>6,805</u>	<u>(25,253,262)</u>
Total capital assets being, depreciated, net	<u>33,768,029</u>	<u>165,917</u>	<u>--</u>	<u>33,933,946</u>
Business-type activities capital assets, net	<u>\$ 41,962,287</u>	<u>\$ 206,140</u>	<u>\$ (317,370)</u>	<u>\$ 41,851,057</u>

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

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:

Governmental activities:	
General government	\$ 472,100
Public safety	243,298
Streets and roads	533,101
Intergovernmental services	342,716
Recreation	<u>72,760</u>
Total depreciation for governmental activities	<u><u>\$ 1,663,975</u></u>
Business-type activities:	
Solid waste	\$ 6,492
Water and sewer	948,709
Stormwater	230,925
Reuse	<u>185,185</u>
Total depreciation expense for business-type activities	<u><u>\$ 1,371,311</u></u>

Construction Commitments

The City has various active construction projects. At September 30, 2021, the City's commitments with contractors, with the CRA listed separately for illustration purposes, are as follows:

Capital Projects	Spent-to- Date	Remaining Commitment
Equalization Basin	\$ 7,013,589	\$ 19,078
I&I Project	307,520	248,014
Fire Protection Upgrades	185,778	1,407
Ward I Phase III	134,120	1,569
Chloramine Project	107,644	4,500
Hydrant Park	44,062	--
PARS Expansion	23,165	38,674
Recreational Trail	<u>14,996</u>	<u>--</u>
Total capital projects	<u><u>\$ 7,830,874</u></u>	<u><u>\$ 313,242</u></u>
CRA Projects	Spent-to- Date	Remaining Commitment
Connor Park	\$ 401,215	\$ 3,914,428
MLK Park Restrooms	35,166	--
CRA Parking Projects	13,257	--
Linear Park Trail	<u>4,685</u>	<u>--</u>
Total CRA projects	<u><u>\$ 454,323</u></u>	<u><u>\$ 3,914,428</u></u>

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

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, 2021, are as follows:

	Year Ended September 30, 2021		
	Governmental Activities	Business -type Activities	Total
Asset:			
Machinery & Equipment by Type			
Police Vehicles & Equipment	\$ 483,686	\$ --	\$ 483,686
Light Duty & Equipment	752,306	1,826,008	2,578,314
Heavy Duty & Equipment	296,093	890,460	1,186,553
Total Leased Assets	1,532,086	2,716,468	4,248,553
Less Accumulated Depreciation	(187,512)	(232,124)	(419,636)
Total Leases	<u>\$ 1,344,574</u>	<u>\$ 2,484,344</u>	<u>\$ 3,828,917</u>

During the fiscal year ending September 30, 2021, lease payments were made totaling \$787,931 which includes principal payments of \$752,641 and \$35,290 in interest. The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2021, were as follows:

	Year Ending September 30	Governmental Activities	Business-type Activities	Total
2022	\$ 400,115	\$ 392,053	\$ 792,168	
2023	322,435	305,733	628,168	
2024	226,464	193,399	419,864	
2025	105,459	88,296	193,756	
2026	9,588	11,606	21,194	
2027	9,876	11,956	21,832	
2028	10,174	12,316	22,490	
2029	10,481	12,688	23,168	
2030	10,797	13,070	23,867	
2031	11,121	13,465	24,586	
2032	9,191	11,128	20,319	
Total minimum lease payments	1,125,701	1,065,711	2,191,412	
Less: amount representing interest	(35,971)	(37,363)	(73,333)	
Present value of minimum lease payments	<u>\$ 1,089,730</u>	<u>\$ 1,028,348</u>	<u>\$ 2,118,079</u>	

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

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, 2021, the City had drawn down loan funds totaling \$134,200 representing the administrative and planning allowances. The loan balance at year end was \$7,457. 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, 2021, loan payments were made totaling \$5,086 which includes principal payments of \$4,779 and \$307 in interest. Annual installments for the fiscal years ending September 30, are as follows:

Year	Business-Type Activities		
	Principal	Interest	Total
2022	\$ 4,932	\$ 198	\$ 5,130
2023	2,525	39	2,564
Total	\$ 7,457	\$ 237	\$ 7,694

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

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, 2021, the City had drawn down available loan funds totaling \$2,872,229. Payments began October 15, 2001 with the final maturity date of April 15, 2021. Pledged revenues were stormwater fees. The original amortization of the loan was to be repaid in forty semiannual payments of \$100,744 including interest which accrued semiannually at 3.03% (annual rate) of the unpaid balance. 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 required the City to make monthly loan deposits in a debt service account equal to the semiannual loan payment.

The loan required 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 was required to satisfy the coverage requirements of all senior and parity debt obligations. Default by the City would have resulted 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, 2021, the final loan payments were made totaling \$184,579 which includes principal payments of \$182,962 and \$1,617 in interest.

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

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, 2021, the City had drawn down loan funds totaling \$369,094. The loan balance at the end of the year was \$322,629. 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. Payments began December 15, 2018 with the final maturity date of June 15, 2038. During fiscal year 2020, it was determined that the design phase of the project 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 \$10,456. 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, 2021, loan payments were made totaling \$20,856 which includes principal payments of \$17,122 and \$3,734 in interest.

Annual installments for the fiscal years ending September 30, are as follows:

Year	Business-Type Activities		
	Principal	Interest	Total
2022	\$ 17,316	\$ 3,597	\$ 20,913
2023	17,512	3,401	20,913
2024	17,710	3,203	20,913
2025	17,911	3,002	20,913
2026	18,114	2,799	20,913
2027	18,319	2,594	20,913
2028	18,527	2,386	20,913
2029	18,737	2,176	20,913
2030	18,949	1,964	20,913
2031	19,164	1,749	20,913
2032	19,381	1,532	20,913
2033	19,601	1,312	20,913
2034	19,823	1,090	20,913
2035	20,048	865	20,913
2036	20,275	638	20,913
2037	20,504	409	20,913
2038	20,738	175	20,913
Total	<u>\$ 322,629</u>	<u>\$ 32,892</u>	<u>\$ 355,521</u>

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

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, 2021, the City had drawn down loan funds totaling \$6,582,603. 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 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.

Per the loan agreement, payments are to begin November 15, 2020 with the final maturity date of May 15, 2040, however based upon the current level of disbursements and the set payment amount the current amortization schedule reflects a final payment in fiscal year 2039. After the final disbursement of loan proceeds, the loan principal will be adjusted to reflect the actual dates and amounts of disbursements. 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, 2021

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, 2021 as follows:

During the fiscal year ending September 30, 2021, loan payments were made totaling \$383,727 which includes principal payments of \$341,253 and \$42,474 in interest.

Year	Business-Type Activities		
	Principal	Interest	Total
2022	\$ 338,059	\$ 41,997	\$ 380,056
2023	338,792	41,264	380,056
2024	341,197	38,859	380,056
2025	343,619	36,437	380,056
2026	346,059	33,997	380,056
2027	348,516	31,540	380,056
2028	350,990	29,066	380,056
2029	353,482	26,574	380,056
2030	355,992	24,064	380,056
2031	358,520	21,536	380,056
2032	361,065	18,991	380,056
2033	363,628	16,428	380,056
2034	366,210	13,846	380,056
2035	368,810	11,246	380,056
2036	371,429	8,627	380,056
2037	374,066	5,990	380,056
2038	376,722	3,334	380,056
2039	184,194	665	184,859
Total	\$ 6,241,350	\$ 404,461	\$ 6,645,811

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

NOTE IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Long Term Liabilities (Continued)

2. Capital Improvement Revenue Loans

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, 2021, loan payments were made totaling \$103,522 which includes principal payments of \$79,965 and \$23,557 in interest. Annual estimated installments for the fiscal years ending September 30, are as follows:

Year	Business-Type Activities		
	Principal	Interest	Debt Service
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
Total	\$ 735,230	\$ 96,129	\$ 831,359

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

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 \$74,581 during the year ended September 30, 2021.

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, 2021, was 18.88% to governmental activities and 81.12% to business-type activities.

During the fiscal year ending September 30, 2021 loan payments were made totaling \$1,131,870 which includes principal payments of \$1,013,702 and \$118,168 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	
2022	\$ 194,942	\$ 19,105	\$ 837,358	\$ 82,066	\$ 1,032,300	\$ 101,171	\$ 1,133,471
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	27,678	872,199	34,121	906,320
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	18,470	206	79,332	885	97,802	1,091	98,893
Total	<u>\$ 905,460</u>	<u>\$ 55,833</u>	<u>\$ 3,889,340</u>	<u>\$ 239,823</u>	<u>\$ 4,794,800</u>	<u>\$ 295,656</u>	<u>\$ 5,090,456</u>

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

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, 2021, loan payments were made totaling \$234,412 which includes principal payments of \$219,750 and \$14,662 in interest. Annual estimated installments for the fiscal years ending September 30, are as follows:

<u>Year</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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
Total	<u>\$ 1,079,098</u>	<u>\$ 144,211</u>	<u>\$ 1,223,309</u>

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

NOTE IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Long Term Liabilities (Continued)

3. 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, 2021, there were two series of Industrial Revenue Bonds outstanding with an aggregate principal amount payable of \$14,286,368.

4. 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, 2021, no amounts were earned that are required to be rebated to the U.S. Treasury for 2021.

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, 2021

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, 2021:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:					
Long-term direct borrowings					
2019 Loan	\$ 1,096,889	\$ --	\$ 191,429	\$ 905,460	\$ 194,942
CRA Loan	1,298,848	--	219,750	1,079,098	219,750
Total Long-term direct borrowings	<u>2,395,737</u>	<u>--</u>	<u>411,179</u>	<u>1,984,558</u>	<u>414,692</u>
Other post-employment benefits	418,347	18,691	18,528	418,510	--
Net pension liability (asset)	1,454,072	--	3,302,306	(1,848,234)	--
Capital leases	760,896	723,953	395,119	1,089,730	386,636
Compensated absences	654,765	367,583	317,174	705,174	176,294
Governmental activities long-term liabilities	<u>\$ 5,683,817</u>	<u>\$ 1,110,227</u>	<u>\$ 4,444,306</u>	<u>\$ 2,349,738</u>	<u>\$ 977,622</u>
	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Business-type activities:					
Long-term direct borrowings					
2014 Loan	\$ 815,195	\$ --	\$ 79,965	\$ 735,230	\$ 82,432
2019 Loan	4,711,611	--	822,271	3,889,340	837,358
Total long-term direct borrowings	<u>5,526,806</u>	<u>--</u>	<u>902,236</u>	<u>4,624,570</u>	<u>919,790</u>
State revolving loans					
Stormwater	182,962	--	182,962	--	--
Reuse	12,236	--	4,779	7,457	4,932
Water - Design	339,750	--	17,121	322,629	17,316
Water - Construction	6,248,448	334,155	341,253	6,241,350	338,059
Total state revolving loans	<u>6,783,396</u>	<u>334,155</u>	<u>546,115</u>	<u>6,571,436</u>	<u>360,307</u>
Total loans payable	<u>12,310,202</u>	<u>334,155</u>	<u>1,448,351</u>	<u>11,196,006</u>	<u>1,280,097</u>
Other post-employment benefits	78,772	30	--	78,802	--
Net pension liability (asset)	52,988	--	488,872	(435,884)	--
Capital leases	819,202	566,670	357,524	1,028,348	379,159
Compensated absences	49,425	45,991	43,980	51,436	12,860
Total business-type activities long-term liabilities	<u>\$ 13,310,589</u>	<u>\$ 946,846</u>	<u>\$ 2,338,727</u>	<u>\$ 11,918,708</u>	<u>\$ 1,672,116</u>

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

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 was 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 - Inventory	\$ <u>294,675</u>
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- **Restricted** - The following fund balances are restricted for:

General Fund

Building Department - used to fund operations	\$ 2,101,424
Infrastructure half-cent sales tax - voter approved to be used for capital improvements	3,206,940
Impact fees - used to fund growth in general government, law enforcement and parks and recreation	930,002
Proceeds from the Hazel Smith Estate for the beautification and maintenance of the City's cemetery	3,685
Special law enforcement reserve	85,518
Lease proceeds - for capital assets	<u>402,496</u>
General Fund subtotal	<u>6,730,065</u>

Community Redevelopment Agency Fund

Used to alleviate slum and blight in the City per Florida Statute 163	<u>4,956,964</u>
Community Redevelopment Agency Fund subtotal	<u>4,956,964</u>

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	917,255
Impact fees - for the growth in transportation	221,904
Bocage legal settlement	6,501
Lease proceeds - for capital assets	158,618
General operating expenses	<u>1,267,680</u>
Road and Bridge Fund subtotal	<u>2,571,958</u>

Total Restricted Fund Balances	<u>\$ 14,258,987</u>
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CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

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	\$ 2,171,852
General Fund subtotal	<u>2,171,852</u>

Capital Projects Fund

Capital Projects	<u>1,094,843</u>
Capital Projects Fund subtotal	<u>1,094,843</u>
Total Committed Fund Balances	<u><u>\$ 3,266,695</u></u>

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

General Fund

Funding for Capital Improvements Program	\$ 4,000
Tree reserve - used to replant trees in the City	25,614
One-time operating expenses	<u>560,385</u>
Total Assigned Fund Balance	<u><u>\$ 589,999</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, 2021

NOTE IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

J. Encumbered Commitments

The following table lists the outstanding encumbrances at September 30, 2021. These encumbrances are reported in the financial statements based on the specific purpose of the resources that have been provided.

	Governmental Activities				Total
	General Fund	CRA Fund	Road and Bridge Fund	Capital Projects Fund	
Operating Encumbrances	\$ 506,885	\$ 120,547	\$ 160,208	\$ --	\$ 787,640
Operating Capital Projects	--	3,816,659	--	--	3,816,659
Capital Improvement Projects (CIP)	558,523	--	--	196,830	755,353
Total Encumbrances Outstanding	\$ 1,065,408	\$ 3,937,206	\$ 160,208	\$ 196,830	\$ 5,359,652

	Business-Type Activities				Total
	Solid Waste Fund	Water and Sewer Fund	Stormwater Fund	Reuse Fund	
Operating Encumbrances	\$ 52,185	\$ 56,981	\$ 11,822	\$ 1,223	\$ 122,211
Capital Improvement Projects (CIP)	--	482,622	--	38,674	521,296
Total Encumbrances Outstanding	\$ 52,185	\$ 539,603	\$ 11,822	\$ 39,897	\$ 643,507
Total Outstanding Encumbrances					\$ 6,003,159

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, 2021

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. Worker's Compensation

The City maintains an insurance policy with Florida Municipal Insurance Trust with regard to worker'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, 2021

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

	Valuation as of October 1, 2020	Valuation as of October 1, 2021
Retirees, beneficiaries, and DROP participants benefits	56	52
Terminated employees entitled to, but not yet receiving benefits	8	10
Active plan members	80	73
Total	144	135

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, 2021

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 2021 was 15.03%.

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, 2021, three employees are participating in the DROP program with a balance of \$109,036.

Net Pension Liability (Asset) of the City

The City's net pension liability was measured as of September 30, 2021. 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, 2021, were as follows:

Total pension liability	\$ 16,706,155
Plan fiduciary net position	<u>(18,678,941)</u>
City's net pension liability (asset)	<u>\$ (1,972,786)</u>
Plan fiduciary net position as a percentage of the total pension liability	111.81 %

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

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, 2020, updated to September 30, 2021 using the following actuarial assumptions:

Inflation	2.30%
Salary increases	Service based
Discount rate	6.75%
Investment rate of return	6.75%

Mortality rates were based as follows:

Mortality Rate Healthy Active Lives: Female: PubG.H-2010 for Employees. Male: PubG.H-2010 (Below Median) for Employees, set back one year.

Mortality Rate Healthy Retiree Lives: Female: PubG.H-2010 (Below Median) for Healthy Retirees. Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year.

Mortality Rate Beneficiary Lives: Female: PubG.H-2010 (Below Median) for Healthy Retirees. Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year.

Mortality Rate Disabled Lives: PubG.H-2010 for Disabled Retirees, set forward three years.

All rates are projected generationally with Mortality Improvement Scale MP-2018.

Changes in Actuarial Assumptions

For measurement date September 30, 2021, as mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in the July 1, 2020 actuarial valuation for non-special-risk lives, with appropriate risk and collar adjustments made based on plan demographics.

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 2021 the inflation rate assumption of the investment advisor was 1.75%. 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, 2021

NOTE V - OTHER INFORMATION (CONTINUED)

C. Palmetto General Employees' Pension Plan (Continued)

Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic equity	50.00 %	5.88 %
International equity	10.00 %	4.75 %
Fixed income	15.00 %	1.42 %
Global fixed income	5.00 %	1.37 %
Hedge funds	7.50 %	2.32 %
Real estate	12.50 %	4.84 %
Total	<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, 2021 the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 18.49%. 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 6.75%. 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, 2021

NOTE V - OTHER INFORMATION (CONTINUED)

C. Palmetto General Employees' Pension Plan (Continued)

CHANGES IN NET PENSION LIABILITY (ASSET)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Reporting Period Ending September 30, 2020	\$ 16,268,154	\$ 16,045,522	\$ 222,632
Changes for a Year:			
Service cost	364,575	--	364,575
Interest	1,129,819	--	1,129,819
Differences between expected and actual experience	(255,942)	--	(255,942)
Changes of assumptions	184,458	--	184,458
Changes of benefit terms	--	--	--
Contributions - Employer	--	496,358	(496,358)
Contributions - Employee	--	164,885	(164,885)
Net investment income	--	2,999,120	(2,999,120)
Benefit payments, including refunds of employee contributions	(984,909)	(984,909)	--
Administrative expense	--	(42,035)	42,035
Net changes	<u>438,001</u>	<u>2,633,419</u>	<u>(2,195,418)</u>
Reporting Period Ending September 30, 2021	<u>\$ 16,706,155</u>	<u>\$ 18,678,941</u>	<u>\$ (1,972,786)</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 6.75%, 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 (5.75%) or 1.0% higher (7.75%) than the current rate:

	1.0% Decrease 5.75%	Current Discount Rate 6.75%	1.0% Increase 7.75%
City's net pension liability	\$ (23,543)	\$ (1,972,786)	\$ (3,476,993)

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

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, 2021, the City recognized pension expense of \$(549,066). On September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between expected and actual expense	\$ --	\$ 330,334
Changes of assumptions	138,345	132,502
Net difference between projected and actual earnings on pension plan investments	--	1,296,176
Total	\$ 138,345	\$ 1,759,012

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, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30:	
2022	\$ (478,402)
2023	(394,085)
2024	(384,460)
2025	(363,720)
2026	--
Thereafter	--
Total	\$ (1,620,667)

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

NOTE V - OTHER INFORMATION (CONTINUED)

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

	Valuation As of October 1, 2020	Valuation As of October 1, 2021
Retirees, beneficiaries, and DROP participants receiving benefits	32	35
Terminated employees entitled to, but not yet receiving benefits	9	15
Active plan members	33	28
Total	74	78

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

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, 2021

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 21.19% for fiscal year 2021.

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, 2021, one employee is participating in the DROP program with a balance of \$162,846.

Net Pension Liability (Asset) of the City

The City's net pension liability was measured as of September 30, 2021. 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, 2021, and reported for fiscal year 2021, were as follows:

Total pension liability	\$ 16,616,594
Plan fiduciary net position	<u>(16,927,926)</u>
City's net pension liability (asset)	<u>\$ (311,332)</u>
Plan fiduciary net position as a percentage of the total pension liability	101.87 %

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, 2021

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, 2020, updated to September 30, 2021 using the following actuarial assumptions:

Inflation	2.5%
Salary increases	Service based
Discount rate	6.75%
Investment rate of return	6.75%

Mortality rates were based on as follows:

Mortality Rate Healthy Active Lives: Female: PubS.H-2010 (Below Median) for Employees, set forward one year. Male: PubS.H-2010 (Below Median) for Employees, set forward one year.

Mortality Rate Healthy Retiree Lives: Female: PubS.H-2010 (Below Median) for Healthy Retirees, set forward one year. Male: PubS.H-2010 (Below Median) for Healthy Retirees, set forward one year.

Mortality Rate Beneficiary Lives: Female: PubG.H-2010 (Below Median) for Healthy Retirees. Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year.

Mortality Rate Disabled Lives: 80% PubG.H-2010 for Disabled Retirees/ 20% PubS.H-2010 for Disabled Retirees.

All rates are projected generationally with Mortality Improvement Scale MP-2018.

Changes in Actuarial Assumptions

For measurement date September 30, 2021, as mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in the July 1, 2019 actuarial valuation for special-risk lives, with appropriate risk and collar adjustments made based on plan demographics.

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 2021, 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, 2021

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, 2021 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	15.00 %	2.50 %
Fixed income (Non-Core)	5.00 %	2.50 %
Global fixed income	5.00 %	3.50 %
Real estate	10.00 %	4.50 %
GTAA	5.00 %	3.50 %
Total	100.00 %	

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, 2021, the annual money-weighted rate of return on Pension Plan investments, net of Pension Plan investment expense, was 18.15%. 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 6.75%. 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, 2021

NOTE V - OTHER INFORMATION (CONTINUED)

D. Palmetto Police Pension Plan (Continued)

CHANGES IN NET PENSION LIABILITY (ASSET)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Position Liability (Asset) (a) - (b)
Reporting Period Ending September 30, 2020	\$ 15,915,533	\$ 14,631,105	\$ 1,284,428
Changes for a Year:			
Service cost	307,206	--	307,206
Interest	1,105,469	--	1,105,469
Differences between expected and actual experience	(199,535)	--	(199,535)
Changes of assumptions	348,580	--	348,580
Changes of benefits terms	--	--	--
Contributions - Employer	--	351,060	(351,060)
Contributions - State	--	144,799	(144,799)
Contributions - Employee	--	82,768	(82,768)
Net investment income	--	2,610,556	(2,610,556)
Benefit payments, including refunds of employee contributions	(860,659)	(860,659)	--
Administrative expense	--	(31,703)	31,703
Net changes	<u>701,061</u>	<u>2,296,821</u>	<u>(1,595,760)</u>
Reporting Period Ending September 30, 2021	<u>\$ 16,616,594</u>	<u>\$ 16,927,926</u>	<u>\$ (311,332)</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 6.75%, 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 (5.75%) or 1.0% higher (7.75%) than the current rate:

	1.0% Decrease 5.75%	Current Discount Rate 6.75%	1.0% Increase 7.75%
City's net pension liability	\$ 1,560,212	\$ (311,332)	\$ (1,877,956)

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

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, 2021, the City recognizes pension expense of \$(87,580) and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 219,572	\$ 311,413
Changes of assumptions	232,386	158,440
Net difference between projected and actual earnings on pension plan investments	--	1,237,323
	\$ 451,958	\$ 1,707,176

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, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:	
2022	\$ (408,501)
2023	(171,786)
2024	(355,460)
2025	(319,471)
2026	--
Thereafter	--
	\$ (1,255,218)

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

NOTE V - OTHER INFORMATION (CONTINUED)

E. Aggregate Information for City Pension Plans

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

	Deferred Outflows of Resources	Net Pension Liability (Asset)	Deferred Inflows	Pension Expense
Palmetto General Employees' Pension Plan	\$ 138,345	\$ (1,972,786)	\$ 1,759,012	\$ (549,066)
Palmetto Police Pension Plan	451,958	(311,332)	1,707,176	(87,580)
	<u>\$ 590,303</u>	<u>\$ (2,284,118)</u>	<u>\$ 3,466,188</u>	<u>\$ (636,646)</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:

	Palmetto Police Officers' Pension Plan	Palmetto General Employees' Pension Plan	Total Fiduciary Funds
Assets			
Accounts receivable	\$ 3,075	\$ --	\$ 3,075
Interest and dividends receivable	5,645	25,649	31,294
Prepaid benefits	66,783	71,993	138,776
Investments			
Money market funds	319,045	467,976	787,021
U. S. government securities	1,172,016	2,057,750	3,229,766
Corporate bonds	513,223	1,026,889	1,540,112
Corporate stocks	1,306,639	10,388,563	11,695,202
Mutual funds	11,844,840	3,233,360	15,078,200
Alternative investments	1,715,057	1,463,089	3,178,146
Total Investments	<u>16,870,820</u>	<u>18,637,627</u>	<u>35,508,447</u>
Total Assets	<u>16,946,323</u>	<u>18,735,269</u>	<u>35,681,592</u>
Liabilities			
Accounts payable and accrued liabilities	18,397	56,328	74,725
Total liabilities	<u>18,397</u>	<u>56,328</u>	<u>74,725</u>
Net Position			
Restricted for pension benefits	<u>\$ 16,927,926</u>	<u>\$ 18,678,941</u>	<u>\$ 35,606,867</u>

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

NOTE V - OTHER INFORMATION (CONTINUED)

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

	Palmetto Police Officers' Pension Plan	Palmetto General Employees' Pension Plan	Total Fiduciary Funds
Additions			
Contributions			
Employer	\$ 337,428	\$ 496,358	\$ 833,786
Plan members	82,768	164,885	247,653
State (from the General Fund)	144,799	--	144,799
Miscellaneous	--	(764)	(764)
Total contributions	<u>564,995</u>	<u>660,479</u>	<u>1,225,474</u>
Investment earnings			
Interest	34,778	48,845	83,623
Dividends	292,933	196,169	489,102
Net increase in the fair value of investments	2,324,209	2,867,399	5,191,608
Total investment earnings	<u>2,651,920</u>	<u>3,112,413</u>	<u>5,764,333</u>
Investment expense	(28,365)	(112,529)	(140,894)
Net investment earnings	<u>2,623,555</u>	<u>2,999,884</u>	<u>5,623,439</u>
Total additions	<u>3,188,550</u>	<u>3,660,363</u>	<u>6,848,913</u>
Deductions			
Benefits	836,392	902,603	1,738,995
Refunds of contributions	24,267	82,307	106,574
Administrative expenses	31,703	42,439	74,142
Total deductions	<u>892,362</u>	<u>1,027,349</u>	<u>1,919,711</u>
Change in net position	2,296,188	2,633,014	4,929,202
Net position, beginning of year	<u>14,631,738</u>	<u>16,045,927</u>	<u>30,677,665</u>
Net position, end of year	<u>\$ 16,927,926</u>	<u>\$ 18,678,941</u>	<u>\$ 35,606,867</u>

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

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 post-employment 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, 2020 the date of the actuarial valuation, the following employees were covered by the benefit terms:

	Measurement period As of September 30, 2021
Inactive employees or beneficiaries currently receiving benefit payments	7
Active employees	118
Covered spouses	1
	126

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, 2021, was measured using a discount rate of 2.43%. The measurement for the OPEB expense was October 1, 2020 to September 30, 2021. The City's total OPEB liability was measured as of September 30, 2021.

Actuarial assumptions. The total OPEB liability in the October 1, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation rate	2.50%
Salary increase rate	Varies by Service
Discount rate	2.43%
Initial healthcare cost trend rate	7.50%
Ultimate trend rate	4.00%
Years to ultimate	55

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

NOTE V - OTHER INFORMATION (CONTINUED)

G. Other Post-Employment Benefits (Continued)

All mortality rates were based on the Pub-2010 mortality tables. All mortality rates are those outlined in Milliman's July 1, 2019 Florida Retirement System (FRS) valuation report. All tables include fully generational adjustments for mortality improvements using gender-specific improvement scale MP-2018.

Mortality Rate Healthy Active Lives:

For female (non-special risk) lives, the headcount-weighted PubG-2010 female below-median income employee table was used. For female special risk lives, the headcount-weighted PubS-2010 female employee table, set forward one year, was used.

For male (non-special risk) lives, the headcount-weighted PubG-2010 male below-median income employee table, set back one year, was used. For male special risk lives, the headcount-weighted PubS-2010 male below-median income employee table, set forward one year, was used.

Mortality Rate Healthy Inactive Lives:

For female (non-special risk) lives, the headcount-weighted PubG-2010 female below-median income healthy retiree table was used. For female special risk lives, the headcount-weighted PubS-2010 female healthy retiree table, set forward one year, was used.

For male (non-special risk) lives, the headcount-weighted PubG-2010 male below-median income healthy retiree table, set back one year, was used. For male special risk lives, the headcount-weighted PubS-2010 male below-median income healthy retiree table, set forward one year, was used.

Mortality Rate Disabled Lives:

For female (non-special risk) lives, the headcount-weighted PubG-2010 female disabled retiree table, set forward 3 years, was used. For female special risk lives, an 80% headcount-weighted PubG-2010 female disabled retiree, 20% headcount-weighted PubS-2010 female disabled retiree blended table was used.

For male (non-special risk) lives, the headcount-weighted PubG-2010 male disabled retiree table, set forward 3 years, was used. For male special risk lives, an 80% headcount-weighted PubG-2010 male disabled retiree, 20% headcount-weighted PubS-2010 male disabled retiree blended table was used.

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

NOTE V - OTHER INFORMATION (CONTINUED)

G. Other Post-Employment Benefits (Continued)

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 2.43%. 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 nearest the measurement date. 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

	Increase (Decrease)
Beginning balance	\$ 497,119
Changes for the year:	
Service cost	27,909
Interest	10,967
Changes of assumptions	(13,481)
Benefit payments	<u>(25,202)</u>
Net changes	<u>193</u>
Ending balance	\$ <u>497,312</u>

Changes in assumptions reflect a change in the discount rate from 2.14% for the reporting period ending September 30, 2020, to 2.43% for the reporting period ending September 30, 2021.

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

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 (1.43%) or one percentage-point higher (3.43%) than the current discount rate:

	1% Decrease	Discount Rate	1% Increase
	1.43%	2.43%	3.43%
Total OPEB liability	\$ 546,009	\$ 497,312	\$ 454,460

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:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
	3.00%- 6.50%	4.00%- 7.50%	5.00%- 8.50%
Total OPEB liability	\$ 438,619	\$ 497,312	\$ 567,294

For the year ended September 30, 2021, the City recognized OPEB expense of \$64,724. At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 52,573	\$ --
Changes of assumptions	82,890	17,111
Total	\$ 135,463	\$ 17,111

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

Year ended: September 30,	
2022	\$ 23,748
2023	23,748
2024	23,745
2025	25,602
2026	23,435
Thereafter	(1,926)
Total	\$ 118,352

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

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

Subsequent to September 30, 2021, the City obtained a \$6 million loan from Sterling National Bank for the new construction of the Palmetto Police Department.



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	108
Schedule of Investment Returns	112

Palmetto Police Officers' Pension Plan

Schedule of Changes in the City's Net Pension Liability and Related Ratios	114
Schedule of Contributions	117
Schedule of Investment Returns	121

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.

Schedule of Changes in the City's OPEB Liability and Related Ratios	123
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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, 2021

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes				
Property	\$ 5,603,795	\$ 5,631,370	\$ 5,631,120	\$ (250)
Sales	904,126	2,405,574	2,405,574	--
Utility	1,213,500	1,242,277	1,242,277	--
Motor fuel	11,500	7,648	7,648	--
Other	789,646	985,891	899,926	(85,965)
Permits, fees, and special assessments	1,532,229	1,986,017	1,986,017	--
Intergovernmental revenues	6,000	63,215	28,158	(35,057)
Fines and forfeitures	47,750	55,653	49,541	(6,112)
Charges for services	851,748	864,861	816,441	(48,420)
Interest earnings	40,617	41,024	34,649	(6,375)
Miscellaneous	134,336	222,392	222,192	(200)
Impact fees	--	168,603	168,603	--
Total revenues	<u>11,135,247</u>	<u>13,674,525</u>	<u>13,492,146</u>	<u>(182,379)</u>
EXPENDITURES				
Current				
General government				
Commission	276,906	276,906	256,418	20,488
City Clerk	2,522,144	2,550,748	2,506,283	44,465
City Attorney	309,376	340,376	331,961	8,415
Finance	677,571	691,221	655,969	35,252
Human resources	255,355	256,417	205,856	50,561
Total general government	<u>4,041,352</u>	<u>4,115,668</u>	<u>3,956,487</u>	<u>159,181</u>
Public Safety				
Police	4,600,331	4,672,156	4,192,169	479,987
Code enforcement	227,759	228,979	151,419	77,560
Planning and zoning	204,803	206,023	159,316	46,707
Building department	498,214	511,086	469,966	41,120
Total public safety	<u>5,531,107</u>	<u>5,618,244</u>	<u>4,972,870</u>	<u>645,374</u>
Recreation				
Parks and recreation	646,308	651,855	499,477	152,378
Events and facilities	160,434	190,087	132,880	57,207
Total recreation	<u>806,742</u>	<u>841,942</u>	<u>632,357</u>	<u>209,585</u>
Economic and physical environment				
Information technology	595,514	639,097	583,504	55,593
Public works administration	705,853	708,085	542,457	165,628
Fleet management	229,463	229,463	218,192	11,271
Total economic and physical environment	<u>1,530,830</u>	<u>1,576,645</u>	<u>1,344,153</u>	<u>232,492</u>
Capital outlay	517,786	2,221,162	560,655	1,660,507
Debt service principal and interest	305,252	308,980	305,466	3,514
Total expenditures	<u>12,733,069</u>	<u>14,682,641</u>	<u>11,771,988</u>	<u>2,910,653</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,597,822)</u>	<u>(1,008,116)</u>	<u>1,720,158</u>	<u>2,728,274</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,042,536	1,042,536	1,012,536	(30,000)
Transfers out	--	(177,524)	(177,523)	1
Capital leases	499,286	527,286	527,286	--
Total other financing sources (uses)	<u>1,541,822</u>	<u>1,392,298</u>	<u>1,362,299</u>	<u>(29,999)</u>
Net change in fund sources (uses)	<u>(56,000)</u>	<u>384,182</u>	<u>3,082,457</u>	<u>2,698,275</u>
Fund balances - beginning	<u>11,722,050</u>	<u>11,744,790</u>	<u>13,755,018</u>	<u>2,010,228</u>
Fund balances - ending	<u>\$ 11,666,050</u>	<u>\$ 12,128,972</u>	<u>\$ 16,837,475</u>	<u>\$ 4,708,503</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, 2021

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes				
Property	\$ 4,359,399	\$ 4,359,399	\$ 4,346,512	\$ (12,887)
Intergovernmental revenues	600,000	600,000	3,707	(596,293)
Interest earnings	25,000	25,000	20,634	(4,366)
Miscellaneous	549,000	549,000	29,196	(519,804)
Total revenues	<u>5,533,399</u>	<u>5,533,399</u>	<u>4,400,049</u>	<u>(1,133,350)</u>
EXPENDITURES				
Economic and physical environment	2,019,145	2,099,789	1,674,337	425,452
Capital outlay				
Streets	200,000	200,000	--	200,000
Other	4,602,138	5,798,829	602,558	5,196,271
Debt service principal and interest	503,003	503,003	234,412	268,591
Total expenditures	<u>7,324,286</u>	<u>8,601,621</u>	<u>2,511,307</u>	<u>6,090,314</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,790,887)</u>	<u>(3,068,222)</u>	<u>1,888,742</u>	<u>4,956,964</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(58,806)	(208,806)	(208,806)	--
Total other financing sources (uses)	<u>(58,806)</u>	<u>(208,806)</u>	<u>(208,806)</u>	<u>--</u>
Net change in fund sources (uses)	(1,849,693)	(3,277,028)	1,679,936	4,956,964
Fund balances - beginning	3,277,028	3,277,028	3,277,028	--
Fund balances - ending	<u>\$ 1,427,335</u>	<u>\$ --</u>	<u>\$ 4,956,964</u>	<u>\$ 4,956,964</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, 2021

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes				
Motor fuel	\$ 1,239,411	\$ 1,589,711	\$ 1,589,711	\$ --
Charges for services	136,323	134,868	134,868	--
Interest earnings	10,000	5,566	6,586	1,020
Miscellaneous	--	5,784	5,784	--
Impact fees	--	122,076	122,076	--
Total revenues	<u>1,385,734</u>	<u>1,858,005</u>	<u>1,859,025</u>	<u>1,020</u>
EXPENDITURES				
Highways and streets	889,807	914,260	456,533	457,727
Capital outlay				
Streets	224,666	200,313	41,957	158,356
Debt service principal and interest	327,173	323,445	321,971	1,474
Total expenditures	<u>1,441,646</u>	<u>1,438,018</u>	<u>820,461</u>	<u>617,557</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(55,912)</u>	<u>419,987</u>	<u>1,038,564</u>	<u>618,577</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(173,754)	(405,964)	(405,964)	--
Capital leases	224,666	196,666	196,667	1
Total other financing sources (uses)	<u>50,912</u>	<u>(209,298)</u>	<u>(209,297)</u>	<u>1</u>
Net change in fund sources (uses)	(5,000)	210,689	829,267	618,578
Fund balances - beginning	1,742,691	1,742,691	1,742,691	--
Fund balances - ending	<u>\$ 1,737,691</u>	<u>\$ 1,953,380</u>	<u>\$ 2,571,958</u>	<u>\$ 618,578</u>

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

	2014	2015	2016	2017	2018
Total pension liability					
Service cost	\$ 388,341	\$ 406,052	\$ 432,504	\$ 340,367	\$ 356,601
Interest	1,098,660	1,125,493	1,167,342	1,077,822	1,100,191
Differences between expected and actual experience	--	(473,204)	(598,066)	(91,591)	(104,875)
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>
Net change in total pension liability	273,327	460,024	(73,192)	385,864	246,095
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>
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>
Plan fiduciary net position					
Contributions - employer	\$ 837,688	\$ 859,333	\$ 836,906	\$ 854,277	\$ 773,083
Contributions - employee	133,816	140,131	144,902	148,466	157,785
Net investment income	923,158	179,086	928,197	1,443,970	1,379,409
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>
Administrative expense	<u>(20,097)</u>	<u>(27,272)</u>	<u>(25,909)</u>	<u>(39,707)</u>	<u>(27,759)</u>
Net change in plan fiduciary net position	660,891	71,056	946,909	1,466,272	1,176,696
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>
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>
City's net pension liability (asset)- 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>
Plan fiduciary net position as a percentage of the total pension liability (asset)	74.64 %	72.89 %	79.33 %	86.62 %	92.59 %
Covered payroll (2)	\$ 2,676,320	\$ 2,938,908	\$ 2,898,036	\$ 2,969,332	\$ 3,155,700
City's net pension liability as a percentage of covered payroll	143.49 %	143.91 %	110.74 %	71.69 %	37.97 %

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

	2019	2020	2021
Total pension liability			
Service cost	\$ 376,299	\$ 391,459	\$ 364,575
Interest	1,126,047	1,136,455	1,129,819
Differences between expected and actual experience	(357,867)	(276,753)	(255,942)
Changes of assumptions	--	(265,003)	184,458
Benefit payments, including refunds of employee contributions	(898,657)	(1,123,245)	(984,909)
Net change in total pension liability	245,822	(137,087)	438,001
Total pension liability - beginning	16,159,419	16,405,241	16,268,154
Total pension liability - ending (a)	<u>\$ 16,405,241</u>	<u>\$ 16,268,154</u>	<u>\$ 16,706,155</u>
Plan fiduciary net position			
Contributions - employer	\$ 721,806	\$ 626,893	\$ 496,358
Contributions - employee	160,975	169,707	164,885
Net investment income	416,451	1,074,774	2,999,120
Benefit payments, including refunds of employee contributions	(898,657)	(1,123,245)	(984,909)
Administrative expense	(34,635)	(29,818)	(42,035)
Net change in plan fiduciary net position	365,940	718,311	2,633,419
Plan fiduciary net position - beginning	14,961,271	15,327,211	16,045,522
Plan fiduciary net position - ending (b)	<u>\$ 15,327,211</u>	<u>\$ 16,045,522</u>	<u>\$ 18,678,941</u>
City's net pension liability (asset)- ending (a - b)	<u>\$ 1,078,030</u>	<u>\$ 222,632</u>	<u>\$ (1,972,786)</u>
Plan fiduciary net position as a percentage of the total pension liability (asset)	93.43 %	98.63 %	111.81 %
Covered payroll (2)	\$ 3,219,489	\$ 3,394,133	\$ 3,297,706
City's net pension liability as a percentage of covered payroll	33.48 %	6.56 %	(59.82)%

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

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 September 30, 2015 measurement period which includes DROP payroll.

Changes of assumptions:

Changes of assumptions made August 25, 2021: Investment return, Salary increases, Normal retirement rates, Assumed rates of termination.

Changes of assumptions for the measurement date September 30, 2020, as mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in the July 1, 2019 actuarial valuation for non-special-risk lives, with appropriate risk and collar adjustments made based on plan demographics.

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.

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.

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

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

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, 2019
Funding method	Entry age normal actuarial cost method (level percent of pay).
Amortization method	New UAAL amortization bases are amortized over 15 years.
Remaining amortization period	15 years (as of October 1, 2020)
Mortality	Mortality Rate Healthy Active Lives: Female: PubG.H-2010 for Employees. Male: PubG.H-2010 (Below Median) for Employees, set back one year. Mortality Rate Healthy Retiree Lives: Female: PubG.H-2010 (Below Median) for Healthy Retirees. Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year. Mortality Rate Beneficiary Lives: Female: PubG.H-2010 (Below Median) for Healthy Retirees. Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year. Mortality Rate Disabled Lives: PubG.H-2010 for Disabled Retirees, set forward three years. All rates are projected generationally with Mortality Improvement Scale MP-2018.
Interest rate	6.75% (prior year 7.00%) 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):

Years of Service	Age	Probability of Retirement
10-30	60-63	40%
10-30	64-66	25%
10-30	67-69	25%
10-30	70+	100%
30	All	33%
31	All	50%
32-33	All	50%
34 +	All	100%

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

	2019	2020	2021
Actuarially determined contribution	\$ 721,809	\$ 626,896	\$ 492,018
Contributions in relation to the actuarially determined contributions	721,806	626,893	496,359
Contribution deficiency (excess)	<u>\$ 3</u>	<u>\$ 3</u>	<u>\$ (4,341)</u>
Covered payroll (2)	\$ 3,219,489	\$ 3,394,133	\$ 3,297,706
Contributions as a percentage of covered payroll	22.42 %	18.47 %	15.05 %

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

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:

Years of Service	Rates
0-1 years	6.25%
2 years	4.00%
3-4 years	4.00%
5-9 years	3.75%
10 or more years	3.75%

Disability Rates:

Age	Probability of Disability
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:

Sample Age	Years of service	% of Active Members Separating Within Next Year
All	0-2	15.50%
	3	10.50%
	4-9	10.50%
	10-14	10.50%
	15-19	5.50%
	20 or more	-%

Terminal leave pay:

Years of Credited Service as of October 1, 2012	Liability Loan
10 or more years	4.50%
At least 5, less than 10 years	3.00%
Less than 5 years	0.00%

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

(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 September 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.

Method Change: There have been no method change since the prior valuation.

Changes of assumptions made August 25, 2021: Investment return, Salary increases, Normal retirement rates, Assumed rates of termination.

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

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

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 INVESTMENT RETURNS
PALMETTO GENERAL EMPLOYEE' PENSION PLAN
Last Ten Fiscal Years (1)

	September 30, 2019	September 30, 2020	September 30, 2021
Annual money-weighted rate of return net of investment expense	2.81 %	7.09 %	18.49 %

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

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

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

	2019	2020	2021
Total pension liability			
Service cost	\$ 340,650	\$ 396,835	\$ 307,206
Interest	1,068,270	1,062,027	1,105,469
Differences between expected and actual experience	(713,554)	439,144	(199,535)
Changes of assumptions	--	(316,881)	348,580
Benefit payments, including refunds of employee contributions	(800,334)	(881,144)	(860,659)
Net change in total pension liability	(104,968)	699,981	701,061
Total pension liability - beginning	15,320,520	15,215,552	15,915,533
Total pension liability - ending (a)	<u>\$ 15,215,552</u>	<u>\$ 15,915,533</u>	<u>\$ 16,616,594</u>
Plan fiduciary net position			
Contributions - employer	\$ 480,634	\$ 406,200	\$ 351,060
Contributions - state	131,486	133,879	144,799
Contributions - employee	89,571	90,800	82,768
Net investment income	422,898	1,134,529	2,610,556
Benefit payments, including refunds of employee contributions	(800,334)	(881,144)	(860,659)
Administrative expense	(50,391)	(30,590)	(31,703)
Net change in plan fiduciary net position	273,864	853,674	2,296,821
Plan fiduciary net position - beginning	13,503,567	13,777,431	14,631,105
Plan fiduciary net position - ending (b)	<u>13,777,431</u>	<u>14,631,105</u>	<u>16,927,926</u>
City's net pension liability (asset) - ending (a - b)	<u>\$ 1,438,121</u>	<u>\$ 1,284,428</u>	<u>\$ (311,332)</u>
Plan fiduciary net position as a percentage of the total pension liability (asset)	90.55 %	91.93 %	101.87 %
Covered payroll (2)	\$ 1,791,416	\$ 1,816,002	\$ 1,655,365
City's net pension liability as a percentage of covered payroll	80.28 %	70.73 %	(18.81)%

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

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 September 30, 2015 measurement period which includes DROP payroll.

Changes of assumptions:

Changes of assumptions made August 25, 2021: Investment return, Reduced salary increases, Normal retirement rates, Assumed rates of termination less than 15 years of credited service.

For measurement date September 30, 2020, as required by Chapter 2015-157, Laws of Florida, the assumed rates of mortality have been changed from those in the July 1, 2019 actuarial valuation for special risk lives, with appropriate risk and collar adjustments made based on plan demographics.

For measurement date September 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 September 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: September 30, 2016 - 7.25%; October 1, 2017- 7.10%; October 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.

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

	2014	2015	2016	2017	2018
Actuarially determined contribution	\$ 524,660	\$ 536,596	\$ 551,341	\$ 640,930	\$ 557,736
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>
Contribution deficiency (excess)	<u>(87)</u>	<u>(3,901)</u>	<u>(5,695)</u>	<u>(5,872)</u>	<u>(25,401)</u>
Covered payroll (2)	1,491,360	\$ 1,663,139	\$ 1,642,361	\$ 1,734,587	\$ 1,704,571
Contributions as a percentage of covered payroll	35.19 %	32.50 %	33.92 %	37.29 %	34.21 %

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, 2019
Funding method	Entry age normal actuarial cost method.
Amortization method	New UAAL amortization bases are established according to the following amortization periods; Experience: 10 years, assumption method changes: 20 years and benefit change: 30 years.
Remaining amortization period	15 years (as of October 1, 2019)
Mortality	Mortality Rate Healthy Active Lives: Female: PubS.H-2010 (Below Median) for Employees, set forward one year. Male: PubS.H-2010 (Below Median) for Employees, set forward one year. Mortality Rate Healthy Retiree Lives: Female: PubS.H-2010 (Below Median) for Healthy Retirees, set forward one year. Male: PubS.H-2010 (Below Median) for Healthy Retirees, set forward one year. Mortality Rate Beneficiary Lives: Female: PubG.H-2010 (Below Median) for Healthy Retirees. Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year. Mortality Rates Disabled Lives: 80% PubG.H-2010 for Disabled Retirees/ 20% PubS.H-2010 for Disabled Retirees. All rates are projected generationally with Mortality Improvement Scale MP-2018.
Interest rate	6.75% (prior year 7.00%) 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:

Number of Years after First Eligibility for Normal Retirement	Probability of Retirement
0	40%
1-3	40%
4	100%
5 or more	100%

Early retirement age: 5% for each eligible year

Salary increases:

Years of Service	Rates

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

	<u>2019</u>	<u>2020</u>	<u>2021</u>
Actuarially determined contribution	\$ 610,335	\$ 540,079	\$ 461,185
Contributions in relation to the actuarially determined contributions	<u>612,120</u>	<u>540,079</u>	<u>482,227</u>
Contribution deficiency (excess)	<u>\$ (1,785)</u>	<u>\$ --</u>	<u>\$ (21,042)</u>
Covered payroll (2)	\$ 1,791,416	\$ 1,816,002	\$ 1,655,365
Contributions as a percentage of covered payroll	34.17 %	29.74 %	29.13 %

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

	Years of Service	Rates
	Less than 5	6.00%
	5-14	4.75%
	15 or more	4.50%

Disability rates:

Age	Probability of Disability
25	0.15%
30	0.18%
35	0.23%
40	0.30%
45	0.51%
50	1.00%
55	1.55%
60	0.97%
65	1.19%

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

Termination rates:

Years of Service	% of Active Members Separating within Next Year
0-4	10.00%
5-9	7.50%
10-14	7.50%
15 or more	-%

Terminal leave pay:

Years of Credited Service as of October 1, 2011	Liability Loan
10 or more years	4.50%
1 - 10 years	3.50%
Less than 1 year	0.00%

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

(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 September 30, 2015 measurement period which includes DROP payroll.

Method Change: The amortization period for the combined UAAL (including the 2020 experience Gain) is amortized over 1 year. All future UAAL bases are amortized over 15 years level dollar. Previously, the amortization period for all changes to the UAAL were as follows; Experience: 10 years, Assumption method changes: 20 years and Benefit change: 30 years.

Changes of assumptions:

For measurement date September 30, 2021, changes of assumptions made August 25, 2021: Investment return, Reduced salary increases, Normal retirement rates, Assumed rates of termination with less than 15 years.

For measurement date September 30, 2020, as mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in the July 1, 2019 actuarial valuation for special-risk lives, with appropriate risk and collar adjustments made based on plan demographics.

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

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

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 INVESTMENT RETURNS
POLICE PENSION TRUST FUND
Last Ten Fiscal Years (1)

	September 30, 2019	September 30, 2020	September 30, 2021
Annual money-weighted rate of return net of investment expense	3.17 %	8.37 %	18.15 %

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)

	2018	2019	2020	2021
Total OPEB liability				
Service cost	\$ 15,911	\$ 15,026	\$ 18,238	\$ 27,909
Interest	10,898	12,290	14,017	10,967
Differences between expected and actual experience	--	--	73,604	--
Changes of assumptions	(12,960)	15,158	103,917	(13,481)
Benefit payment	<u>(17,581)</u>	<u>(19,075)</u>	<u>(24,510)</u>	<u>(25,202)</u>
Net change in total OPEB liability	(3,732)	23,399	185,266	193
Total OPEB liability - beginning	<u>292,186</u>	<u>288,454</u>	<u>311,853</u>	<u>497,119</u>
Total OPEB liability - ending	<u>\$ 288,454</u>	<u>\$ 311,853</u>	<u>\$ 497,119</u>	<u>\$ 497,312</u>
Covered payroll	\$ 5,312,728	\$ 5,859,514	\$ 5,856,860	\$ 6,153,803
Total OPEB liability as a percentage of covered payroll	5.43 %	5.32 %	8.49 %	8.08 %

Notes to the Schedule:

Changes in benefit terms: There are no changes in benefit terms during the year ended September 30, 2021.

Covered Employee Payroll was projected one year forward from the valuation date for the reporting period ending September 30, 2021.

Difference Between Expected and Actual Experience: Difference Between Expected and Actual Experience reflects the impact of changes to the census data from the prior valuation to the valuation as of October 1, 2019.

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

- Fiscal Year Ending September 30, 2021: 2.43%
- Fiscal Year Ending September 30, 2020: 2.14%
- Fiscal Year Ending September 30, 2019: 3.58%

Also reflected as assumption changes are:

- Updated health care costs and premiums based on plan experience
- Updated health care cost trend rates
- Updated Mortality rates

Benefit Payment: The plan sponsor did not provide actual net benefits paid by the Plan for the fiscal year ending on September 30, 2021. Expected net benefit payments produced by the valuation model for the same period are shown in the table above.

(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.



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, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental revenues	\$ --	\$ 1,500,000	\$ --	\$ (1,500,000)
Total revenues	--	1,500,000	--	(1,500,000)
EXPENDITURES				
Capital outlay				
Streets	--	1,972,570	82,815	1,889,755
Other	--	527,857	65,929	461,928
Total expenditures	--	2,500,427	148,744	2,351,683
Excess (deficiency) of revenues over (under) expenditures	--	(1,000,427)	(148,744)	851,683
OTHER FINANCING SOURCES (USES)				
Transfers in	--	581,130	581,130	--
Total other financing sources (uses)	--	581,130	581,130	--
Net change in fund sources (uses)	--	(419,297)	432,386	851,683
Fund balances - beginning	662,457	662,457	662,457	--
Fund balances - ending	\$ 662,457	\$ 243,160	\$ 1,094,843	\$ 851,683

CITY OF PALMETTO, FLORIDA
OTHER SUPPLEMENTARY INFORMATION
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
September 30, 2021

	Palmetto Police Officers' Pension Plan	Palmetto General Employees' Pension Plan	Total Fiduciary Funds
ASSETS			
Accounts receivable	\$ 3,075	\$ --	\$ 3,075
Interest and dividends receivable	5,645	25,649	31,294
Prepaid benefits	66,783	71,993	138,776
Investments			
Money market funds	319,045	467,976	787,021
U. S. government securities	1,172,016	2,057,750	3,229,766
Corporate bonds	513,223	1,026,889	1,540,112
Corporate stocks	1,306,639	10,388,563	11,695,202
Mutual funds	11,844,840	3,233,360	15,078,200
Alternative investments	1,715,057	1,463,089	3,178,146
Total investments	<u>16,870,820</u>	<u>18,637,627</u>	<u>35,508,447</u>
Total assets	<u>16,946,323</u>	<u>18,735,269</u>	<u>35,681,592</u>
LIABILITIES			
Accounts payable	<u>18,397</u>	<u>56,328</u>	<u>74,725</u>
Total liabilities	<u>18,397</u>	<u>56,328</u>	<u>74,725</u>
NET POSITION			
Restricted for pension benefits	<u>\$ 16,927,926</u>	<u>\$ 18,678,941</u>	<u>\$ 35,606,867</u>

CITY OF PALMETTO, FLORIDA
OTHER SUPPLEMENTARY INFORMATION
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended September 30, 2021

	Palmetto Police Officers' Pension Plan	Palmetto General Employees' Pension Plan	Total Fiduciary Funds
ADDITIONS			
Contributions:			
Employer	\$ 337,428	\$ 496,358	\$ 833,786
Plan members	82,768	164,885	247,653
State (from the General Fund)	144,799	--	144,799
Miscellaneous	--	(764)	(764)
Total contributions:	<u>564,995</u>	<u>660,479</u>	<u>1,225,474</u>
Investment earnings			
Interest	34,778	48,845	83,623
Dividends	292,933	196,169	489,102
Net increase in the fair value of investments	<u>2,324,209</u>	<u>2,867,399</u>	<u>5,191,608</u>
Total investment earnings	2,651,920	3,112,413	5,764,333
Less investment expense	<u>(28,365)</u>	<u>(112,529)</u>	<u>(140,894)</u>
Net investment earnings	<u>2,623,555</u>	<u>2,999,884</u>	<u>5,623,439</u>
Total additions	<u>3,188,550</u>	<u>3,660,363</u>	<u>6,848,913</u>
DEDUCTIONS			
Benefits	836,392	902,603	1,738,995
Refunds of contributions	24,267	82,307	106,574
Administrative expenses	<u>31,703</u>	<u>42,439</u>	<u>74,142</u>
Total deductions	<u>892,362</u>	<u>1,027,349</u>	<u>1,919,711</u>
Change in net position	2,296,188	2,633,014	4,929,202
Net position, beginning of year	<u>14,631,738</u>	<u>16,045,927</u>	<u>30,677,665</u>
Net position, end of year	<u>\$ 16,927,926</u>	<u>\$ 18,678,941</u>	<u>\$ 35,606,867</u>



STATISTICAL SECTION

This part of the City of Palmetto, Florida's annual comprehensive 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 annual comprehensive financial reports for the relevant year.

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

	Fiscal Year			
	2012	2013 (1)	2014	2015 (2)
Governmental Activities				
Net investment in capital assets	\$ 30,654,831	\$ 31,673,980	\$ 32,241,516	\$ 33,319,038
Restricted	5,078,638	4,217,646	3,193,316	3,567,422
Unrestricted	7,684,475	7,257,727	6,679,783	3,030,809
Governmental Activities net position	<u>\$ 43,417,944</u>	<u>\$ 43,149,353</u>	<u>\$ 42,114,615</u>	<u>\$ 39,917,269</u>
Business-type Activities				
Net investment in capital assets	18,570,910	19,190,117	21,989,061	21,533,620
Restricted	530,506	488,908	245,743	906,723
Unrestricted	2,392,528	2,564,049	2,929,840	3,731,428
Total business-type activities net position	<u>\$ 21,493,944</u>	<u>\$ 22,243,074</u>	<u>\$ 25,164,644</u>	<u>\$ 26,171,771</u>
Primary Government				
Net investment in capital assets	\$ 49,225,741	\$ 50,864,097	\$ 54,230,577	\$ 54,852,658
Restricted	5,609,144	4,706,554	3,439,059	4,474,145
Unrestricted	10,077,003	9,821,776	9,609,623	6,762,237
Total primary government net position	<u>\$ 64,911,888</u>	<u>\$ 65,392,427</u>	<u>\$ 67,279,259</u>	<u>\$ 66,089,040</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.

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 33,506,241	\$ 34,364,152	\$ 35,933,864	\$ 38,025,148	\$ 42,038,825	\$ 42,336,583
4,378,810	5,751,126	8,872,485	9,505,182	9,963,795	13,856,493
3,140,557	4,160,584	3,620,287	5,111,856	6,461,109	9,391,819
<u>\$ 41,025,608</u>	<u>\$ 44,275,862</u>	<u>\$ 48,426,636</u>	<u>\$ 52,642,186</u>	<u>\$ 58,463,729</u>	<u>\$ 65,584,895</u>
22,947,006	24,414,011	24,524,166	26,379,526	29,161,052	30,001,681
1,012,806	1,120,585	1,121,064	653,354	1,269,654	1,233,042
3,937,734	4,927,292	7,184,686	9,128,614	9,191,740	10,954,989
<u>\$ 27,897,546</u>	<u>\$ 30,461,888</u>	<u>\$ 32,829,916</u>	<u>\$ 36,161,494</u>	<u>\$ 39,622,446</u>	<u>\$ 42,189,712</u>
\$ 56,453,247	\$ 58,778,163	\$ 60,458,030	\$ 64,404,674	\$ 71,199,877	\$ 72,338,264
5,391,616	6,871,711	9,993,549	10,158,536	11,233,449	15,089,535
7,078,291	9,087,876	10,804,973	14,240,470	15,652,849	20,346,808
<u>\$ 68,923,154</u>	<u>\$ 74,737,750</u>	<u>\$ 81,256,552</u>	<u>\$ 88,803,680</u>	<u>\$ 98,086,175</u>	<u>\$ 107,774,607</u>

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

	Fiscal Year			
	2012	2013 (1)	2014	2015 (2)
Expenses				
Governmental activities:				
General government	\$ 2,667,131	\$ 3,382,557	\$ 3,434,529	\$ 2,761,333
Public Safety (net of indirect allocations)	4,432,536	4,353,495	4,489,409	4,447,435
Highways and streets	827,562	894,480	1,332,919	1,030,938
Recreation	823,114	729,485	636,947	648,017
Intergovernmental (net of indirect allocation)	2,504,506	2,582,701	2,634,057	2,713,354
Interest on long-term debt	160,217	151,233	129,675	120,874
Total governmental activities expenses	<u>11,415,066</u>	<u>12,093,951</u>	<u>12,657,536</u>	<u>11,721,951</u>
Business-type activities:				
Solid waste	1,990,565	2,075,468	2,200,590	2,180,098
Water and sewer	4,258,959	4,524,200	4,744,118	4,919,816
Stormwater	668,659	656,269	612,953	574,894
Reuse	86,689	88,650	113,245	130,437
Total business-type activities expenses	<u>7,004,872</u>	<u>7,344,587</u>	<u>7,670,906</u>	<u>7,805,245</u>
Total primary government expenses	<u>18,419,938</u>	<u>19,438,538</u>	<u>20,328,442</u>	<u>19,527,196</u>
Program revenues				
Governmental activities:				
Charges for services				
General government	243,076	312,316	163,793	480,864
Public safety	340,888	270,709	375,222	146,175
Highways and streets	92,720	109,443	139,397	113,236
Recreation	--	--	600	35,139
Operating grants and contributions	--	--	--	29,693
Capital grants and contributions	1,700,739	144,407	334,025	554,283
Total governmental activities program revenues	<u>2,377,423</u>	<u>836,875</u>	<u>1,013,037</u>	<u>1,359,390</u>
Business-type activities:				
Charges for services				
Solid waste	2,088,560	2,136,874	2,177,967	2,272,215
Water and sewer	4,815,175	4,897,027	5,615,854	6,638,840
Stormwater	788,563	785,132	785,144	781,649
Reuse	188,069	189,698	282,522	389,078
Capital grants and contributions	211,618	513,359	960,091	67,137
Total business-type activities program revenues	<u>8,091,985</u>	<u>8,522,090</u>	<u>9,821,578</u>	<u>10,148,919</u>
Total primary government program revenues	<u>10,469,408</u>	<u>9,358,965</u>	<u>10,834,615</u>	<u>11,508,309</u>
Net (Expense)/Revenue				
Government activities	(9,037,643)	(11,257,076)	(11,644,499)	(10,362,561)
Business-type activities	1,087,113	1,177,503	2,150,672	2,343,674
Total primary government net expense	<u>(7,950,530)</u>	<u>(10,079,573)</u>	<u>(9,493,827)</u>	<u>(8,018,887)</u>

Fiscal Year						
2016	2017	2018	2019	2020	2021	
\$ 3,063,567	\$ 3,202,580	\$ 3,389,085	\$ 4,029,064	\$ 4,029,897	\$ 4,248,135	
4,773,190	4,712,040	4,922,734	4,450,463	4,248,695	3,798,610	
1,163,107	1,004,315	1,455,875	1,529,769	1,355,491	967,761	
632,666	650,416	691,519	679,524	684,068	631,505	
2,699,069	2,993,731	3,087,537	3,134,261	3,185,980	3,168,921	
116,363	112,689	123,283	205,543	72,095	69,635	
12,447,962	12,675,771	13,670,033	14,028,624	13,576,226	12,884,567	
2,001,620	2,001,143	2,324,223	2,067,018	2,180,346	2,215,866	
5,255,761	5,136,548	5,272,179	5,500,925	5,543,719	5,799,859	
593,910	559,892	497,092	686,512	517,802	473,322	
158,216	143,347	165,525	169,525	281,797	309,877	
8,009,507	7,840,930	8,259,019	8,423,980	8,523,664	8,798,924	
20,457,469	20,516,701	21,929,052	22,452,604	22,099,890	21,683,491	
521,631	429,653	881,869	843,384	1,174,634	1,111,828	
188,432	197,235	244,484	314,232	345,746	204,808	
88,597	248,239	203,537	186,468	397,761	134,868	
33,706	40,285	143,064	116,625	89,499	26,666	
5,470	1,952	6,000	110,862	62,720	28,158	
220,296	224,402	506,276	82,790	101,093	353,228	
1,058,132	1,141,766	1,985,230	1,654,361	2,171,453	1,859,556	
2,170,087	2,151,687	2,166,408	2,220,651	2,313,825	2,424,494	
6,935,577	7,213,578	7,595,756	7,625,127	7,902,819	8,086,956	
786,912	778,978	798,498	810,387	880,405	921,755	
397,958	409,888	436,377	444,348	495,506	544,465	
41,303	394,126	134,437	834,777	1,011,727	142,664	
10,331,837	10,948,257	11,131,476	11,935,290	12,604,282	12,120,334	
11,389,969	12,090,023	13,116,706	13,589,651	14,775,735	13,979,890	
(11,389,830)	(11,534,005)	(11,684,803)	(12,374,263)	(11,404,773)	(11,025,011)	
2,322,330	3,107,327	2,872,457	3,511,310	4,080,618	3,321,410	
(9,067,500)	(8,426,678)	(8,812,346)	(8,862,953)	(7,324,155)	(7,703,601)	

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

	Fiscal Year			
	2012	2013 (1)	2014	2015 (2)
Net (Expense)/Revenue				
Government activities	\$ (9,037,643)	\$ (11,257,076)	\$ (11,644,499)	\$ (10,362,561)
Business-type activities	1,087,113	1,177,503	2,150,672	2,343,674
Total primary government net expense	<u>(7,950,530)</u>	<u>(10,079,573)</u>	<u>(9,493,827)</u>	<u>(8,018,887)</u>
General Revenues and Other Changes in Net Position				
Government activities:				
Taxes				
Property taxes	6,107,019	5,802,343	6,252,171	6,557,041
Sales taxes	793,591	848,863	912,455	950,806
Utility taxes	910,783	986,029	1,088,481	1,096,095
Motor fuel taxes	1,202,520	1,194,620	1,298,344	1,428,522
Other taxes	886,666	864,389	853,806	781,298
Franchise fees	840,158	811,682	856,531	904,809
Interest and investment earnings	178,264	26,515	107,545	111,708
Other general revenues	--	--	--	244,338
Transfers	278,266	454,044	(759,572)	406,595
Total government activities	<u>11,197,267</u>	<u>10,988,485</u>	<u>10,609,761</u>	<u>12,481,212</u>
Business-type activities:				
Investment earnings	28,288	25,671	11,326	23,362
Transfers	(278,266)	(454,044)	759,572	(406,595)
Total business-type activities	<u>(249,978)</u>	<u>(428,373)</u>	<u>770,898</u>	<u>(383,233)</u>
Total primary government	<u>10,947,289</u>	<u>10,560,112</u>	<u>11,380,659</u>	<u>12,097,979</u>
Change in Net Position				
Government activities	2,159,624	(268,591)	(1,034,738)	2,118,651
Business-type activities	837,135	749,130	2,921,570	1,960,441
Total primary government	<u>\$ 2,996,759</u>	<u>\$ 480,539</u>	<u>\$ 1,886,832</u>	<u>\$ 4,079,092</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.

Fiscal Year						
	2016	2017	2018	2019	2020	2021
\$	(11,389,830)	(11,534,005)	(11,684,803)	(12,374,263)	(11,404,773)	(11,025,011)
	2,322,330	3,107,327	2,872,457	3,511,310	4,080,618	3,321,410
	(9,067,500)	(8,426,678)	(8,812,346)	(8,862,953)	(7,324,155)	(7,703,601)
	7,261,107	7,744,097	8,277,283	8,716,041	9,379,278	9,977,632
	987,991	1,648,177	2,030,235	2,022,593	2,024,823	2,405,574
	1,107,225	1,143,031	1,187,993	1,249,304	1,227,589	1,242,277
	1,528,050	1,591,988	1,590,376	1,603,218	1,529,630	1,597,359
	813,066	844,339	858,059	873,901	870,176	899,926
	848,579	882,834	906,516	927,890	882,651	921,440
	123,720	138,093	199,260	505,239	425,435	63,568
	192,608	179,765	167,382	297,954	112,643	237,028
	458,963	611,935	643,814	393,673	774,091	801,373
	13,321,309	14,784,259	15,860,918	16,589,813	17,226,316	18,146,177
	36,754	68,950	144,230	213,941	154,425	47,229
	(458,963)	(611,935)	(643,814)	(393,673)	(774,091)	(801,373)
	(422,209)	(542,985)	(499,584)	(179,732)	(619,666)	(754,144)
	12,899,100	14,241,274	15,361,334	16,410,081	16,606,650	17,392,033
	1,931,479	3,250,254	4,176,115	4,215,550	5,821,543	7,121,166
	1,900,121	2,564,342	2,372,873	3,331,578	3,460,952	2,567,266
\$	3,831,600	5,814,596	6,548,988	7,547,128	9,282,495	9,688,432

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

	Fiscal Year			
	2012	2013	2014	2015
General fund				
Nonspendable - Inventory	\$ 345,962	\$ 277,823	\$ 319,834	\$ 318,269
Restricted	797,181	654,934	477,674	615,227
Committed	1,964,498	1,964,498	1,983,593	2,003,079
Assigned	461,271	804,869	343,795	199,142
Unassigned	4,047,702	3,867,975	4,077,272	4,586,884
Total general fund	<u>\$ 7,616,614</u>	<u>\$ 7,570,099</u>	<u>\$ 7,202,168</u>	<u>\$ 7,722,601</u>
All other governmental funds				
Unreserved, reported in:				
Restricted	5,256,670	4,509,519	3,320,385	3,556,542
Committed	941,849	583,906	281,583	262,856
Total all other governmental funds	<u>\$ 6,198,519</u>	<u>\$ 5,093,425</u>	<u>\$ 3,601,968</u>	<u>\$ 3,819,398</u>

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 275,926	\$ 278,290	\$ 263,417	\$ 292,142	\$ 281,992	\$ 294,675
844,837	1,563,003	3,052,271	3,885,242	4,989,482	6,730,065
2,039,206	2,075,406	2,020,887	2,057,086	2,079,406	2,171,852
393,991	350,837	316,356	393,205	294,066	589,999
4,652,720	5,101,766	4,246,647	5,167,811	6,110,072	7,050,884
<u>\$ 8,206,680</u>	<u>\$ 9,369,302</u>	<u>\$ 9,899,578</u>	<u>\$ 11,795,486</u>	<u>\$ 13,755,018</u>	<u>\$ 16,837,475</u>
3,670,011	4,301,268	5,820,214	5,663,246	5,019,719	7,528,922
846,341	975,801	707,814	641,096	662,457	1,094,843
<u>\$ 4,516,352</u>	<u>\$ 5,277,069</u>	<u>\$ 6,528,028</u>	<u>\$ 6,304,342</u>	<u>\$ 5,682,176</u>	<u>\$ 8,623,765</u>

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

	Fiscal Year			
	2012	2013	2014	2015
Revenues				
Taxes	\$ 9,900,579	\$ 9,696,244	\$ 10,405,257	\$ 10,813,762
Permits, fees, and special assessments	1,023,579	964,238	1,135,631	1,312,655
Intergovernmental revenues	1,700,739	102,941	334,025	511,887
Charges for services	907,925	846,821	783,332	874,483
Fines and forfeitures	101,317	61,545	58,255	53,414
Interest earnings	178,264	26,515	107,545	111,708
Impact fees (1)	12,611	21,292	65,417	34,422
Miscellaneous	228,740	168,543	255,752	279,535
Total revenues	<u>14,053,754</u>	<u>11,888,139</u>	<u>13,145,214</u>	<u>13,991,866</u>
Expenditures				
General government	2,723,534	3,378,574	2,767,181	2,896,947
Public safety	4,215,246	4,159,702	4,264,229	4,337,159
Highways and streets	590,527	609,082	757,656	635,317
Economic and physical environment	2,359,788	2,421,266	2,483,372	2,587,428
Recreation	754,781	672,960	598,012	637,539
Capital outlay	6,044,196	1,679,365	2,636,068	2,323,322
Debt service				
Principal retirement	160,217	151,233	339,802	629,785
Interest	466,938	526,340	347,493	120,954
Total expenditures	<u>17,315,227</u>	<u>13,598,522</u>	<u>14,193,813</u>	<u>14,168,451</u>
Excess of revenues over (under) expenditures	(3,261,473)	(1,710,383)	(1,048,599)	(176,585)
Other financing sources (uses)				
Transfers in	1,602,970	2,081,969	1,358,442	1,146,055
Transfers out	(1,324,704)	(1,627,925)	(2,118,014)	(739,460)
Capital leases	381,000	104,730	291,500	507,853
Reallocation of loan	--	--	(342,717)	--
Proceeds from issuance of debt	--	--	--	--
Payments from issuance of debt	--	--	--	--
Total other financing sources (uses)	<u>659,266</u>	<u>558,774</u>	<u>(810,789)</u>	<u>914,448</u>
Net change in fund balances	<u>\$ (2,602,207)</u>	<u>\$ (1,151,609)</u>	<u>\$ (1,859,388)</u>	<u>\$ 737,863</u>
Debt service as a percentage of non-capital expenditures	5.56 %	5.68 %	5.95 %	6.34 %

Fiscal Year						
2016	2017	2018	2019	2020	2021	
\$ 11,697,439	\$ 12,971,632	\$ 13,943,946	\$ 14,465,057	\$ 15,031,496	\$ 16,122,768	
1,314,226	1,293,917	1,678,070	1,663,967	1,977,998	1,986,017	
229,447	226,354	109,597	311,108	493,261	31,865	
716,463	894,464	859,465	959,227	956,080	951,309	
47,122	38,955	96,605	61,499	47,005	49,541	
123,720	138,093	199,260	505,239	425,435	61,869	
64,528	108,684	266,009	189,529	471,655	290,679	
215,230	200,756	192,710	318,499	158,830	257,172	
<u>14,408,175</u>	<u>15,872,855</u>	<u>17,345,662</u>	<u>18,474,125</u>	<u>19,561,760</u>	<u>19,751,220</u>	
3,111,603	3,299,997	3,492,141	3,640,161	3,826,284	3,956,487	
4,456,172	4,653,229	4,786,308	4,971,856	5,048,610	4,972,870	
740,798	664,664	990,841	1,114,485	859,195	456,533	
2,522,372	2,807,943	2,927,091	3,000,909	2,904,712	3,018,490	
617,505	650,987	678,255	660,240	658,915	632,357	
1,724,190	2,008,448	2,923,392	3,301,217	5,218,525	1,353,914	
663,096	681,294	790,830	749,019	749,813	806,297	
116,369	112,689	123,283	205,546	72,097	55,552	
<u>13,952,105</u>	<u>14,879,251</u>	<u>16,712,141</u>	<u>17,643,433</u>	<u>19,338,151</u>	<u>15,252,500</u>	
456,070	993,604	633,521	830,692	223,609	4,498,720	
3,207,657	1,379,591	1,284,956	1,507,744	1,456,261	1,593,666	
(2,748,694)	(767,656)	(641,142)	(1,114,071)	(682,170)	(792,293)	
266,000	317,800	503,900	337,105	339,666	723,953	
--	--	--	--	--	--	
--	--	--	1,350,466	--	--	
--	--	--	(1,239,714)	--	--	
<u>724,963</u>	<u>929,735</u>	<u>1,147,714</u>	<u>841,530</u>	<u>1,113,757</u>	<u>1,525,326</u>	
<u>\$ 1,181,033</u>	<u>\$ 1,923,339</u>	<u>\$ 1,781,235</u>	<u>\$ 1,672,222</u>	<u>\$ 1,337,366</u>	<u>\$ 6,024,046</u>	
6.37 %	6.17 %	6.63 %	6.66 %	5.82 %	6.20 %	

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

Fiscal year	Tax Year	Property Tax (1)	Sales Tax (2)	Utility Tax	Motor Fuel Tax	Other Taxes	Total
2012	2011	\$ 6,107,019	\$ 793,591	\$ 910,783	\$ 1,202,520	\$ 886,666	\$ 9,900,579
2013 (1)	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
2020	2019	9,379,278	2,024,823	1,227,589	1,529,630	870,176	15,031,496
2021	2020	9,977,632	2,405,574	1,242,277	1,597,359	899,926	16,122,768

Change:

2012 - 2021	63.38 %	203.13 %	36.40 %	32.83 %	1.50 %	62.85 %
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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) 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)			
		Residential Property	Commercial Property (2)	Other Property	Personal Property (2)
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
2021	2020	779,548,181	263,434,706	173,296,636	60,558,341
2022	2021	831,766,351	275,493,246	193,251,599	66,278,907

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).

Website: https://www.manateepao.gov/DATA/Tax_Roll_Data/2021_Final/drpc_final2021.txt

Website: https://www.manateepao.gov/DATA/Tax_Roll_Data/2021_Final/DR403V.pdf

Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate (3)	Estimated Actual Taxable Value (4)	Assessed Value as a Percent of Actual Value
\$ 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 %
297,899,571	978,938,293	5.9671	978,938,293	100.0 %
325,794,699	1,040,995,404	5.9671	1,040,995,404	100.0 %

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

Fiscal year	Tax Year	City Direct Rates		Overlapping Rates	
		General Fund (1)	School District (2)	County (2)	Total
2012	2010	4.6662	7.9600	6.9900	19.6985
2013	2011	5.1185	7.5900	6.9900	19.7671
2014	2012	5.2171	7.5700	6.9800	19.4071
2015	2013	5.7171	7.3800	6.3100	19.9271
2016	2014	5.7171	7.2700	6.9400	19.8271
2017	2015	5.9671	6.9200	9.9400	19.4871
2018	2016	5.9671	6.6100	6.9100	20.2256
2019	2017	5.9671	7.3310	6.9275	20.0142
2020	2018	5.9671	7.1350	6.9121	19.8380
2021	2020	5.9671	6.8760	6.8752	19.7183

Sources:

(1) Office of the City Clerk

(2) Manatee County Tax Collector's Office

Property Tax - General Information - Ad Valorem Taxes - Millage Rates

Website: <https://www.powerdms.com/public/MCTC/documents/1490950>

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

Taxpayer	2021			2012		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Florida Power & Light Co	\$ 16,514,675	1	2 %	\$ 6,375,876	5	1 %
Wal-Mart Stores East LP	13,033,814	2	1 %	14,199,507	1	2 %
Palm Bay MHC Holdings LLC	11,902,873	3	1 %			
Colonial Manor MHC Holdings LLC	10,439,890	4	1 %			
Palmetto Mobile Home Club Inc.	9,476,839	5	1 %	4,864,669	9	1 %
SS Palmetto LLC	9,343,874	6	1 %			
Palmetto, City of	8,231,909	7	1 %			
Pacific Tomato Growers LTD	7,222,693	8	1 %	5,415,067	7	1 %
SPT Dolphin Palmetto Trace LLC	7,003,964	9	1 %			
Riverside Investment Property LLC	6,870,748	10	1 %			
Space Box LLC				7,452,887	2	1 %
Sanctuary Cove				6,785,651	3	1 %
39368 LLC				6,502,047	4	1 %
Palmetto Dunes LTD				5,858,212	6	1 %
Armed Forces Bank NA				5,240,354	8	1 %
TBR II Development LLC				4,306,126	10	1 %
	<u>\$ 100,041,279</u>		<u>11 %</u>	<u>\$ 67,000,396</u>		<u>11 %</u>

Note

Total taxable assessed value \$1,040,995,404 \$ 686,685,657

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

Website: https://www.manateepao.com/data/top_taxpayers.txt

City of Palmetto included as one of top 10 taxable value entities, however as a municipality it is tax exempt.

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

Fiscal Year	Tax Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy (1)		Collections in Subsequent Years	Total Collections to Date	
			Amount (1)	Percentage of Levy		Amount	Percentage of Levy
2012	2011	\$ 3,422,787	\$ 3,386,486	98.9 %	\$ 2,741	\$ 3,389,227	99.0 %
2013	2012	3,415,249	3,292,442	96.4 %	8,883	3,301,325	96.7 %
2014	2013	3,752,330	3,623,920	96.6 %	6,003	3,629,923	96.7 %
2015	2014	3,889,099	3,755,416	96.6 %	8,147	3,763,563	96.8 %
2016	2015	4,278,064	4,134,271	96.6 %	3,901	4,138,172	96.7 %
2017	2016	4,557,792	4,383,765	96.2 %	4,597	4,388,362	96.3 %
2018	2017	4,842,830	4,668,081	96.4 %	1,025	4,669,106	96.4 %
2019	2018	5,081,681	4,892,753	96.3 %	2,813	4,895,566	96.3 %
2020	2019	5,450,432	5,264,945	96.6 %	1,213	5,266,158	96.6 %
2021	2020	5,836,193	5,631,120	96.5 %	-	5,631,120	96.5 %

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.

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

Fiscal Year	<u>Governmental Activities</u>		<u>Business-type activities</u>			Total Primary Government (1)	Percentage of Personal Income	Per Capita
	Bank Qualified Loans	Capital Leases	Bank Qualified Loans	State Revolving Loan Funds	Capital Leases			
2012	\$5,595,143	\$472,791	\$8,805,056	\$1,509,929	\$39,162	\$16,422,081	3.43 %	\$ 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	3.06 %	1,349
2015	4,196,661	718,812	8,768,536	1,053,602	1,277,667	16,015,278	2.71 %	1,224
2016	3,839,607	678,764	8,125,454	892,106	1,161,853	14,697,784	2.55 %	1,124
2017	3,476,242	678,635	7,453,918	725,667	1,096,954	13,431,416	2.24 %	1,021
2018	3,086,339	781,608	6,751,582	922,887	941,748	12,484,164	1.97 %	942
2019	2,803,460	763,322	6,411,804	2,017,512	714,365	12,710,463	1.74 %	951
2020	2,395,737	760,896	5,526,806	6,783,397	819,202	16,286,038	1.69 %	1,192
2021	1,984,558	1,089,730	4,624,571	6,571,435	1,028,348	15,298,642	1.85 %	1,146

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

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Net Bonded Debt (3)	Percentage of Actual Taxable Value of Property (3)	Per Capita (3)
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 %	-
2020	13,661	978,938,293	-	-	0 %	-
2021	13,348	1,040,995,404	-	-	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, 2021

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Direct:			
City of Palmetto	\$ 3,074,288	100.00 %	\$ 3,074,288
Subtotal direct debt			<u>3,074,288</u>
Overlapping (2):			
Manatee County	111,994,000	3.45 %	3,858,652
Manatee County School Board	214,727,800	3.35 %	<u>7,194,840</u>
Subtotal overlapping debt			<u>11,053,492</u>
Total direct and overlapping debt			<u><u>\$ 14,127,780</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

<u>Fiscal year</u>	<u>City Population</u>	<u>Personal Income thousand \$(2)</u>	<u>Personal Income Per Capita (2)</u>	<u>Median Age (3)</u>	<u>School Enrollment (4)</u>	<u>Manatee County Unemployment Rate (5)</u>
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%
2020	13,661	793,445	58,081	43	49,436	5.20%
2021	13,348	827,416	61,988	49	48,826	3.70%

Source:

(1) University of Florida, Bureau of Economic and Business Research. Florida Estimates of Population 2021

(2) U.S. Bureau of Economic Analysis. Personal income is a calculated amount based on population and per capita income utilizing North Port-Sarasota-Bradenton.

(3) United States Census Bureau

(4) Manatee County School Board. School enrollment exceeds the City population because the school system serves the entire county via Manatee County. FY2020-2021 Manatee County School Board Annual Comprehensive Financial Report page 171.

(5) U.S. Bureau of Labor Statistics as of September 2021.

CITY OF PALMETTO, FLORIDA
PRINCIPAL EMPLOYERS IN MANATEE COUNTY
CURRENT YEAR AND NINE YEARS AGO

Employer	2021			2012		
	Employees	Rank	Percentage of Total County Employment (1)	Employees	Rank	Percentage of Total County Employment (1)
Manatee County School Board	5,632	1	3.13 %	5,200	1	4.05 %
Publix	3,200	2	1.78 %	881	8	0.69 %
Beall's Inc.	2,336	3	1.30 %	1,701	3	1.32 %
Manatee County Government	2,032	4	1.13 %	1,703	2	1.33 %
Manatee Memorial Hospital	1,651	5	0.92 %	1,445	4	1.12 %
Blake Medical Center	1,471	6	0.82 %	1,100	6	0.86 %
Manatee County Sheriff's Department	1,237	7	0.69 %	1,095	7	0.85 %
Tropicana Products, Inc.	1,000	8	0.56 %	1,200	5	0.93 %
IMG Academies	1,000	9	0.56 %	493	10	0.38 %
State College of Florida, Manatee-Sarasota	900	10	0.50 %			
Pierce Manufacturing				569	9	0.44 %
Total	20,459		11.39 %	15,387		11.97 %

Note

Total Manatee County

179,848

128,472

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 2021 Annual Comprehensive Financial Report.

Website: <https://www.manateeclerk.com/departments/finance/financial-reporting/acfr/>

CITY OF PALMETTO, FLORIDA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

Full-time Equivalent Employees as of September 30,										
Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government	17.8	21.0	20.0	19.0	19.0	19.5	19.0	19.0	18.6	16.7
Intergovernmental	13.3	13.3	13.5	12.5	12.0	12.0	12.0	12.0	15.0	15.0
Public safety										
Police										
Officers	35.8	35.8	36.0	35.5	35.0	35.0	35.0	35.0	30.1	32.8
Civilians	20.8	20.8	22.0	22.0	22.0	22.0	22.0	22.0	22.0	20.5
Highways and streets										
Maintenance	5.0	5.0	5.0	10.0	10.0	10.0	10.0	10.0	7.0	7.0
Sanitation	1.0	2.0	2.0	2.0	2.0	3.0	2.0	2.0	3.0	2.0
Culture and recreation	9.0	9.0	8.0	8.0	8.0	9.0	8.0	8.0	8.0	5.0
Water	12.0	11.0	11.0	6.0	6.0	6.0	6.0	6.0	10.0	10.0
Sewer	7.0	7.0	6.0	7.0	7.0	7.0	7.0	7.0	6.0	7.0
Total	121.7	124.9	123.5	122.0	121.0	123.5	121.0	121.0	119.7	116.0

Source: Payroll Reports: Cost Center Analysis

CITY OF PALMETTO, FLORIDA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Function	Fiscal Year			
	2012	2013	2014	2015
Police (1)				
Total calls/incidents (2)	23,471	20,911	19,819	17,930
Adult arrests	470	547	986	884
Juvenile arrests	99	74	149	193
Traffic violations	2,120	1,882	1,950	1,754
Traffic crash reports (2)	408	448	551	651
Water				
New connections (3)	19	32	11	14
Average daily consumption (4) (million of gallons)	1	1	1	1
Average daily capacity (4) (million of gallons)	2	2	2	2
Wastewater				
New connections (3)	13	15	11	11
Average daily sewage treatment (4) (million of gallons)	1	1	1	1
Average daily capacity (4) (million of gallons)	2	2	2	2
Reuse				
New connections (4)	39	315	-	25
Average daily consumption (4) (million of gallons)	1	1	1	1
Average daily capacity (4) (million of gallons)	3	3	3	3

N/A Information is not available

Source: (1) Palmetto PD

(2) Data available from FY2020

(3) Palmetto Customer Service

(4) Palmetto Public Works

Fiscal Year					
2016	2017	2018	2019	2020	2021
15,092	18,713	18,948	23,109	21,662	19,885
732	709	961	735	598	542
156	132	125	100	73	71
1,414	1,424	1,891	1,793	1,471	1,363
687	678	689	733	569	677
14	20	51	45	64	310
1	1	1	1	1	1
2	2	2	2	2	2
9	12	47	48	63	310
1	1	1	1	1	2
2	2	2	2	2	2
30	38	149	63	49	18
1	1	1	1	1	1
3	3	3	3	3	6

CITY OF PALMETTO, FLORIDA
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Function	Fiscal Year			
	2012	2013	2014	2015
Public Safety (1)				
Police				
Stations	1	1	1	1
Patrol units	45	41	44	46
K-9 units	2	3	3	3
Highway and Streets (2)				
Streets (miles)	42	42	42	42
Traffic signals	12	12	12	12
Streetlights	864	1,111	1,111	928
Culture and Recreation (3)				
Parks acreage	95	95	95	101
Parks	12	12	12	13
Tennis courts	1	1	1	1
Utility Infrastructure (3)				
Water mains (miles)	67	67	67	74
Sewer (miles)	49	49	49	68
Storm sewers (miles)	12	12	12	27
Reclaimed water (miles)	23	23	24	33

Source: (1) Palmetto PD
(2) Palmetto Public Works
(3) Palmetto Parks Department

Fiscal Year						
2016	2017	2018	2019	2020	2021	
1	1	1	1	1	1	1
45	44	48	48	42	48	48
-	--	--	--	--	--	--
42	42	42	42	47	49	49
12	12	12	12	12	12	12
928	928	706	928	928	748	748
101	101	91	101	77	77	77
13	13	13	13	13	13	13
1	1	1	1	1	1	1
74	74	74	74	76	77	77
68	69	57	69	67	68	68
27	64	64	64	65	66	66
33	33	32	33	47	48	48

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CPAs & ADVISORS

**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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 30, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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.

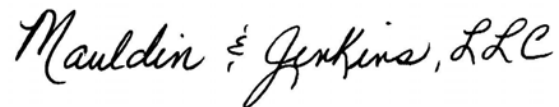
Compliance and Other Matters

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

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.

Bradenton, Florida
March 30, 2022

A handwritten signature in cursive script that reads "Mauldin & Jenkins, LLC".

CITY OF PALMETTO, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:
Material weaknesses identified? _____ yes X no

Significant deficiencies identified not considered to be material weaknesses? reported _____ yes X none

Noncompliance material to financial statements noted? _____ yes X no

Federal Programs and State Financial Assistance Projects

There was not an audit of major federal award programs or state award programs as of September 30, 2021, due to the total amount expended being less than \$750,000.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

None.

SECTION III
FEDERAL PROGRAMS FINDINGS AND QUESTIONED COSTS

Not applicable.

SECTION IV
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

None.



INDEPENDENT AUDITOR'S 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, 2021, and have issued our report thereon dated March 30, 2022.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *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 30, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations in the preceding annual financial report requiring correction.

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

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

Section 10.554(1)(i)2, Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Special District Component Units

Section 10.554(1)(i)5.c, Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we determined that all special district component units provided the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

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 warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, the 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.



Bradenton, Florida
March 30, 2022



INDEPENDENT ACCOUNTANT'S REPORT

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, 2021. Management of the City is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the 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 the aforementioned requirements for the year ended September 30, 2021.

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.

A handwritten signature in cursive script that reads "Mauldin & Jenkins, LLC".

Bradenton, Florida
March 30, 2022