

# **CITY OF PALATKA, FLORIDA**

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**Annual  
Financial Report  
For the Year Ended September 30, 2022**

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**List of Elected and Appointed Officials**

Robbi Correa, Mayor

Tammie McCaskill, Commissioner

Justin Campbell, Commissioner

Will Jones, Commissioner

Rufus Borom, Commissioner

Jonathan Griffith  
Interim City Manager

Sunni Krantz  
City Clerk

Peter Willott  
Public Information Officer/Project Manager

**INDEPENDENT AUDITOR'S REPORT**

To the Honorable Mayor and City Commission of  
City of Palatka, Florida

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discreetly presented component unit, and each major fund of the City of Palatka Florida (the "City") as of and for the fiscal year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discreetly presented component unit, and each major fund of the City of Palatka, Florida, as of September 30, 2022, and the respective changes in financial position, and where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

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

***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison information, pension schedules, and OPEB schedule on pages 5–17 and 68–78 be presented to supplement the basic

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying fund financial statements, schedule of expenditures of federal awards, and schedule of state financial assistance as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and Chapter 10.550, Rules of the Auditor General, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the fund financial statements and the schedule of expenditures of federal awards and schedule of state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2023 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 City's internal control over financial reporting and compliance.

*HCT Certified Public Accountants & Consultants, LLC*

Hollywood, Florida

June 28, 2023

City of Palatka  
Management's Discussion and Analysis  
September 30, 2022

As management of the City of Palatka, 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, 2022.

### Financial Highlights

- The net position of the City at the close of the fiscal year was \$73,183,182. The total unrestricted net position of the City ended the fiscal year at a positive \$8,301,618.
- The City's total net position increased by \$623,347. Governmental net position increased by \$5,005,860 or 22.73% and the Enterprise funds net position increased by \$3,184,427 or 14.46%.
- The total net position of each Enterprise fund was: Water \$24,866,055, Sanitation \$2,004,110, Golf Course \$1,013,077, and Airport \$18,267,100.
- As of September 30, 2022, the City's governmental funds reported combined ending fund balances of \$11,844,707, an increase of \$561,700 or 4.98%.
- At the end of the fiscal year, unassigned fund balance for the General Fund was \$2,762,541 or 19.74% of total General Fund expenditures. Downtown Redevelopment Agency fund balance was \$1,257,978. Better Place Plan fund balance was \$1,100,508. Special Revenues fund balance was \$4,481,047.
- Net positions of the General, Police Officers', and Firefighters' Pension Trust Funds changed are \$17,958,805, \$11,089,398, and \$8,334,135 respectively.

### Overview of 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 *Government-wide Financial Statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the City of Palatka's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the two reported as net position. The City has deferred outflows or deferred inflows that are pension related in the government-wide statements. 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 information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

City of Palatka  
Management's Discussion and Analysis (Continued)  
September 30, 2022

Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (i.e. uncollected taxes and earned but unused vacation leave).

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, streets and drainage, economic development and culture and recreation. The business type activities of the City include the utility (water and wastewater), the airport, the golf course, sanitation, and the component unit, the gas authority.

The government-wide financial statements include not only the City of Palatka, but also the Palatka Gas Authority, an independent component unit of the City. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 18 & 19 of this report.

### **Fund Financial Statements**

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

#### ***Governmental Funds***

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

City of Palatka  
Management's Discussion and Analysis (Continued)  
September 30, 2022

The City maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General fund, the Downtown Redevelopment Agency fund, the Better Place Plan fund, and the Special Revenues fund, which are considered major funds.

The City adopts an annual appropriated budget for each governmental fund. Budgetary comparison schedules have been provided for the General fund, the Downtown Redevelopment Agency and the Special Revenue fund in the required supplementary information section and for the Better Place Plan fund in the supplementary information section.

The basic governmental fund financial statements can be found on pages 20-24 of this report.

***Proprietary Funds***

The City maintains several enterprise 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, Golf Course, Airport, and Sanitation operations, as does the independent Component Unit Gas Authority.

Proprietary funds 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 funds listed above, all of which are considered to be major funds of the City.

The proprietary fund financial statements can be found on pages 25–27 of this report.

***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement 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 basic fiduciary fund financial statements can be found on pages 28-29 of this report.

**Notes to the Financial Statements**

The notes provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 30-67 of this report.

City of Palatka  
Management's Discussion and Analysis (Continued)  
September 30, 2022

***Other Information***

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning budgetary comparisons and the City's net liabilities, contributions and investment returns relating to its pension plans and the City's total liability for other postemployment benefits (OPEB) to its employees. Required supplementary information can be found on pages 68-78 of this report.

Supplementary information can be found beginning on page 80 of this report.

**Government-wide Financial Analysis**

**Net Position**

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 \$73,183,182 at the close of the most recent fiscal year. There were deferred outflows of resources of \$2,787,578 and deferred inflows of resources of \$2,397,128.

The majority of the City's net position rests in its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire these assets that is still outstanding. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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City of Palatka  
Management's Discussion and Analysis (Continued)  
September 30, 2022

**Summary of Net Position  
September 30, 2022 and 2021**

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
<b>Assets:</b>						
Current and other assets	\$ 12,663,299	\$ 12,213,652	\$ 7,772,027	\$ 6,878,680	20,435,326	19,092,332
Capital assets	21,430,867	18,976,561	55,288,555	52,749,218	76,719,422	71,725,779
<b>Total assets</b>	<b>34,094,166</b>	<b>31,190,213</b>	<b>63,060,582</b>	<b>59,627,898</b>	<b>97,154,748</b>	<b>90,818,111</b>
<b>Deferred outflows of resources:</b>						
Pension related items	2,048,215	1,477,985	655,101	426,426	2,703,316	1,904,411
OPEB related items	55,795	76,630	28,467	39,097	84,262	115,727
<b>Total deferred outflows of resources</b>	<b>2,104,010</b>	<b>1,554,615</b>	<b>683,568</b>	<b>465,523</b>	<b>2,787,578</b>	<b>2,020,138</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 36,198,176</b>	<b>\$ 32,744,828</b>	<b>\$ 63,744,150</b>	<b>\$ 60,093,421</b>	<b>\$ 99,942,326</b>	<b>\$ 92,838,249</b>
<b>Liabilities:</b>						
Current and other liabilities	932,595	439,718	566,317	708,577	1,498,912	1,148,295
Long-term liabilities outstanding	7,610,757	9,096,541	15,252,347	16,249,039	22,863,104	25,345,580
<b>Total liabilities</b>	<b>8,543,352</b>	<b>9,536,259</b>	<b>15,818,664</b>	<b>16,957,616</b>	<b>24,362,016</b>	<b>26,493,875</b>
<b>Deferred inflows of resources:</b>						
Pension related items	194,543	632,111	62,222	74,739	256,765	706,850
Other items	147,390	-	88,637	-	236,027	-
OPEB related items	280,395	490,927	1,623,941	65,103	1,904,336	556,030
<b>Total deferred inflows of resources</b>	<b>622,328</b>	<b>1,123,038</b>	<b>1,774,800</b>	<b>139,842</b>	<b>2,397,128</b>	<b>1,262,880</b>
<b>Net position:</b>						
Invested in capital assets	20,209,112	17,546,712	42,015,142	40,434,532	62,224,254	57,981,244
Restricted items	2,649,215	2,340,838	8,095	8,095	2,657,310	2,348,933
Unrestricted	4,174,169	2,197,981	4,127,449	2,553,336	8,301,618	4,751,317
<b>Total net position</b>	<b>27,032,496</b>	<b>22,085,531</b>	<b>46,150,686</b>	<b>42,995,963</b>	<b>73,183,182</b>	<b>65,081,494</b>
<b>Total liabilities and deferred inflows of resources and net position</b>	<b>36,198,176</b>	<b>32,744,828</b>	<b>63,744,150</b>	<b>60,093,421</b>	<b>99,942,326</b>	<b>92,838,249</b>

An additional portion of the City's net position \$2,657,310 or 3.63% represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is a positive amount of \$8,301,618.

### Change in Net Position

The City's total net position increased \$623,347 over the previous year as a result of a decrease of \$2,561,424 from governmental activities and an increase of \$3,184,427 from business-type activities.

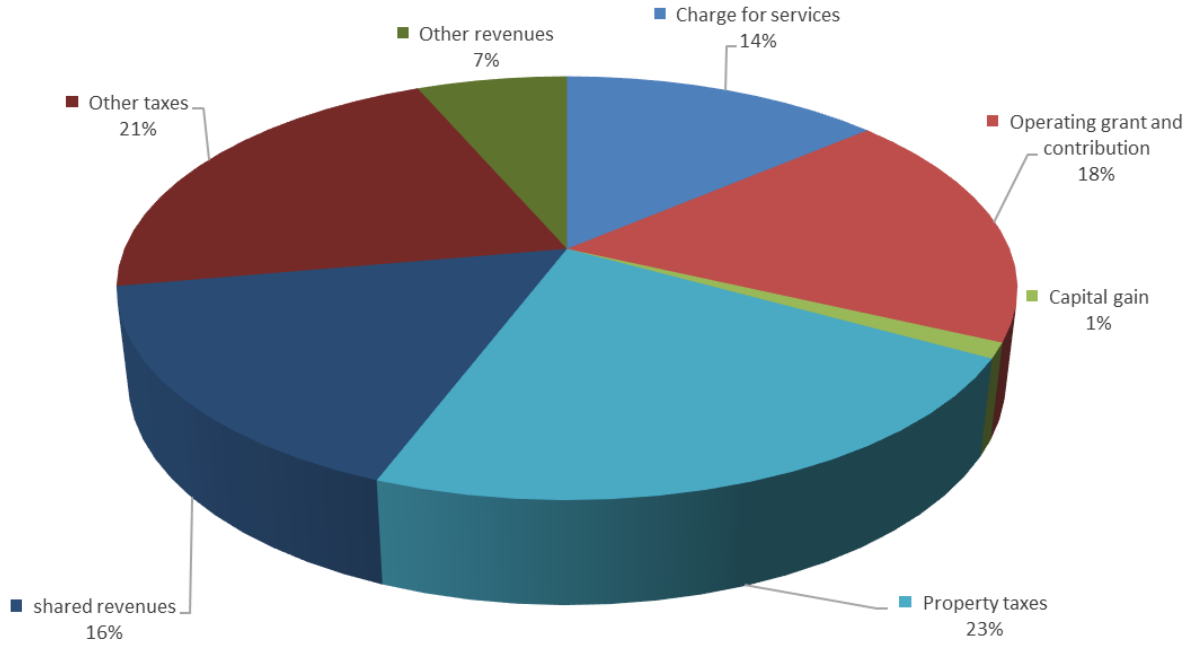
City of Palatka  
Management's Discussion and Analysis (Continued)  
September 30, 2022

**Changes in Net Position**  
**For the Years Ended September 30, 2022 and 2021**

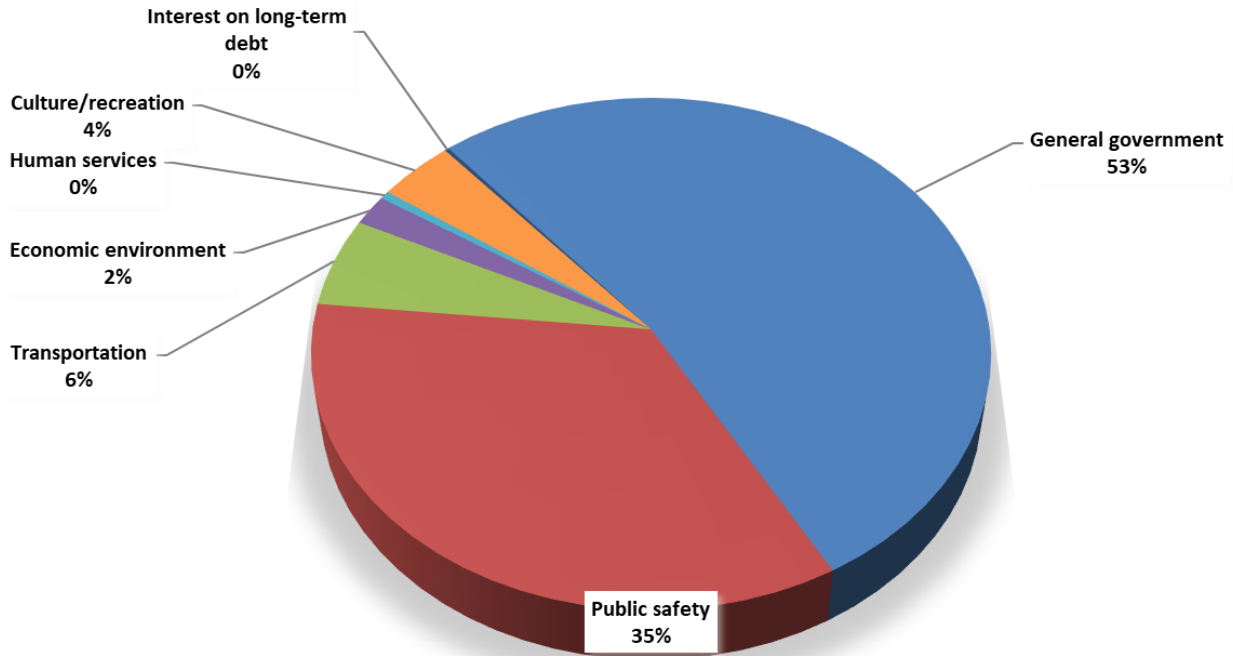
	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
<b>Revenues:</b>						
Program revenues:						
Charge for services	\$ 2,167,862	\$ 2,095,275	\$ 14,025,228	\$ 10,875,607	\$ 16,193,090	\$ 12,970,882
Operating grant and contribution	2,868,124	3,055,592	-	-	2,868,124	3,055,592
Capital grants and contributions	184,362	373,962	3,108,625	1,598,364	3,292,987	1,972,326
General revenues:						
Property taxes	3,572,990	3,348,931	-	-	3,572,990	3,348,931
Sales taxes and other unrestricted shared revenues	2,586,742	2,874,246	-	-	2,586,742	2,874,246
Other taxes	3,365,325	2,401,818	-	-	3,365,325	2,401,818
Other revenues	2,351,318	599,217	828	2,738	2,352,146	601,955
<b>Total revenues</b>	<b>17,096,723</b>	<b>14,749,041</b>	<b>17,134,681</b>	<b>12,476,709</b>	<b>34,231,404</b>	<b>27,225,750</b>
<b>Program expenses:</b>						
General government	10,427,156	3,682,728	-	-	10,427,156	3,682,728
Public safety	6,825,346	4,330,489	-	-	6,825,346	4,330,489
Physical environment	-	-	-	-	-	-
Transportation	1,099,756	835,937	-	-	1,099,756	835,937
Economic environment	378,395	129,677	-	-	378,395	129,677
Human services	99,220	70,671	-	-	99,220	70,671
Culture/recreation	785,510	667,579	-	-	785,510	667,579
Interest on long-term debt	42,764	47,482	-	-	42,764	47,482
Water	-	-	7,833,032	4,813,693	7,833,032	4,813,693
Sanitation	-	-	1,796,345	1,875,406	1,796,345	1,875,406
Golf course	-	-	370,736	272,266	370,736	272,266
Airport	-	-	2,618,225	1,821,296	2,618,225	1,821,296
<b>Total expenses</b>	<b>19,658,147</b>	<b>9,764,563</b>	<b>12,618,338</b>	<b>8,782,661</b>	<b>32,276,485</b>	<b>18,547,224</b>
Increase (decrease) in net assets before transfer in (out)	(2,561,424)	4,984,478	4,516,343	3,694,048	1,954,919	8,678,526
Transfer in/(out)	-	1,128,072	(1,331,916)	(1,128,072)	(1,331,916)	-
Increase (decrease) in net position	(2,561,424)	6,112,550	3,184,427	2,565,976	623,003	8,678,526
Net position at beginning of year	22,026,636	15,914,086	42,965,915	40,399,939	64,992,551	56,314,025
Prior Period Adjustment	7,567,284	-	-	-	7,567,284	-
Net position at beginning of year, restated	29,593,920	15,914,086	42,965,915	40,399,939	72,559,835	56,314,025
Net position at end of year	\$ 27,032,496	\$ 22,026,636	\$ 46,150,342	\$ 42,965,915	\$ 73,182,838	\$ 64,992,551

City of Palatka  
 Management's Discussion and Analysis (Continued)  
 September 30, 2022

**Revenues by Source - Governmental Activities  
 For the Year Ended September 30, 2022**



**Expenses by Function - Governmental Activities  
 For the Year Ended September 30, 2022**





City of Palatka  
Management's Discussion and Analysis (Continued)  
September 30, 2022

***Business-type Activities***

Business-type activities increased the City's net position by \$3,184,427. Key elements of this increase were as follows:

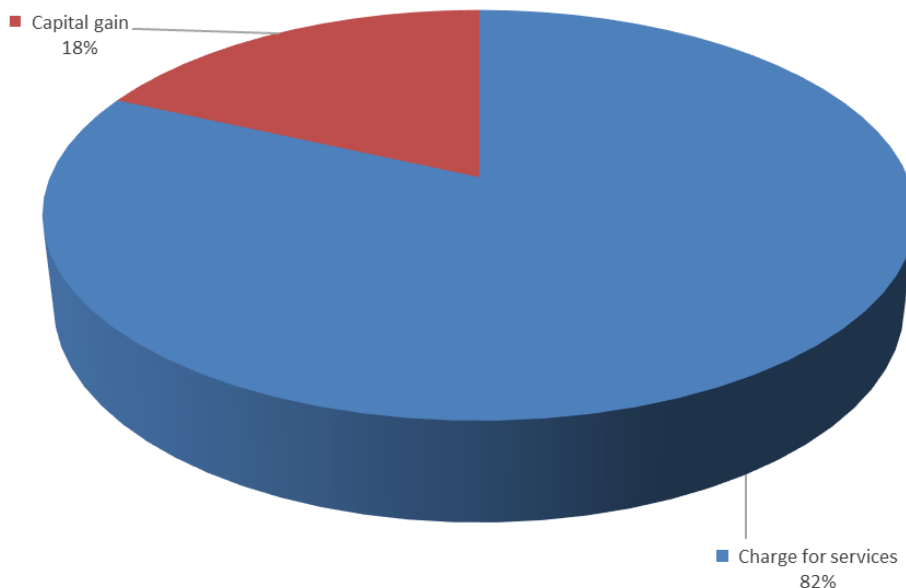
The Water fund had an operating income of \$1,335,984 in addition to net nonoperating expenses of (\$202,184) resulting in gain of \$1,133,456 before capital contributions and transfers. After capital contributions and transfers, the net position increased by \$977,400. The net position at the end of the fiscal year in the Water fund totaled \$24,866,055.

The Sanitation fund net position increased by \$1,630,917 due to operating income of \$1,886,352, the fund increased from the prior year. The net position at the end of the fiscal year in the Sanitation fund was \$2,004,110.

The Golf Course fund net position decreased by \$53,546 due to transfers from the General Fund. The net position at the end of the fiscal year in the Golf Course fund was \$1,013,077.

The Airport fund received capital contributions of \$2,023,910 for various capital projects throughout the fiscal year. These funds were used for projects that included pavement, marking, and lighting rehabilitation of taxiways, taxi lanes, and runways. The operating loss for the Airport which includes depreciation totaled \$1,349,907. This loss combined with a total nonoperating expense was partially offset by the capital contributions, bringing the change in net position of the fund to \$629,656. The net position at the end of the fiscal year in the Airport fund totaled \$18,267,100.

**Revenues by Source - Business-type Activities  
For the Year Ended September 30, 2022**



City of Palatka  
Management's Discussion and Analysis (Continued)  
September 30, 2022

***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 focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$27,032,496, an decrease of \$2,561,424 for the current year. This total includes net invested in capital asset, net of related debt of \$20,209,112, restricted net assets of \$2,649,215, and unrestricted of \$4,174,169 which is available for spending at the government's discretion.

***General Fund***

The General Fund is the chief operating fund of the City. At the end of the current fiscal year General fund balance was \$5,005,174, a decrease of \$4,226,574, from the prior year.

Local tax revenues are the primary sources of the City's tax revenue and are a combination of property tax, franchise, utility, sales tax and local option gas taxes. Total taxes increased by \$268,111 from the prior year.

Ad valorem taxes, which were accounted for in the general and special revenue funds was 6.4000 mills, and generated \$2,955,404 which was an increase of \$175,452 from the prior year. The City is in its seventh year of implementing a special assessment for fire protection services that generated \$1,566,214 in revenues.

Total revenues for the General Fund increased by \$976,743 from the prior year. The General Fund had an decrease of \$4,226,574 in expenditures. Unassigned fund balance in the General Fund increased was \$2,762,541 at year end or a change of 19.74% from the prior year.

***Special Revenue Funds***

The Downtown Redevelopment fund balance was \$1,257,978, an increase of \$27,234 from the prior year. This increase was the result of a taxes revenues of \$621,786.

The Better Place Plan fund ended the fiscal year with a balance of \$1,100,508, an increase of \$279,993 from the prior year. This increase was due to an increase in grant revenues.

The Grants fund ended the fiscal year with a balance of \$4,481,047, an increase of \$4,481,047 from the prior year. This increase was due to the fund being created in the fiscal year.

City of Palatka  
Management's Discussion and Analysis (Continued)  
September 30, 2022

***Proprietary Funds***

Proprietary funds are used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the cost (expenses, including depreciation) of providing goods and services to the general public on a continuing basis is financed through user charges. The City operates four proprietary enterprise funds: the Water, Golf Course Fund, Sanitation Fund, and Airport Fund. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. As of September 30, 2022, total proprietary fund net position amounted to \$46,150,342.

***Water Fund***

The Water Fund accounts for operations of the City's water and sewer systems. Operating revenue increased by \$1,812,529 or 25.34% from the prior year. Operating expenses also increased by a total of \$3,019,339 or 62.72%. Unrestricted net position at the end of the fiscal year for the water fund amounted to \$4,108,195.

***Sanitation Fund***

There was an increase in operating revenue of \$1,131,042 or 44.49% from the prior year. Expenses decreased by \$74,628. Unrestricted net position for the sanitation fund equaled \$1,240,023.

***Golf Course Fund***

The City entered into a franchise agreement in February 2017 for operation of golf course. Operating revenues booked increased by \$18,450 from the prior year. Operating expenses also increased by \$104,712 or 41.27%, exceeding operating revenues by (\$233,451). Unrestricted net position for the golf course fund equaled negative (\$112,247).

***Airport Fund***

Operating revenue increased by \$215,943 and operating expenses increased \$187,257 over the prior year. This resulted in a continued negative unrestricted net position balance of (\$1,108,866) at fiscal year-end.

Other factors concerning the finances of these four funds have already been addressed in the discussion of the City's business-type activities above.

**General Fund Budgetary Highlights**

A comparison of actual revenues versus the final budget reflects that actual revenues, excluding transfers, were \$4,261,830 more than budgeted, primarily composed of unbudgeted refunds from prior year health insurance claims paid and sale of surplus equipment. There were significant variances in actual versus final budget revenue and expenditures. The City had several unanticipated general fund revenues and general fund expenditures for the fiscal year.

City of Palatka  
Management's Discussion and Analysis (Continued)  
September 30, 2022

**Capital Asset and Debt Administration**

**City of Palatka Capital Assets (Net of Depreciation)  
September 30, 2022 and 2021**

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land and Improvements	\$ 4,327,441	\$ 4,327,441	\$ 7,015,211	\$ 5,451,229	\$ 11,342,652	\$ 9,778,670
Buildings and Improvements	2,632,450	2,917,658	12,569,743	13,732,726	15,202,193	16,650,384
Infrastructure	9,232,254	7,994,921	-	-	9,232,254	7,994,921
Furniture and Equipment	1,844,800	2,348,513	2,149,694	2,146,221	3,994,494	4,494,734
Intangibles	-	-	-	-	-	-
Water/Sewer Distribution System	-	-	12,534,431	7,222,410	12,534,431	7,222,410
Plant Assets and Equipment	-	-	19,211,960	19,251,815	19,211,960	19,251,815
Construction in Progress	3,393,922	1,388,028	1,807,516	4,944,817	5,201,438	6,332,845
Total	<u>\$ 21,430,867</u>	<u>\$ 18,976,561</u>	<u>\$ 55,288,555</u>	<u>\$ 52,749,218</u>	<u>\$ 76,719,422</u>	<u>\$ 71,725,779</u>

**Capital Assets**

The capital assets of the governmental funds are those assets used in the performance of general governmental functions and exclude the assets of the Enterprise Funds. As of September 30, 2022, the governmental capital assets of the City amounted to \$21,430,867, net of depreciation. This was an increase of \$2,454,306 over the prior year. Capital assets are recorded at historical cost or estimated historical cost, except for contributed assets, which are recorded at estimated acquisition value at the date of contribution.

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2022, (net of accumulated depreciation) amounts to \$76,719,422. This investment in capital assets includes land, buildings, infrastructure, improvements, furniture, equipment, water and sewer distribution system and construction in progress. The total increase in the City's net investment in capital assets was \$4,993,643.

Major capital asset events during the fiscal year occurred in multiple funds. The city received various grants and private contributions that paid for project costs at the airport and the City's riverfront and historic districts. The capital asset expenditures were for the following:

- Construction of South District Stormwater Improvements
- Hank Bryan and Booker Park Improvements
- Taxiway A Edge Lighting at Airport
- Airport Security Fencing
- Phase V North Side Potable Line Replacement
- Palatka Heights Potable Line Replacement
- State Road 20 Road Improvements
- Beneficial Reclaimed Water Project

Additional information on the City's capital assets is found in Note 5 in the notes to the financial statements.

City of Palatka  
Management's Discussion and Analysis (Continued)  
September 30, 2022

***Long-term Debt***

At the end of the current fiscal year, the City had total debt outstanding of \$14,218,346.

**City of Palatka Long-term Debt Obligations  
For the Years Ended September 30, 2022 and 2021**

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenue Bonds	\$ -	\$ -	\$ 5,419,077	\$ 5,620,357	\$ 5,419,077	\$ 5,620,357
Notes Payable	241,878	252,974	7,000,836	5,698,736	7,242,714	5,951,710
Capital Lease Obligations	979,877	1,176,875	458,822	650,843	1,438,699	1,827,718
Water/Sewer Agreements	-	-	117,856	117,856	117,856	117,856
Total	<u>\$ 1,221,755</u>	<u>\$ 1,429,849</u>	<u>\$ 12,996,591</u>	<u>\$ 12,087,792</u>	<u>\$ 14,218,346</u>	<u>\$ 13,517,641</u>

The City's total long-term debt increased \$700,705 from the prior year. The increase is attributed to the following:

- Governmental activities:
  - Payments of notes of \$208,094.
  - No new capital leases.
- Business-type activities:
  - Total payments made of bonds, notes, and leases of \$1,010,831.
  - New State revolving fund loan of \$1,919,630.

Other long-term liability activity included:

- Governmental activities:
  - Governmental obligations for compensated absences increased by 44.73% or \$136,877.
  - Total OPEB obligations decreased by (\$94,955) or 18.99% to arrive at a total obligation of \$405,134.
  - Net pension liability decreased by \$1,319,612, or (19.23%) to arrive at a total obligation of \$5,541,007.
- Business-type activities:
  - Compensated absences increased by 22.00% or \$49,929.
  - Total OPEB obligations decreased by (\$38,033) or 15.54% to arrive at a total obligation of \$206,700.
  - Net pension liability decreased by (\$1,906,972) or (51.83%) to arrive at a total obligation of \$1,772,234.

Additional information on the City's long-term liabilities can be found in Note 6 in the notes to the financial statements.

City of Palatka  
Management's Discussion and Analysis (Continued)  
September 30, 2022

**Economic Factors and Next Year's Budgets and Rates**

The budget serves as the annual financial plan for the City. It articulates public priorities, helps management make informed choices about the allocation of resources, promotes effective communications, establishes broad goals and management strategies to guide decision making and develops approaches to achieve those goals.

For the FY 2021-2022 budget, City staff proposed a balanced General Fund budget without the use of reserves to balance the budget. The City Commission kept the City's millage rate the same as FY 2020-2021, 6.4000 mills. The inclusion of the annual special assessment for fire protection services allows for the millage rate to avoid an increase.

Water and sewer base meter rates were increased to accommodate for inflation resulting in the Utility Fund budget being balanced with some funds anticipated to be put into reserves. Solid waste rates were increased also to ensure the long-term sustainability of the fund. These increases are necessary in order to maintain capital replacements.

The City continues to assess various cost cutting and revenue enhancing activities at the Palatka Municipal Airport in order to move this community asset toward financial solvency. Rehabilitation of markings, lighting, and pavement on runways, taxiways, and taxi-lanes with 100% grant funding.

**Request for Information**

This financial report is designed to provide a general overview of the City's finances for all of those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Director, 201 N. 2nd Street, Palatka, Florida 32177.

**City of Palatka, Florida**  
**Statement of Net Position**  
**September 30, 2022**

	Primary Government			Componet
	Governmental	Business-Type	Total	Unit
	Activities	Activities		Palatka Gas
<b>Assets:</b>				Authority
Cash and cash equivalents	\$ 5,798,984	\$ 3,299,115	\$ 9,098,099	\$ 1,693,133
Investments	-	-	-	749,293
Accounts receivable, net	90,484	973,920	1,064,404	1,699,176
Internal balances	2,097,452	(2,097,452)	-	-
Due from other governments	150,342	2,826,786	2,977,128	-
Inventory	-	127,373	127,373	98,980
Restricted cash and cash equivalents	4,526,037	2,642,285	7,168,322	-
Restricted investments	-	-	-	1,064,512
Capital assets:				
Nondepreciable	7,721,363	8,822,727	16,544,090	211,373
Depreciable, net	13,709,504	46,465,828	60,175,332	5,699,829
Total assets	<u>34,094,166</u>	<u>63,060,582</u>	<u>97,154,748</u>	<u>11,216,296</u>
<b>Deferred outflows of resources:</b>				
Pension related items	2,048,215	655,101	2,703,316	334,381
OPEB related items	55,795	28,467	84,262	19,726
Total deferred outflows of resources	<u>2,104,010</u>	<u>683,568</u>	<u>2,787,578</u>	<u>354,107</u>
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	923,197	524,742	1,447,939	2,502,071
Deposits	9,398	41,575	50,973	1,417,989
Non-current liabilities:				
Due within in one year	469,232	1,079,208	1,548,440	-
Due in more than one year	7,141,525	14,173,139	21,314,664	970,739
Total liabilities	<u>8,543,352</u>	<u>15,818,664</u>	<u>24,362,016</u>	<u>4,890,799</u>
<b>Deferred inflows of resources:</b>				
Pension related items	194,543	62,222	256,765	31,760
OPEB related items	147,390	88,637	236,027	52,109
Unearned revenues	280,395	1,623,941	1,904,336	-
Total deferred inflows of resources	<u>622,328</u>	<u>1,774,800</u>	<u>2,397,128</u>	<u>83,869</u>
<b>Net position</b>				
Net Invested in capital assets, net of related debt	20,209,112	42,015,142	62,224,254	5,911,202
Restricted for:				
Law enforcement	84,435	-	84,435	-
Fire safety education	40,475	-	40,475	-
Cemetery improvements	165,819	-	165,819	-
Capital project	1,100,508	-	1,100,508	-
Downtown redevelopment	1,257,978	8,095	1,266,073	-
Unrestricted	4,174,169	4,127,449	8,301,618	684,533
Total net position	<u>\$ 27,032,496</u>	<u>\$ 46,150,686</u>	<u>\$ 73,183,182</u>	<u>\$ 6,595,735</u>

The accompanying notes are an integral part of the financial statements

**City of Palatka, Florida**  
**Statements of Activities**  
**Year Ended September 30, 2022**

Functions/Programs	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government			Componet Unit
					Governmental Activities	Business-Type Activities	Total	Palatka gas authority
<b>Primary government</b>								
Governmental activities:								
General government	\$ 10,377,156	\$ 192,964	\$ 141,339	\$ -	\$ (10,042,853)	\$ -	\$ (10,042,853)	\$ -
Public safety	6,825,346	1,841,316	2,692,627	-	(2,291,403)	-	(2,291,403)	-
Physical environment	50,000	-	-	159,362	109,362	-	109,362	-
Transportation	1,099,756	107,278	-	-	(992,478)	-	(992,478)	-
Economic environment	378,395	-	34,158	25,000	(319,237)	-	(319,237)	-
Human services	99,220	-	-	-	(99,220)	-	(99,220)	-
Culture and recreation	785,510	26,304	-	-	(759,206)	-	(759,206)	-
Interest on long-term debt	42,764	-	-	-	(42,764)	-	(42,764)	-
Total governmental activities	19,658,147	2,167,862	2,868,124	184,362	(14,437,799)	-	(14,437,799)	-
Business-type activities:								
Water	7,833,032	8,965,660	-	1,084,715	-	2,217,343	2,217,343	-
Sanitation	1,796,345	3,673,720	-	-	-	1,877,375	1,877,375	-
Golf Course	370,392	124,956	-	-	-	(245,436)	(245,436)	-
Airport	2,618,225	1,260,892	-	2,023,910	-	666,577	666,577	-
Total business-type activities	12,617,994	14,025,228	-	3,108,625	-	4,515,859	4,515,859	-
Total primary government	32,276,141	16,193,090	2,868,124	3,292,987	(14,437,799)	4,515,859	(9,921,940)	-
<b>Componet unit</b>								
Palatka Gas Authority	\$ 2,532,684	\$ 2,418,379	\$ -	\$ 13,200	-	-	-	(101,105)
General revenues and transfers								
General revenues:								
Property taxes					3,572,990	-	3,572,990	-
Sales tax and intergovernmental unrestricted shared revenues					2,586,742	-	2,586,742	-
Franchise taxes					1,170,290	-	1,170,290	-
Utility taxes					1,860,163	-	1,860,163	-
Communications service tax					334,872	-	334,872	-
Investment earnings					22,569	207	22,776	7,078
Contribution from componet unit					45,766	-	45,766	-
Miscellaneous					951,067	621	951,688	25,435
Transfers					1,331,916	(1,331,916)	-	-
Total general revenues and transfers					11,876,375	(1,331,088)	10,545,287	32,513
Change in net position					(2,561,424)	3,184,771	623,347	(68,592)
Net position - beginning of year					22,026,636	42,965,915	64,992,551	5,709,500
Prior period adjustment					7,567,284	-	7,567,284	954,827
Net position - beginning of year restated					29,593,920	42,965,915	72,559,835	6,664,327
Net position - end of year					\$ 27,032,496	\$ 46,150,686	\$ 73,183,182	\$ 6,595,735

The accompanying notes are an integral part of the financial statements



**City of Palatka, Florida**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2022**

	General Fund	Downtown Redevelopment Agency Fund	Better Place Plan Fund	Special Revenues Fund	Total Governmental Funds
<b>Assets:</b>					
Cash and cash equivalents	\$ 3,153,392	\$ 1,264,664	\$ 1,380,928	\$ -	\$ 5,798,984
Restricted cash and cash equivalents	-	-	-	4,526,037	4,526,037
Accounts receivable, net	90,484	-	-	-	90,484
Due from other funds	263,134	-	-	-	263,134
Due from other government	295,943	-	(145,601)	-	150,342
Long-term advances to other funds	1,834,318	-	-	-	1,834,318
<b>Total assets</b>	<b>\$ 5,637,271</b>	<b>\$ 1,264,664</b>	<b>\$ 1,235,327</b>	<b>\$ 4,526,037</b>	<b>\$ 12,663,299</b>
<b>Liabilities and fund balances:</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 342,304	\$ 6,686	\$ 248,822	\$ 44,990	\$ 642,802
Unearned revenue	280,395	-	-	-	280,395
Deposits	9,398	-	-	-	9,398
<b>Total liabilities</b>	<b>632,097</b>	<b>6,686</b>	<b>248,822</b>	<b>44,990</b>	<b>932,595</b>
<b>Deferred inflows of resources</b>					
Unavailable revenue	-	-	(114,003)	-	(114,003)
<b>Fund balances:</b>					
Non-spendable	1,834,318	-	-	-	1,834,318
Restricted	312,723	1,257,978	1,100,508	4,481,047	7,152,256
Committed	95,592	-	-	-	95,592
Unassigned	2,762,541	-	-	-	2,762,541
<b>Total fund balances</b>	<b>5,005,174</b>	<b>1,257,978</b>	<b>1,100,508</b>	<b>4,481,047</b>	<b>11,844,707</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 5,637,271</b>	<b>\$ 1,264,664</b>	<b>\$ 1,235,327</b>	<b>\$ 4,526,037</b>	<b>\$ 12,663,299</b>

The accompanying notes are an integral part of the financial statements

**City of Palatka, Florida**  
**Reconciliation of the Balance Sheet to the Statement of Net Position**  
**Governmental Funds**  
**September 30, 2022**

Fund balance – total governmental funds	\$ 11,844,707
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not reported in the governmental funds.	
Capital assets, net	21,430,867
Long-term liabilities are not reported in the governmental funds	
Bonds and notes payable	(241,878)
Capital leases	(979,877)
Compensated absences	(442,861)
Total OPEB liability	(405,134)
Net pension liability	(5,541,007)
The timing of revenue recognition sometimes differs between governmental funds and governmental activities	
Deferred revenues	(394,398)
Deferred outflows and inflows associated with pensions and OPEB are not reported in the governmental funds.	
Deferred outflows-pension	2,048,215
Deferred inflows-pension	(194,543)
Deferred outflows-OPEB	55,795
Deferred inflows-OPEB	(147,390)
Change in net position of governmental activities	\$ 27,032,496

The accompanying notes are an integral part of the financial statements

**City of Palatka, Florida**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**Years Ended September 30, 2022**

	General Fund	Downtown Redevelopment Agency Fund	Better Place Plan Fund	Special Revenues Fund	Total Governmental Funds
<b>Revenues</b>					
Taxes	\$ 5,244,963	\$ 617,586	\$ 1,336,666	\$ -	\$ 7,199,215
Permits, fees, and special assessments	2,781,264	-	-	-	2,781,264
Intergovernmental	3,928,383	-	2,234,012	-	6,162,395
Charges for services	362,433	-	-	-	362,433
Fines and forfeitures	73,485	-	-	-	73,485
Miscellaneous	1,231,466	4,200	-	-	1,235,666
Total revenues	<u>13,621,994</u>	<u>621,786</u>	<u>3,570,678</u>	<u>-</u>	<u>17,814,458</u>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	5,807,413	-	3,286,588	753,374	9,847,375
Public safety	6,493,489	-	-	-	6,493,489
Physical environment	-	-	50,000	-	50,000
Transportation	866,933	-	-	-	866,933
Economic environment	-	323,124	-	-	323,124
Human services	44,336	-	-	-	44,336
Culture and recreation	534,287	-	-	-	534,287
Capital Outlay	51,752	50,000	93,307	-	195,059
<b>Debt service:</b>					
Principal retirement	174,957	-	79,241	-	254,198
Interest and fiscal charges	24,324	-	18,440	-	42,764
Total expenditures	<u>13,997,491</u>	<u>373,124</u>	<u>3,527,576</u>	<u>753,374</u>	<u>18,651,565</u>
Excess of revenues over (under) expenditures	<u>(375,497)</u>	<u>248,662</u>	<u>43,102</u>	<u>(753,374)</u>	<u>(837,107)</u>
<b>Other financing sources (uses)</b>					
Transfers in	1,658,773	-	170,000	5,234,421	7,063,194
Transfers out	(5,509,850)	(221,428)	-	-	(5,731,278)
Capital contributions	-	-	66,891	-	-
Total other financing sources (uses)	<u>(3,851,077)</u>	<u>(221,428)</u>	<u>236,891</u>	<u>5,234,421</u>	<u>1,331,916</u>
Net change in fund balance	(4,226,574)	27,234	279,993	4,481,047	561,700
Fund balances - beginning of year	<u>9,231,748</u>	<u>1,230,744</u>	<u>820,515</u>	<u>-</u>	<u>11,283,007</u>
Fund balances - end of year	<u>\$ 5,005,174</u>	<u>\$ 1,257,978</u>	<u>\$ 1,100,508</u>	<u>\$ 4,481,047</u>	<u>\$ 11,844,707</u>

The accompanying notes are an integral part of the financial statements

**City of Palatka, Florida**  
**Reconciliation Statement of Revenues, Expenditures, and Changes in Fund Balances to the**  
**Statement of Activities**  
**Governmental Funds**  
**Years Ended September 30, 2022**

Net change in fund balance – total governmental funds		\$ 561,700
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental fund report capital outlay as expenditures. However, in the statement of activities the cost of those assets is depreciated over their estimated useful lives.		
Acquisitions of capital assets	375,789	
Loss on disposal of capital assets	21,900	
Current year depreciation expense	(1,068,937)	(671,248)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment does not effect net position of governmental activities.		
Principal retirement		254,198
The timing of revenue sometimes differs between governmental funds and governmental activities.		
Change in unavailable revenues		274,276
Net changes in net pension liability and total OPEB liability and related deferred outflows and inflows are reported in the statement of activities but not in the governmental funds.		
Net pension liability	(1,906,972)	
Deferred outflows-pension	(570,230)	
Deferred inflows-pension	(437,568)	
Total OPEB liability	(38,033)	
Deferred outflows-OPEB	20,835	
Deferred inflows-OPEB	88,495	(2,843,473)
Change in net position of governmental activities		\$ (2,561,424)

The accompanying notes are an integral part of the financial statements

**City of Palatka, Florida**  
**Statement of Net Position**  
**Proprietary Funds**  
**September 30, 2022**

	Enterprise Funds				Total Enterprise Funds
	Water Fund	Sanitation Fund	Golf Course Fund	Airport Fund	
<b>Current assets</b>					
Cash and cash equivalents	\$ 2,120,386	\$ 1,271,676	\$ 7,255	\$ (100,202)	\$ 3,299,115
Restricted cash and cash equivalents	2,230,085	375,481	14,289	14,335	2,634,190
Accounts receivable, net	679,820	202,568	91,532	-	973,920
Due from other government	1,564,696	-	-	1,262,090	2,826,786
Inventory	127,373	-	-	-	127,373
<b>Total current assets</b>	<u>6,722,360</u>	<u>1,849,725</u>	<u>113,076</u>	<u>1,176,223</u>	<u>9,861,384</u>
<b>Noncurrent assets</b>					
Restricted cash and cash equivalents	8,095	-	-	-	8,095
Capital assets, net	33,181,852	1,148,397	1,421,986	19,536,320	55,288,555
<b>Total noncurrent assets</b>	<u>33,189,947</u>	<u>1,148,397</u>	<u>1,421,986</u>	<u>19,536,320</u>	<u>55,296,650</u>
<b>Total Assets</b>	<u>\$ 39,912,307</u>	<u>\$ 2,998,122</u>	<u>\$ 1,535,062</u>	<u>\$ 20,712,543</u>	<u>\$ 65,158,034</u>
<b>Deferred outflows of resources</b>					
Pension related	376,453	236,833	-	41,815	655,101
OPEB related	17,080	10,248	-	1,139	28,467
<b>Total deferred outflows of resources</b>	<u>393,533</u>	<u>247,081</u>	<u>-</u>	<u>42,954</u>	<u>683,568</u>
<b>Current liabilities:</b>					
Accounts payable and accrued liabilities	\$ 208,660	\$ 78,329	\$ 91,812	\$ 145,941	\$ 524,742
Due to other funds	-	-	133,511	129,623	263,134
Deposits	11,370	-	-	30,205	41,575
Current portion of long-term liabilities	614,952	137,462	188,500	138,294	1,079,208
<b>Total current liabilities</b>	<u>834,982</u>	<u>215,791</u>	<u>413,823</u>	<u>444,063</u>	<u>1,908,659</u>
<b>Noncurrent liabilities:</b>					
Total OPEB liability	124,020	74,412	-	8,268	206,700
Net pension liability	1,018,077	641,037	-	113,120	1,772,234
Advances from other funds	-	-	-	1,834,318	1,834,318
Other long-term liabilities	11,817,135	246,848	108,162	22,060	12,194,205
<b>Total noncurrent liabilities</b>	<u>12,959,232</u>	<u>962,297</u>	<u>108,162</u>	<u>1,977,766</u>	<u>16,007,457</u>
<b>Total liabilities</b>	<u>13,794,214</u>	<u>1,178,088</u>	<u>521,985</u>	<u>2,421,829</u>	<u>17,916,116</u>
<b>Deferred inflows of resources</b>					
Pension related	35,756	22,152	-	4,314	62,222
OPEB related	45,119	40,510	-	3,008	88,637
Deferred revenues	1,564,696	-	-	59,245	1,623,941
<b>Total deferred inflows of resources</b>	<u>1,645,571</u>	<u>62,662</u>	<u>-</u>	<u>66,567</u>	<u>1,774,800</u>
<b>Net position</b>					
Net investment in capital assets	20,749,765	764,087	1,125,324	19,375,966	42,015,142
Restricted for capital projects	8,095	-	-	-	8,095
Unrestricted	4,108,195	1,240,366	(112,247)	(1,108,865)	4,127,449
<b>Total net position</b>	<u>\$ 24,866,055</u>	<u>\$ 2,004,453</u>	<u>\$ 1,013,077</u>	<u>\$ 18,267,101</u>	<u>\$ 46,150,686</u>

The accompanying notes are an integral part of the financial statements

**City of Palatka, Florida**  
**Statement of Revenues, Expenditures, and Changes in Fund Net Position**  
**Proprietary Funds**  
**Year Ended September 30, 2022**

	Enterprise Funds				Total Enterprise Funds
	Water Fund	Sanitation Fund	Golf Course Fund	Airport Fund	
Operating revenues					
User fees	\$ 7,478,477	\$ 2,736,107	\$ -	\$ 1,116,058	\$ 11,330,642
Other operating revenues	1,487,183	937,270	124,956	144,834	2,694,243
Total operating revenues	<u>8,965,660</u>	<u>3,673,377</u>	<u>124,956</u>	<u>1,260,892</u>	<u>14,024,885</u>
Operating expenses					
Personal services	2,560,830	1,046,357	-	286,195	3,893,382
Physical environment	1,596,233	(350,000)	-	535,653	1,781,886
Operating expenses	2,364,118	886,565	251,019	963,017	4,464,719
Depreciation	1,108,839	204,103	107,388	825,934	2,246,264
Total expenditures	<u>7,630,020</u>	<u>1,787,025</u>	<u>358,407</u>	<u>2,610,799</u>	<u>12,386,251</u>
Operating income (loss)	<u>1,335,640</u>	<u>1,886,352</u>	<u>(233,451)</u>	<u>(1,349,907)</u>	<u>1,638,634</u>
Nonoperating revenues (expenses)					
Investment earnings	207	-	-	-	207
Interest expense	(203,012)	(9,320)	(11,985)	(7,427)	(231,744)
Sale of surplus property	621	-	-	-	621
Total nonoperating revenues (expenses)	<u>(202,184)</u>	<u>(9,320)</u>	<u>(11,985)</u>	<u>(7,427)</u>	<u>(230,916)</u>
Income (loss) before capital contributions and transfers	1,133,456	1,877,032	(245,436)	(1,357,334)	1,407,718
Capital contributions and transfers					
Capital contributions	1,084,715	-	-	2,023,910	3,108,625
Transfers in	19,231	-	192,288	83,141	294,660
Transfers out	(1,260,002)	(246,115)	(398)	(120,061)	(1,626,576)
Total other financing sources (uses)	<u>(156,056)</u>	<u>(246,115)</u>	<u>191,890</u>	<u>1,986,990</u>	<u>1,776,709</u>
Net change in fund balance	977,400	1,630,917	(53,546)	629,656	3,184,427
Fund balances - beginning of year	<u>23,888,655</u>	<u>373,193</u>	<u>1,066,623</u>	<u>17,637,444</u>	<u>42,965,915</u>
Fund balances - end of year	<u>\$ 24,866,055</u>	<u>\$ 2,004,110</u>	<u>\$ 1,013,077</u>	<u>\$ 18,267,100</u>	<u>\$ 46,150,342</u>

The accompanying notes are an integral part of the financial statements

**City of Palatka, Florida**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended September 30, 2022**

	Water Fund	Sanitation Fund	Golf Course Fund	Airport Fund	Total Enterprise Fund
Cash flows from operating activities:					
Receipts from customers	\$ 7,113,576	\$ 3,635,967	\$ 322,280	\$ 189,814	\$ 11,261,637
Payments to suppliers	(2,075,689)	(560,461)	(342,254)	(1,550,423)	(4,528,827)
Payments to employees	(3,734,387)	(1,653,046)	-	(383,428)	(5,770,860)
Net cash provided by (used in) operating activities	<u>1,303,500</u>	<u>1,422,461</u>	<u>(19,974)</u>	<u>(1,744,037)</u>	<u>961,950</u>
Cash flows from non-capital financing activities:					
Transfers in	19,231	-	192,288	83,141	294,660
Transfers out	(1,260,002)	(246,115)	(398)	(120,061)	(1,626,576)
Net cash provided by non-capital financing activities	<u>(1,240,771)</u>	<u>(246,115)</u>	<u>191,890</u>	<u>(36,920)</u>	<u>(1,331,916)</u>
Cash flows from capital and related financing activities:					
Capital contributions	1,084,715	-	192,021	2,023,910	3,300,646
Acquisition and construct of capital assets	(1,191,997)	-	-	(351,314)	(1,543,311)
Sale of surplus property	621	-	-	-	621
Debt issuance	1,919,630	-	-	-	1,919,630
Principal paid on debt	(523,810)	-	(349,021)	(138,000)	(1,010,831)
Interest paid on debt	(203,012)	(9,320)	(11,985)	(7,427)	(231,744)
Net cash provided by (used in) capital and related financing activities	<u>1,086,147</u>	<u>(9,320)</u>	<u>(168,985)</u>	<u>1,527,169</u>	<u>2,435,011</u>
Cash flows from investing activities:					
Sale of investments	(1,108,840)	(808,221)	-	154,325	(1,762,736)
Interest received	207	-	-	-	207
Net cash provided by investing activities	<u>(1,108,633)</u>	<u>(808,221)</u>	<u>-</u>	<u>154,325</u>	<u>(1,762,529)</u>
Net increase (decrease) in cash and cash equivalents	40,243	358,805	2,931	(99,463)	302,515
Cash and cash equivalents at beginning of year	<u>4,318,323</u>	<u>1,288,352</u>	<u>18,613</u>	<u>13,596</u>	<u>5,638,884</u>
Cash and cash equivalents at end of year	<u>\$ 4,358,566</u>	<u>\$ 1,647,157</u>	<u>\$ 21,544</u>	<u>\$ (85,867)</u>	<u>\$ 5,941,399</u>
Cash flows from operating activities:					
Operating (loss)	\$ 1,335,640	\$ 1,886,352	\$ (233,451)	\$ (1,349,907)	\$ 1,638,634
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation and amortization	1,108,839	204,103	107,388	825,934	2,246,264
Change in assets and liabilities:					
(Increase) decrease in receivables, net	(52,451)	(22,339)	(35,216)	-	(110,006)
(Increase) decrease in due from other governments	(1,065,127)	-	-	(1,183,233)	(2,248,360)
(Increase) decrease in inventory	11,943	-	-	33,946	45,889
(Increase) decrease in prepaid expenses	-	-	-	-	-
(Increase) decrease in deferred outflows	(110,309)	(89,983)	-	(17,752)	(218,044)
Increase (decrease) in accounts payable and accrued liabilities	(313,567)	29,593	91,235	48,285	(144,454)
Increase (decrease) in due to other funds	-	-	50,070	-	50,070
Increase (decrease) in compensated absences	58,772	(1,981)	-	(6,862)	49,929
Increase (decrease) in total OPEB liability	(29,068)	(17,441)	-	(1,938)	(48,447)
Increase (decrease) in customer deposits	-	-	-	2,194	2,194
Increase (decrease) in net pension liability	(1,223,185)	(592,964)	-	(90,823)	(1,906,972)
Increase (decrease) in deferred inflows	1,582,013	27,121	-	(3,881)	1,605,253
Net cash provided by (used in) operating activities	<u>\$ 1,303,500</u>	<u>\$ 1,422,461</u>	<u>\$ (19,974)</u>	<u>\$ (1,744,037)</u>	<u>\$ 961,950</u>
Cash and cash equivalents:					
Unrestricted	\$ 2,120,386	\$ 1,271,676	\$ 7,255	\$ (100,202)	\$ 3,299,115
Restricted	2,238,180	375,481	14,289	14,335	2,642,285
Total cash and cash equivalents	<u>\$ 4,358,566</u>	<u>\$ 1,647,157</u>	<u>\$ 21,544</u>	<u>\$ (85,867)</u>	<u>\$ 5,941,400</u>

The accompanying notes are an integral part of the financial statements

**City of Palatka, Florida**  
**Statement of Fiduciary Net Position**  
**Pension Trust Funds**  
**September 30, 2022**

	Total
<b>Assets</b>	
Investments:	
Money market and other cash equivalents	\$ 5,301,576
Fixed income	6,829,265
Equity	2,351,909
Mutual funds - fixed income	5,545,939
Mutual funds - equities	15,587,090
Pooled/Common/Commingled funds - equity	<u>1,679,076</u>
 Total investments	 <u>37,294,855</u>
 Accounts receivable	 <u>137,047</u>
 Total assets	 <u><u>\$ 37,431,902</u></u>
 Liabilities	 \$ 49,564
Net position:	
Restricted for pension benefits	<u>\$ 37,382,338</u>
Total Liabilities and Net Position	<u><u>\$ 37,431,902</u></u>

The accompanying notes are an integral part of the financial statements



**City of Palatka, Florida**  
**Statement of Changes in Fiduciary Net Position**  
**Pension Trust Funds**  
**Year Ended September 30, 2022**

	Total
<b>Additions</b>	
<b>Contributions</b>	
Employer	\$ 2,356,253
Member	412,407
State on behalf, through general fund	<u>146,978</u>
Total contributions	<u>2,915,638</u>
<b>Investment income</b>	
Net appreciation (depreciation) in fair value of investments	(9,178,058)
Interest & dividends	1,568,164
Less investment fee	<u>(167,973)</u>
Net investment income	<u>(7,777,867)</u>
Total additions	<u>(4,862,229)</u>
<b>Deductions</b>	
Member benefits	3,342,299
Withdrawals	47,272
Administrative expense	<u>141,211</u>
Total deductions	<u>3,530,782</u>
<b>Change in net position</b>	(8,393,011)
<b>Net position restricted for pension benefits, beginning of the year</b>	<u>45,775,349</u>
<b>Net position restricted for pension benefits, end of the year</b>	<u><u>\$ 37,382,338</u></u>

The accompanying notes are an integral part of the financial statements

**City of Palatka, Florida**  
**Notes to Financial Statements**  
**Year Ended September 30, 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Reporting Entity***

The City of Palatka, Florida (the “City”), which is located in northeast Florida, was incorporated January 8, 1853 under the Laws of the State of Florida, Chapter 492. The City operates under an elected Mayor-Commissioner and a Board of Commissioners (four members) and provides human services, community enrichment and development, law enforcement, fire protection, and rescue service.

As required by generally accepted accounting principles, the accompanying financial statements present the City as a primary government and its component units, entities for which the City is considered financially accountable, or entities that would be misleading to exclude. The component units are included in the reporting entity because of the significance of their operational relationship with the City. The City is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization’s governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. The primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

Blended component units, although legally separate entities, are in substance part of the City’s operations and, accordingly, data from these units are combined with the data of the City. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the City.

***Blended Component Unit***

The Palatka Downtown Redevelopment Agency (the “Agency”) is a legally separate entity created pursuant to Florida Statutes following the adoption of an approving Resolution (No. 4-12, dated November 10, 1983) by the City. The Agency is governed by a five-member board whose members are the same as the City Commission, and a financial benefit or burden relationship exists. The operations of the Agency are reported in a governmental fund.

***Discretely Presented Component Unit***

The Palatka Gas Authority (the “Gas Authority”) was created by an Act of the Florida Legislature (Ch. 59-1679, Act 1959) and ratified by election on November 10, 1959. The members of the Gas Authority’s governing board are appointed by the City Commission. Additionally, bond issues and operational and capital budgets must be approved by the City Commission. Annually, the Gas Authority provides a contribution to the City from its net income. The contribution is 5.9% of gross revenues on a monthly basis.

**City of Palatka, Florida**  
**Notes to Financial Statements**  
**Year Ended September 30, 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Discretely Presented Component Unit (Continued)***

Complete financial statements of the Gas Authority can be obtained directly from:

The Palatka Gas Authority  
518 Main Street  
Palatka, Florida 32177

***Related Organization***

The Palatka Housing Authority (the “Housing Authority”) was established by the City in 1962 pursuant to Chapter 421, Florida Statutes. The purpose of the Housing Authority is to provide affordable housing to the Palatka community and surrounding areas. The Housing Authority is considered a related organization because its Board members are appointed by the Mayor of the City of Palatka. The City is not financially accountable for the Housing Authority, nor does it meet other criteria of a component unit and, accordingly, the Housing Authority is not included in the accompanying financial statements.

***Joint Ventures***

The City did not participate in any joint ventures during the 2021-2022 fiscal year.

***Basis of Presentation***

The financial statements of the City have been prepared in accordance with generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting principles. The more significant of the City’s accounting policies are hereafter described.

***Government-wide 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 nonfiduciary activities of the City and its component units. For the most part, the effect of interfund activity has been removed from these statements. Interfund services provided and used, if any, are not eliminated in the process of consolidation. 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 charged to external parties.

**City of Palatka, Florida**  
**Notes to Financial Statements**  
**Year Ended September 30, 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Government-wide Financial Statements (Continued)***

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include: charges for services that are directly related to a given function; and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other revenues not properly included among program revenues are reported instead as *general revenues*.

***Fund Financial Statements***

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. The governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

The City reports the following major governmental funds:

*General Fund* – the primary operating fund, used to account for and report all financial resources not accounted for and reported in another fund.

*Downtown Redevelopment Agency Fund* – to account for the collection and use of tax increment funds of the City’s Downtown Redevelopment Agency.

*Better Place Plan Capital Project Fund* – to account for revenues received from a discretionary surtax imposed to finance certain capital projects.

*Special Revenue Fund* – to account for revenues received from a grants sources.

The City reports the following major enterprise funds:

*Water Fund* – to account for the assets, operation and maintenance of the City-owned water and sewer system.

*Sanitation Fund* – to account for the assets, operation and maintenance of the City’s solid waste department.

*Golf Course Fund* – to account for the assets, operation and maintenance of the City-owned golf course, which is operated by a third-party vendor.

*Airport Fund* – to account for the assets, operation and maintenance of the City-owned airport.

**City of Palatka, Florida**  
**Notes to Financial Statements**  
**Year Ended September 30, 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Fund Financial Statements (Continued)*

The City has no nonmajor governmental funds.

Additionally, the City reports the following fiduciary funds:

Pension Trust Funds – to account for activities of the City’s pension plans.

*Measurement Focus and Basis of Accounting*

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 at the time liabilities are 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 funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Taxes and certain intergovernmental revenues constitute the most significant sources of revenue considered susceptible to accrual. In governmental funds, expenditures are generally recognized when the related liability is incurred. However, debt service expenditures, and expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

*Cash and Cash Equivalents*

For purpose of the Statement of Cash Flows, the City considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

*Accounts Receivable*

Receivables are stated at net realizable value, reduced by an allowance for uncollectable accounts, where appropriate. Accounts receivable of the Enterprise Funds are net of a \$0 allowance. Accounts receivable of the Gas Authority are net of \$15,821 allowance.

**City of Palatka, Florida**  
**Notes to Financial Statements**  
**Year Ended September 30, 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Investments***

Investments are reported at fair value based on quoted market prices when available, except for money market investments, which are reported at cost, which approximates fair value.

***Inventories***

Inventories are stated at cost, based on the first-in, first-out method. Expense is charged as items are consumed.

***Long-term Receivables***

Noncurrent portions of long-term receivables due to governmental funds are reported on the balance sheet, without regard to the fund's measurement focus. However, special reporting treatment is used to indicate that these receivables are not considered "available spendable resources," since they do not represent net current assets. Recognition of governmental fund revenues represented by noncurrent receivables is deferred until they become current receivables. Noncurrent portions of long-term loans and advances receivable are offset by a nonspendable fund balance account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

***Capital Assets***

Capital assets are recorded at historical cost or estimated historical cost, except for contributed assets which are recorded at estimated acquisition value at the date of contribution. The City generally uses a capitalization threshold of \$5,000 for all classes of capital assets, other than intangible assets and infrastructure. Intangible assets, such as computer software, have a capitalization threshold of \$10,000. General infrastructure assets, such as dirt to pavement roads, mill and resurface road projects and all sidewalk projects, have a capitalization threshold of \$100,000.

The City began prospective reporting of general infrastructure assets at the effective date of GASB Statement No. 34. Effective October 1, 2006, the City began retroactive reporting of all major general governmental infrastructure assets. The estimated cost of the initial reporting of these assets was obtained through backtrending (i.e. estimating the current replacement cost of the infrastructure and using appropriate indices to deflate the cost to the estimated acquisition year). The reported values exclude basic road resurfacing, or other normal maintenance and repairs that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate.

**City of Palatka, Florida**  
**Notes to Financial Statements**  
**Year Ended September 30, 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Capital Assets (Continued)*

Depreciation and amortization of capital assets is provided using the straight-line method over the estimated useful lives of the assets, which range as follows:

	<u>Years</u>
Buildings and improvements	30
Furniture and equipment	3 - 10
Intangibles	10
Water and sewer distribution system	15 - 50
Plant assets and equipment	20 - 50
General infrastructure	35 - 50

For its business-type activities, interest earnings are offset against construction costs for qualified projects financed with tax-exempt debt. No interest costs were capitalized during 2022.

*Claims and Judgments*

For governmental funds, a fund liability is reported to account for the portion of the liability that will be liquidated with expendable available financial resources. The liability is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements.

*Compensated Absences*

The City's policy is to allow limited vesting of employee vacation pay and accumulated sick leave. A liability for accrued compensated absences of employees of the governmental funds has been accrued. Since this liability will not be liquidated with expendable available financial resources, the liability has not been reported in the governmental funds. A liability for compensated absences is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. In prior years, compensated absence liabilities associated with governmental funds were liquidated by the General Fund and Downtown Redevelopment Agency Fund, the funds that incurred the liabilities.

*Property Taxes*

The Putnam County Tax Collector bills and collects property taxes for the City. At September 30, 2022, property taxes receivable was not material.

**City of Palatka, Florida**  
**Notes to Financial Statements**  
**Year Ended September 30, 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Details of the City's tax calendar are presented below:

Lien date	January 1
Levy date	October 1
Discount period	November - February
No discount period	March
Delinquent date	April 1

***Operating Revenues and Expenses***

The enterprise 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 an enterprise fund's principal ongoing operations. 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 nonoperating revenues and expenses.

***Pensions***

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, the information about the fiduciary net position of the City's General, Police Officers', and Firefighters' Pension Plans (the "Plans") and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

***Deferred Outflow/ Inflows of Resources***

A *deferred outflow of resources* is a consumption of net position that is applicable to a future reporting period.

A *deferred inflow of resources* is an acquisition of net position that is applicable to a future reporting period.



**City of Palatka, Florida**  
**Notes to Financial Statements**  
**Year Ended September 30, 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Restricted Net Position***

In the accompanying government-wide and proprietary funds' statements of net position, *restricted net position* is subject to restrictions beyond the City's control. The restriction is either externally imposed (for instance, by creditors, grantors, contributors, or laws/regulations of other governments) or is imposed by law through constitutional provisions or enabling legislation.

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

The City has no net position restricted by enabling legislation.

***Fund Balance***

The City follows the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* to classify fund balances for governmental funds into specifically defined classifications. The classifications 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 the funds can be spent.

The fund balance classifications specified in GASB Statement No. 54 are as follows:

*Nonspendable Fund Balance* – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

*Restricted Fund Balance* – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed Fund Balance* – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the City's highest level of decision-making authority, which is by ordinance approved by the City Commission. Committed amounts cannot be used for any other purpose unless the City removes those constraints by taking the same type of action.

*Assigned Fund Balance* – Assigned fund balances are amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the City Commission or (b) a body or official to which the Commission has delegated the authority to assign amounts to be used for specific purposes. At this point in time, only the Commission has the authority to assign fund balances.

**City of Palatka, Florida**  
**Notes to Financial Statements**  
**Year Ended September 30, 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Fund Balance (Continued)***

*Unassigned Fund Balance* – Unassigned fund balance is the residual classification for the General Fund.

The City’s policy is to expend resources in the following order: restricted, committed, assigned, and unassigned.

***Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

**NOTE 2 – DEPOSITS AND INVESTMENTS**

Deposits and investments are classified in the accompanying financial statements as follows:

	Primary Government	Componet Unit
Statement of net position:		
Cash and equivalents	\$ 9,098,099	\$ 1,693,133
Investments	-	-
Restricted cash and equivalents	7,168,322	749,293
Restricted investments	-	1,064,512
Statement of fiduciary net position:		
Money market and other cash equivalents	5,301,576	-
Investments	31,993,279	-
<b>Total deposits and investments</b>	<b>\$ 53,561,276</b>	<b>\$ 3,506,938</b>

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**City of Palatka, Florida**  
**Notes to Financial Statements**  
**Year Ended September 30, 2022**

**NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)**

For purpose of risk disclosures, deposits and investments are comprised of the following:

	Primary Government	Componet Unit
Deposits with financial institutions (including certificates of deposit)	\$ 21,567,997	\$ 2,442,426
Investments - other than pension	-	1,064,512
Investments - pension	31,993,279	-
<b>Total deposits and investments</b>	<b>\$ 53,561,276</b>	<b>\$ 3,506,938</b>

***Deposits***

All of the City’s and the Gas Authority’s demand deposits, certificates of deposit, and money market accounts are held in qualified public depositories pursuant to Chapter 280, Florida Statutes, and are entirely insured by Federal depository insurance or collateralized pursuant to the Florida Security for Public Deposits Act.

***Investments***

Section 218.415, Florida Statutes, authorizes the City to invest excess public funds in the following:

- Direct obligations of the U.S. Treasury;
- Savings accounts and interest bearing deposits in qualified public depositories;
- The Local Government Surplus Funds Trust Fund;
- Securities and Exchange Commission registered money market funds with the highest credit quality rating.

The City’s investments at September 30, 2022 are summarized in the following table:

	Maturities			
	0-5 years	5-10 years	10+ years	n/a
Pension investments:				
Fixed income	\$ 6,829,265	\$ 6,829,265	\$ -	\$ -
Equity	2,351,909	1,093,415	700,778	557,716
Mutual funds (fixed income)	5,545,939	-	-	5,545,939
Mutual funds (equities)	15,587,090	-	-	15,587,090
Pooled/Common/Commingled funds - equity	1,679,076	-	-	1,679,076
<b>Total pension investments</b>	<b>\$ 31,993,279</b>	<b>\$ 7,922,680</b>	<b>\$ 700,778</b>	<b>\$ 557,717</b>
			<b>\$</b>	<b>\$ 22,812,105</b>

**City of Palatka, Florida**  
**Notes to Financial Statements**  
**Year Ended September 30, 2022**

**NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)**

The City’s investments in debt securities are rated as follows:

Corporate Bonds and Notes		Government Agencies	
Aaa	9%	Aaa	100%
A1	10%	0	-
A2	17%	0	-
A3	44%	0	-
BAA1	6%	0	-
BAA2	14%	0	-
Not rated	-	Not rated	-
100%		100%	

The City’s investments in mutual funds and money markets are not rated for credit quality by a nationally recognized statistical rating organization.

The City is not exposed to foreign currency risk, but is exposed to the following investment risks:

*Credit Risk* – the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

*Interest Rate Risk* – the risk that changes in interest rates will adversely affect the fair value of an investment.

*Concentration of Credit Risk* – the risk of loss attributed to the magnitude of a government’s investment in a single issuer.

The City does not have a formal investment policy relating to the aforementioned risks, other than Section 218.415, Florida Statutes, for investing public funds. That statute limits the City’s exposure to credit risk and interest rate risk by limiting authorized investment options as previously described. However, the City’s three pension plans have each adopted investment policies that address the risks described above and set other investing guidelines. Those policies require the investments to be structured in such a manner as to provide sufficient liquidity to pay obligations as they come due. To the extent possible, an attempt must be made to match investment maturities with known cash needs and anticipated cash-flow requirements. Furthermore, the policies of the Police Officers’ and Firefighter Plans require diversification to the extent practical to control the risk of loss resulting from overconcentration of assets in a specific maturity, issuer, instrument, dealer or bank in which the financial instruments are bought and sold.

**City of Palatka, Florida**  
**Notes to Financial Statements**  
**Year Ended September 30, 2022**

**NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)**

*Investments (Continued)*

The policies of the General Pension Plan place restrictions on investments, including limits as to quality ratings of at least Standard & Poor’s A1 or Moody’s P-1 for cash instruments; Standard and Poor’s BBB or Moody’s Baa for bonds or other evidences of indebtedness; corporations listed on one or more of the recognized national exchanges or on the National Market System of the NASDAQ stock market for equities; real estate investments (REITs) that trade on a major exchange; or obligations issued by the United States Government or guaranteed as to principal and interest by the United States Government or an agency of the United States Government.

**NOTE 3 – FAIR VALUE MEASUREMENT**

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of September 30, 2022:

- Government bonds and notes – U.S. Treasury bonds and notes are valued using quoted market prices.
- Government agencies - U.S. Agencies are valued using a matrix pricing model.
- Corporate bonds and notes – Valued using quoted market prices.
- Mutual funds – Valued at the daily closing price as reported by the fund.

The following table summarizes the City’s assets for which fair values are determined on a recurring basis:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments:				
Fixed income	\$ 6,829,265	\$ 6,829,265	\$ -	\$ -
Equity	2,351,909	2,002,058	349,851	-
Mutual funds (fixed income)	15,587,090	5,545,939	-	-
Mutual funds (equities)	5,545,939	4,720,971	824,968	-
Pooled/Common/Commingled funds - equity	1,679,076	1,429,310	249,766	-
Total pension investments	31,993,279	20,527,543	1,424,585	-

**City of Palatka, Florida**  
**Notes to Financial Statements**  
**Year Ended September 30, 2022**

**NOTE 4 – INTERFUND BALANCES AND TRANSFERS**

At September 30, 2022, interfund balances consist of:

- A long-term advance from the General Fund to the Airport Fund of \$1,822,023.
- Temporary loans from the General Fund to Sanitation Fund and Airport Fund of \$192,288 and \$83,141, respectively, expected to be repaid within the next fiscal year.

Interfund transfers for the year ended September 30, 2022 consisted of the following:

Transfers from:	General fund	Downtown redev. fund	Water fund	Sanitation fund	Golf course fund	Airport fund	Total
Transfers to:							
General fund	\$ -	\$ 32,197	\$ 1,260,002	\$ 398	\$ 246,115	\$ 120,061	\$ 1,658,773
Better place plan fund	-	170,000	-	-	-	-	170,000
Special revenues fund	5,234,421	-	-	-	-	-	5,234,421
Water fund	-	19,231	-	-	-	-	19,231
Sanitation fund	192,288	-	-	-	-	-	192,288
Airport	83,141	-	-	-	-	-	83,141
Total	\$ 5,509,850	\$ 221,428	\$ 1,260,002	\$ 398	\$ 246,115	\$ 120,061	\$ 7,357,854

The interfund transfers were made in the normal course of operations and are consistent with the activities of the fund making the transfer.

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**City of Palatka, Florida**  
**Notes to Financial Statements**  
**Year Ended September 30, 2022**

**NOTE 5 – CAPITAL ASSETS ACTIVITY**

During the year ended September 30, 2022, the following changes in capital assets occurred:

<b>Primary Government</b>	Balance October 1, 2021	Additions	Deletions	Transfers	Balance September 30, 2022
<b>Governmental activities:</b>					
Capital assets not being depreciated:					
Land and improvements	\$ 4,327,441	\$ -	\$ -	\$ -	\$ 4,327,441
Construction in progress	1,388,028	2,005,894	-	-	3,393,922
<b>Total not being depreciated</b>	<b>5,715,469</b>	<b>2,005,894</b>	<b>-</b>	<b>-</b>	<b>7,721,363</b>
Capital assets being depreciated:					
Buildings and improvements	8,556,238	-	-	-	8,556,238
Infrastructure	17,180,661	1,461,387	-	-	18,642,048
Furniture and equipment	5,596,749	55,962	(21,900)	-	5,630,811
Intangibles	247,544	-	-	-	247,544
<b>Total being depreciated</b>	<b>31,581,192</b>	<b>1,517,349</b>	<b>(21,900)</b>	<b>-</b>	<b>33,076,641</b>
Less accumulated depreciation for:					
Buildings and improvements	5,638,580	285,208	-	-	5,923,788
Infrastructure	9,185,740	224,054	-	-	9,409,794
Furniture and equipment	3,248,236	559,675	(21,900)	-	3,786,011
Intangibles	247,544	-	-	-	247,544
<b>Total accumulated depreciation</b>	<b>18,320,100</b>	<b>1,068,937</b>	<b>(21,900)</b>	<b>-</b>	<b>19,367,137</b>
<b>Total being depreciated, net</b>	<b>13,261,092</b>	<b>448,412</b>	<b>-</b>	<b>-</b>	<b>13,709,504</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 18,976,561</b>	<b>\$ 2,454,306</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 21,430,867</b>

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

<b>Governmental activities:</b>	
General government	\$ 363,963
Public safety	276,586
Transportation	177,552
Human services	54,884
Culture and recreation	195,952
<b>Total depreciation expense governmental activities</b>	<b>\$ 1,068,937</b>

**City of Palatka, Florida**  
**Notes to Financial Statements**  
**Year Ended September 30, 2022**

**NOTE 5 – CAPITAL ASSETS ACTIVITY (CONTINUED)**

	Balance October 1, 2021	Additions	Deletions	Transfers	Balance September 30, 2022
Business-type activities:					
Capital assets not being depreciated:					
Land and improvements	\$ 5,451,229	\$ 1,563,982	\$ -	\$ -	\$ 7,015,211
Construction in progress	4,944,817	115,467	-	(3,252,768)	1,807,516
Total not being depreciated	10,396,046	1,679,449	-	(3,252,768)	8,822,727
Capital assets being depreciated:					
Buildings and improvements	25,806,098	174,188	-	-	25,980,286
Furniture and equipment	5,598,149	487,806	(48,166)	-	6,037,789
Water and sewer distribution system	13,117,905	2,386,013	-	3,252,768	18,756,686
Plant assets and equipment	36,978,099	58,145	-	-	37,036,244
Total being depreciated	81,500,251	3,106,152	(48,166)	3,252,768	87,811,005
Less accumulated depreciation for:					
Buildings and improvements	12,073,372	1,337,171	-	-	13,410,543
Furniture and equipment	3,451,928	484,333	(48,166)	-	3,888,095
Water and sewer distribution system	5,895,495	326,760	-	-	6,222,255
Plant assets and equipment	17,726,284	98,000	-	-	17,824,284
Total accumulated depreciation	39,147,079	2,246,264	(48,166)	-	41,345,177
Total being depreciated, net	42,353,172	859,888	-	3,252,768	46,465,828
Business-types activities capital assets, net	\$ 52,749,218	\$ 2,539,337	\$ -	\$ -	\$ 55,288,555

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

**Business-type activities:**

Water	\$ 1,108,839
Sanitation	107,388
Golf Course	204,103
Airport	825,934
<b>Total depreciation expense business-type activities</b>	<b>\$ 2,246,264</b>



**City of Palatka, Florida**  
**Notes to Financial Statements**  
**Year Ended September 30, 2022**

**NOTE 5 – CAPITAL ASSETS ACTIVITY (CONTINUED)**

	Balance October 1, 2021	Additions	Deletions	Transfers	Balance September 30, 2022
Gas Authority capital assets					
Capital assets not being depreciated:					
Land	\$ 211,373	\$ -	\$ -	\$ -	\$ 211,373
Total not being depreciated	<u>211,373</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>211,373</u>
Capital assets being depreciated:					
Buildings and improvements	1,256,336	-	-	-	1,256,336
Furniture and equipment	1,286,661	298,257	-	-	1,584,918
Plant assets and equipment	7,509,132	121,978	-	-	7,631,110
Total being depreciated	<u>10,052,129</u>	<u>420,235</u>	<u>-</u>	<u>-</u>	<u>10,472,364</u>
Less accumulated depreciation for:					
Buildings and improvements	515,800	36,693	-	-	552,493
Furniture and equipment	1,027,581	187,728	-	-	1,215,309
Plant assets and equipment	3,110,345	105,761	-	-	3,216,106
Total accumulated depreciation	<u>4,653,726</u>	<u>330,182</u>	<u>-</u>	<u>-</u>	<u>4,983,908</u>
Total being depreciated, net	<u>5,398,403</u>	<u>90,053</u>	<u>-</u>	<u>-</u>	<u>5,488,456</u>
Gas Authority capital assets, net	<u>\$ 5,609,776</u>	<u>\$ 90,053</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,699,829</u>

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**City of Palatka, Florida**  
**Notes to Financial Statements**  
**Year Ended September 30, 2022**

**NOTE 6 – LONG-TERM OBLIGATIONS**

Revenue Bonds and Notes:

**Governmental Activities**

\$850,000 Fire truck loan, payable in quarterly installments through 10/1/2021, plus interest at 3.85%, revenue source - non-ad valorem revenues.	\$	23,675
\$300,000 North CRA road project loan, payable in annual installments ranging from \$10,706 to \$20,376 through February 2039, plus interest at 3.64%, payable semiannually, revenue source - non-ad valorem revenues.		218,203
	<b>Total</b>	<b>\$ 241,878</b>

**Business-type Activities**

\$5,620,357 Florida Municipal Loan Council Refunding Revenue Note, Series 2020; payable in varying installments through October 1, 2040, bearing a fixed interest rate of 2.73%, secured by a pledge of Half-Cent Sales Tax Revenues, Public Service Tax Revenues, and Communications Service Tax Revenues. Interest payments are due every April 1 beginning on April 1, 2021. Principal and interest payments are due every October 1, beginning October 1, 2021.		5,419,077
\$4,268,622 Drinking Water State Revolving Fund Loan, plus capitalized interest of \$15,953, payable in semiannual installments of \$142,476, including interest at 2.61%, through January 2029, from net revenues of the water and sewer system. The proceeds were used to repay the portion of interim loan for construction of the drinking water treatment/distribution project, that was not covered by a DEP grant. The approximate amount of the pledge is equal to the remaining principal and interest of \$3,125,704. During the current year, the City recognized net revenues of \$2,384,388, and paid principal and interest payments in the amount of \$284,080.		1,810,655
\$7,853,000 Drinking Water State Revolving Fund Loan, plus estimated \$20,000 capitalized interest, less principal forgiveness of \$1,210,796, payable in semiannual installments of \$175,506, including interest at 0.32%, beginning December 15, 2020 through December 2040, from net revenues of the water and sewer system. The proceeds are being used for Water Main Improvements. The approximate amount of the pledge is equal to the remaining principal and interest of \$429,640. During the current year, the City drew \$425,554 of the available loan, recognized net revenues of \$2,070,189, and paid principal and interest payments in the amount of \$0.		4,459,667



**City of Palatka, Florida**  
**Notes to Financial Statements**  
**Year Ended September 30, 2022**

**NOTE 6 – LONG-TERM OBLIGATIONS (CONTINUED)**

Aggregate maturities of revenue bonds and notes payable are as follows:

Year Ending September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 35,175	\$ 9,409	\$ 911,952	\$ 199,285
2024	11,918	8,983	629,363	178,595
2025	12,352	8,541	639,779	165,783
2026	12,802	8,083	654,010	152,640
2027	13,268	7,609	667,876	139,122
2028-2032	73,944	30,300	2,665,819	508,665
2033-2037	82,420	15,563	2,304,887	294,769
2038-2042	-	-	2,026,597	76,394
2043-2047	-	-	1,919,630	72,362
<b>Totals</b>	<b>\$ 241,878</b>	<b>\$ 88,487</b>	<b>\$ 12,419,913</b>	<b>\$ 1,787,616</b>

***Governmental Activities – Changes in Long-term Liabilities***

	Balance	Additions	Deletions	Balance	Due
	October 1, 2021			September 30, 2022	Within One Year
Revenue bonds and notes	\$ 252,974	\$ -	\$ 11,096	\$ 241,878	\$ 35,175
Capital leases	1,176,875	-	196,998	979,877	327,057
Compensated absences	305,984	136,877	-	442,861	107,000
Total OPEB liability	500,089	-	94,955	405,134	-
Net pension liability	6,860,619	-	1,319,612	5,541,007	-
<b>Totals</b>	<b>\$ 9,096,541</b>	<b>\$ 136,877</b>	<b>\$ 1,622,661</b>	<b>\$ 7,610,757</b>	<b>\$ 469,232</b>

In prior years, net pension liabilities and OPEB obligations associated with governmental funds were liquidated by the General Fund.

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**City of Palatka, Florida**  
**Notes to Financial Statements**  
**Year Ended September 30, 2022**

**NOTE 6 – LONG-TERM OBLIGATIONS (CONTINUED)**

***Business-type Activities – Changes in Long-term Liabilities***

	Balance October 1, 2021	Additions	Deletions	Balance September 30, 2022	Due Within One Year
Florida Municipal Loan Council refunded revenue bonds series 2020	\$ 5,620,357	\$ -	\$ 201,280	\$ 5,419,077	\$ 221,122
Drinking water state revolving fund loan	2,043,284	-	232,629	1,810,655	238,799
State revolving fund loan	2,605,166	1,919,630	65,129	4,459,667	130,258
Emergency water fund loan	458,286	-	24,772	433,514	24,772
Golf revenue note series 2013A	321,000	-	157,000	164,000	164,000
Airport revenue note series 2013B	102,000	-	52,000	50,000	50,000
Airport revenue note series 2013C	169,000	-	86,000	83,000	83,000
Total revenue bonds and notes	11,319,093	1,919,630	818,810	12,419,913	911,952
Capital leases	650,843	-	192,021	458,822	167,256
County water/sewer agreement	106,563	-	-	106,563	-
SJRWMD water/sewer agreement	11,293	-	-	11,293	-
Compensated absences	226,893	49,929	-	276,822	-
Total OPEB liability	244,733	-	38,033	206,700	-
Net pension liability	3,679,206	-	1,906,972	1,772,234	-
Totals	\$ 16,238,624	\$ 1,969,559	\$ 2,955,836	\$ 15,252,347	\$ 1,079,208

The City has long-term water/sewer agreements with the St. Johns River Water Management District and Putnam County, which are liquidated when permit costs are incurred or new business hook-ups are made in the Highway 19 corridor.

**Capital Leases**

***Governmental Activities***

During the fiscal year, the City adopted and implemented GASB 87. The City continued to pay a 389,000, 2.04% capital lease for police vehicles due in semi-annual installments of approximately \$45,000, a \$56,400, 1.8% capital lease for a rescue vehicle due in semi-annual installments of approximately \$4,000, a \$680,000, 3.38% capital lease for fire engine due in quarterly installments of approximately \$75,000 to \$85,000, and \$266,559 capital lease for vehicles at 3.288% due in semi-annual installments of approximately \$29,000. During the fiscal year, the City continued to pay on a \$514,940 capital lease for vehicles at 3.280% due in annual installments of approximately \$81,000. These leases are payable from the General Fund and reported in governmental activities in furniture and equipment.

**City of Palatka, Florida**  
**Notes to Financial Statements**  
**Year Ended September 30, 2022**

**NOTE 6 – LONG-TERM OBLIGATIONS (CONTINUED)**

*Business-type Activities*

Additionally, the City has a \$257,100, 2.44% capital lease for a sanitation truck due in semi-annual payments of approximately \$20,000, a \$289,257, 2.04% capital lease for a sanitation truck in semi-annual payments of approximately \$23,000 and a 419,000, 1.80% capital lease for two sanitation trucks in semi-annual payments of approximately \$30,000. All three leases are payable from the Sanitation Fund and are reported in business-type activities in furniture and equipment. During the fiscal year, the City entered into a \$274,223 capital lease for a sanitation rear loader and vehicles for the airport at 3.28% with annual payments of \$2,513 which is payable form the Sanitation and Airport Funds.

Future lease payments, together with the present value of the minimum lease payments, are summarized in the following tabulation:

	Governmental Activities	Business-type Activities
2023	\$ 327,057	\$ 167,256
2024	239,790	143,580
2025	99,471	93,308
2026	74,517	29,101
2027	77,035	2,503
2028-2032	161,970	-
Less: amount representing interest	(76,487)	(17,178)
<b>Present value of net minimum lease payments</b>	<b>\$ 903,353</b>	<b>\$ 418,569</b>

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**City of Palatka, Florida**  
**Notes to Financial Statements**  
**Year Ended September 30, 2022**

**NOTE 7 – RESTRICTED NET POSITION – BUSINESS-TYPE ACTIVITIES**

The following schedule displays restricted assets, liabilities payable from those assets, and restricted net position of the City’s business-type activities:

	Business-type Activities
<b>Restricted assets:</b>	
Cash and equivalent	\$ 2,642,285
<b>Total</b>	<b>2,642,285</b>
<b>Liabilities payable from restricted assets:</b>	
<b>Current portion of debt service:</b>	
Principal	911,952
Interest	199,285
<b>Payable from current portion of debt service</b>	<b>1,111,238</b>
<b>Long-term debt service payable from restricted assets</b>	<b>\$ 1,531,047</b>

**NOTE 8 – FUND BALANCE CLASSIFICATIONS**

	General fund	Downtown Redevelopment Agency Fund	Better Place Plan Fund	Special Revenues Fund	Total Governmental Funds
<b>Nonspendable:</b>					
Advances	\$ 1,834,318	\$ -	\$ -	\$ -	\$ 1,834,318
<b>Restricted for:</b>					
Law enforcement	76,088	-	-	-	76,088
Fire safety education	40,475	-	-	-	40,475
Fire protection	-	-	-	-	-
Programming and recreation	8,341	-	-	-	8,341
Cemeter improvements	165,819	-	-	-	165,819
Capital projects	22,000	-	1,100,508	4,481,047	5,603,555
Downtown redevelopment	-	1,257,978	-	-	1,257,978
<b>Total restricted</b>	<b>312,723</b>	<b>1,257,978</b>	<b>1,100,508</b>	<b>4,481,047</b>	<b>7,152,256</b>
<b>Committed for:</b>					
Law enforcement	8,347	-	-	-	8,347
Tree mitigation	3,579	-	-	-	3,579
Demolition and lot cleanup	83,666	-	-	-	83,666
<b>Total committed</b>	<b>95,592</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>95,592</b>
Unassigned	2,762,541	-	-	-	2,762,541
<b>Total fund balance</b>	<b>\$ 5,005,174</b>	<b>\$ 1,257,978</b>	<b>\$ 1,100,508</b>	<b>\$ 4,481,047</b>	<b>\$ 11,844,707</b>

**City of Palatka, Florida**  
**Notes to Financial Statements**  
**Year Ended September 30, 2022**

**NOTE 9 – PENSION PLANS**

***Defined Benefit Plan***

*Plan Description.* The City sponsors a single-employer public employee retirement system (the “System”) administered by the City of Palatka, Pension Boards of Trustees. The General Pension Board consists of five members, including the City Manager, two City Commission appointees, one member elected by a majority of the other covered General employees, and one citizen having financial experience appointed by the City Commission. The Police Officer Pension Board and Firefighters Pension Board each consist of two City Commission appointees, two members of the Plan elected by a majority of the other covered members and a fifth member elected by the other four board trustees and appointed by the City Commission. The System administers the City Employees Retirement Plan (the “Plan”) which provides three employee contributory defined benefit pension plans. Members of the Plan include employees of the City and the Palatka Gas Authority. Nonemployer contributions are made by the State of Florida on behalf of Police Officers and Firefighters who participate in the System. For the year ended September 30, 2022, the City recognized \$85,728 and \$61,250 in the General Fund for State contributions to the Police Officers’ and Firefighters’ Retirement Funds, respectively. The City accounts for the Plan in three Pension Trust Funds, corresponding to three benefit groups as follows:

*General* – all members not included in Police Officers and Firefighters

*Police Officers* – all state-certified police officers

*Firefighters* – all state-certified firefighters

The Plan provides for vesting of benefits after 7 years of creditable service. General plan members are eligible for retirement at the earlier of: 1) age 55 and 7 years of credited service, or 2) 30 years of credited service, regardless of age. Police officer members are eligible at the earlier of: 1) age 50 and 7 years of credited service, 2) age 55 and 10 years of credited service, 3) age 52 and 25 years of credited service, or 4) 30 years of credited service, regardless of age. Firefighter members are eligible at the earlier of: 1) age 50 and 7 years of credited service for those hired before January 1, 2016, or age 50 and 10 years of credited service for those hired on or after January 1, 2016, 2) age 55 and 10 years of credited service, or 3) 25 years of credited service, regardless of age. The Plan also provides for disability, retirement, termination and death benefits with eligibility and benefit provisions as described in the authorizing ordinance. For general, police officer, and firefighter members, annual benefits for plan years beginning October 1, 2014, are equal to total years of service times 2.5% of final average compensation (highest 3 consecutive years of the last 5). In addition, police officer and firefighter members also will receive a supplement funded with Chapter 185 or 175, F.S., as applicable, Premium Tax monies equal to 0.63% and 0.79%, respectively, of final average compensation times credited service. No other changes in benefit provisions have been made for the plan year beginning October 1, 2017. The minimum benefit for duty disability is 45% of final average compensation for general, police officer and firefighter members. The minimum benefit for non-duty disability for all members is 25% of final average compensation. A member who terminates with less than 7 years’ service may withdraw his or her member contributions.



**City of Palatka, Florida**  
**Notes to Financial Statements**  
**Year Ended September 30, 2022**

**NOTE 9 – PENSION PLANS (CONTINUED)**

The Boards of Trustees establish and may amend provisions of the plan related to participant eligibility, contribution requirements, vesting, and benefit provisions. However, these plan provisions are subject to minimum requirements established in Chapters 112, 175, and 185, Florida Statutes. The Plan does not issue a stand-alone financial report.

Current membership in the Plan as of September 30, 2022 is as follows:

	General	Police Officers	Fire Fighters	Total
Inactive plan members or beneficiaries				
currently receiving benefits	118	33	14	165
Inactive plan members entitled to but				
not yet receiving benefits	37	19	10	66
Active plan members	80	26	21	127
<b>Total</b>	<b>235</b>	<b>78</b>	<b>45</b>	<b>358</b>

*Contributions.* Contributions consist of the remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Chapter 112, Florida Statutes. Employees are required to contribute 6.00% of their annual salary.

*Concentrations.* As of September 30, 2022, the Plans did not hold investments in any one organization that represents 5% or more of the Plans’ fiduciary net position.

*Rate of Return.* For the year ended September 30, 2022, the annual money-weighted rate of return on General, Police Officers, and Firefighters Pension Plans investments, net of pension plan investment expense was (17.75)%, (16.46)%, and (16.95)%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense adjusted for the changing amounts actually invested.

*Deferred Retirement Option Program (DROP).* Eligibility is met with satisfaction of normal retirement requirements. Participation is not to exceed five years, or for police officers and firefighters, beyond attaining 35 or 34 years, respectively, of credited service, if earlier. General and Police DROP participants may choose actual net rate of return as reported by the Fund’s monitor each September 30 or a fixed 6.5% per annum compounded monthly. Effective beginning with the year ending September 30, 2008 the rate of return was limited to 0% for general members in DROP. Rate for Firefighter DROP participants is the greater of: 1) net rate of investment return or 2) 5.0%. The DROP balance as of September 30, 2022 was \$669,762, \$103,631 and \$0, respectively, for general, police officer and firefighters.

*Net Pension Liability.* The City’s net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated October 1, 2021 and rolled forward to that date.

**City of Palatka, Florida**  
**Notes to Financial Statements**  
**Year Ended September 30, 2022**

**NOTE 9 – PENSION PLANS (CONTINUED)**

The components of the net pension liability for the plans at September 30, 2022 were as follows:

	City of Palatka - General	Palatka Gas Authority	Total General Retirement Fund
Total pension liability	\$ 21,477,997	\$ 5,752,908	\$ 27,230,905
Plan fiduciary net position	(14,164,757)	(4,848,313)	(19,013,070)
<b>Net pension liability</b>	<b>\$ 7,313,240</b>	<b>\$ 904,595</b>	<b>\$ 8,217,835</b>

Pension fiduciary net position as a percentage of the total pension liability	65.95%	84.28%	69.82%
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	Police Officers'	Firefighters'
Total pension liability	\$ 14,675,877	\$ 12,166,658
Plan fiduciary net position	(11,089,398)	(8,334,135)
<b>Net pension liability</b>	<b>\$ 3,586,479</b>	<b>\$ 3,832,523</b>

Pension fiduciary net position as a percentage of the total pension liability	75.56%	68.50%
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*Actuarial assumptions.* The total pension liability was determined by an actuarial valuation as of October 1, 2021, rolled forward to September 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

	General	Police Officers	Fire Fighters
Investment rate of return	7.40%	7.50%	7.40%
Projected salary increases*	Service based	Service based	Service based
* Includes inflation at	2.70%	2.70%	2.70%
Discount rate	7.40%	7.50%	7.40%
Post Retirement COLA	0.00%	0.00%	0.00%

The most recent actuarial experience study for which significant assumptions are based upon was dated September 17, 2021 for the General Plan, and June 14, 2022 for Police Officers' and Firefighters' Plans.

**City of Palatka, Florida**  
**Notes to Financial Statements**  
**Year Ended September 30, 2022**

**NOTE 9 – PENSION PLANS (CONTINUED)**

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. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in all three pension plans' target asset allocations as of September, 30 2022 are summarized in the following table:

<b>Asset class:</b>	<b>Target Allocation</b>			<b>Long-term</b>
	<b>General</b>	<b>Police Officers'</b>	<b>Firefighters'</b>	<b>Expected Real</b>
				<b>Rate of Return</b>
				<b>All Plans</b>
Domestic equity	37.0%	37.0%	37.0%	7.1%
Internation equity	15.0%	15.0%	15.0%	3.1%
Bonds	18.0%	18.0%	18.0%	2.0%
High yields bonds	4.0%	4.0%	4.0%	4.2%
Convertibles	8.0%	8.0%	8.0%	6.4%
Private real estate	7.0%	7.0%	7.0%	6.4%
REITS	5.0%	5.0%	5.0%	6.9%
Infrastructure	5.0%	5.0%	5.0%	5.6%
Cash	1.0%	1.0%	1.0%	-0.1%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	

*Discount Rate.* The discount rate used to measure the total pension liability was 7.40% for the General and Firefighter's Plan and 7.50% for the Police Plan. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor 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 Palatka, Florida**  
**Notes to Financial Statements**  
**Year Ended September 30, 2022**

**NOTE 9 – PENSION PLANS (CONTINUED)**

*Changes in the Net Pension Liability (General)*

	Total Plan		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
<b>Balance - beginning of year</b>	\$ 27,366,703	\$ 22,121,090	\$ 5,245,613
<b>Changes for the year:</b>			
Service cost	407,022	-	407,022
Interest	1,985,787	-	1,985,787
Difference between expected and actual experience	(651,079)	-	(651,079)
Changes of assumptions	-	-	-
Contributions-employer	-	1,420,542	(1,420,542)
Contributions-employees	-	235,222	(235,222)
Net investment income	-	(3,889,387)	3,889,387
Benefit payments, including refunds of employee contributions	(1,877,528)	(1,877,528)	-
Administrative expense	-	(51,134)	51,134
Net changes	(135,798)	(4,162,285)	4,026,487
<b>Balance - end of year</b>	<b>\$ 27,230,905</b>	<b>\$ 17,958,805</b>	<b>\$ 9,272,100</b>

	City of Palatka		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
<b>Balance - beginning of year</b>	\$ 21,585,105	\$ 17,447,701	\$ 4,137,404
<b>Changes for the year:</b>			
Service cost	321,033	-	321,033
Interest	1,566,262	-	1,566,262
Difference between expected and actual experience	(513,529)	-	(513,529)
Changes of assumptions	-	-	-
Contributions-employer	-	1,120,433	(1,120,433)
Contributions-employees	-	185,528	(185,528)
Net investment income	-	(3,067,700)	3,067,700
Benefit payments, including refunds of employee contributions	(1,480,874)	(1,480,874)	-
Administrative expense	-	(40,331)	40,331
Net changes	(107,109)	(3,282,944)	3,175,835
<b>Balance - end of year</b>	<b>\$ 21,477,997</b>	<b>\$ 14,164,757</b>	<b>\$ 7,313,240</b>

**City of Palatka, Florida**  
**Notes to Financial Statements**  
**Year Ended September 30, 2022**

**NOTE 9 – PENSION PLANS (CONTINUED)**

	Palatka Gas Authority		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
<b>Balance - beginning of year</b>	\$ 5,781,598	\$ 4,673,389	\$ 1,108,209
<b>Changes for the year:</b>			
Service cost	85,989	-	85,989
Interest	419,525	-	419,525
Difference between expected and actual experience	(137,550)	-	(137,550)
Changes of assumptions	-	-	-
Contributions-employer	-	300,109	(300,109)
Contributions-employees	-	49,694	(49,694)
Net investment income	-	(821,687)	821,687
Benefit payments, including refunds of employee contributions	(396,654)	(396,654)	-
Administrative expense	-	(10,803)	10,803
Net changes	(28,689)	(879,341)	850,652
<b>Balance - end of year</b>	<b>\$ 5,752,908</b>	<b>\$ 3,794,048</b>	<b>\$ 1,958,860</b>

*Changes in the Net Pension Liability (Police Officers')*

	Police Officers'		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
<b>Balance - beginning of year</b>	\$ 14,244,804	\$ 13,708,729	\$ 536,075
<b>Changes for the year:</b>			
Service cost	230,485	-	230,485
Interest	1,069,778	-	1,069,778
Changes of benefit terms	228,369	-	228,369
Difference between expected and actual experience	(190,279)	-	(190,279)
Changes of assumptions	(27,379)	-	(27,379)
Contributions-Employer	-	343,472	(343,472)
Contributions-State	-	85,728	(85,728)
Contributions-Employees	-	92,687	(92,687)
Net investment income	-	(2,215,065)	2,215,065
Benefit payments, including refunds of employee contributions	(879,901)	(879,901)	-
Administrative expense	-	(46,252)	46,252
Net changes	431,073	(2,619,331)	3,050,404
<b>Balance - end of year</b>	<b>\$ 14,675,877</b>	<b>\$ 11,089,398</b>	<b>\$ 3,586,479</b>

**City of Palatka, Florida**  
**Notes to Financial Statements**  
**Year Ended September 30, 2022**

**NOTE 9 – PENSION PLANS (CONTINUED)**  
*Changes in the Net Pension Liability (Firefighters’)*

	Firefighters'		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
<b>Balance - beginning of year</b>	\$ 11,472,428	\$ 9,945,530	\$ 1,526,898
<b>Changes for the year:</b>			
Service cost	269,114	-	269,114
Interest	872,561	-	872,561
Change in benefit terms	208,680	-	208,680
Difference between expected and actual experience	(86,780)	-	(86,780)
Changes of assumptions	62,797	-	62,797
Contributions-Employer	-	592,239	(592,239)
Contributions-State	-	61,250	(61,250)
Contributions-Employees	-	84,498	(84,498)
Net investment income	-	(1,673,415)	1,673,415
Benefit payments, including refunds of employee contributions	(632,142)	(632,142)	-
Administrative expense	-	(43,825)	43,825
Net changes	694,230	(1,611,395)	2,305,625
<b>Balance - end of year</b>	<b>\$ 12,166,658</b>	<b>\$ 8,334,135</b>	<b>\$ 3,832,523</b>

*Sensitivity of the net pension liability to changes in the discount rate.* The following presents the net pension liability of the City and the firefighters’, calculated using the discount rate of 7.40%, as well as what the City’s and firefighters’ net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate.

The charts present the net pension liability of the Police officers’, calculated using the discount rate of 7.50%, as well as what the Police officers’ net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate

Net Pension Liability	1% Decrease 6.40%	Current Discount Rate	
		7.40%	1% Increase 8.40%
General	\$ 12,024,551	\$ 9,272,100	\$ 6,944,344
Net Pension Liability	1% Decrease 6.50%	Current Discount Rate	
		7.50%	1% Increase 8.50%
Police officers'	5,368,973	3,586,479	2,120,271
Net Pension Liability	1% Decrease 6.40%	Current Discount Rate	
		7.40%	1% Increase 8.40%
Firefighters'	5,382,826	3,832,523	2,548,849

**City of Palatka, Florida**  
**Notes to Financial Statements**  
**Year Ended September 30, 2022**

**NOTE 9 – PENSION PLANS (CONTINUED)**

*Pension expense and deferred outflows of resources and deferred inflows of resources.* For the year end September 30, 2022, the City recognized pension expense of \$1,272,505 (including \$268,834 for Palatka Gas Authority), \$956,780, and \$970,423 relating to the General, Police Officers', and Firefighters' plans respectively. At September 30, 2022, the City reported deferred outflows and inflows of resources relating to the General, Police Officers', and Firefighters' pensions from the following sources:

	Deferred Outflows of Resources - City	Deferred Outflows of Resources - PGA	Deferred Outflows of Resources - Total	Deferred Inflows of Resources - City	Deferred Inflows of Resources - PGA	Deferred Inflows of Resources - Total
Differences between expected and actual experience	\$ 64,885	\$ 17,379	\$ 82,264	\$ 256,765	\$ 31,760	\$ 325,540
Changes of assumptions	23,545	6,306	29,851	-	-	-
Difference between projected and actual earnings on pension plan investments (net)	2,614,886	310,695	3,315,287	-	-	-
<b>Total</b>	<b>\$ 2,703,316</b>	<b>\$ 334,381</b>	<b>\$ 3,037,696</b>	<b>\$ 256,765</b>	<b>\$ 31,760</b>	<b>\$ 325,540</b>
	<b>Police Officers'</b>		<b>Firefighters'</b>			
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources		
Differences between expected and actual experience	\$ 115,330	\$ 95,140	\$ 125,243	\$ 258,726		
Changes of assumptions	-	13,690	127,659	14,199		
Difference between projected and actual earnings on pension plan investments (net)	1,785,590	-	1,387,776	-		
<b>Total</b>	<b>\$ 1,900,920</b>	<b>\$ 108,830</b>	<b>\$ 1,640,678</b>	<b>\$ 272,925</b>		

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30,	General - City	General - PGA	General - Total	Police Officers'	Firefighters'
2023	\$ 476,151	\$ 55,245	\$ 603,689	\$ 440,232	\$ 398,576
2024	548,560	74,641	695,493	340,135	259,923
2025	551,666	75,471	699,430	366,111	224,923
2026	870,173	97,264	1,103,250	645,612	484,331
2027	-	-	-	-	-
Thereafter	-	-	-	-	-
<b>Total</b>	<b>\$ 2,446,550</b>	<b>\$ 302,621</b>	<b>\$ 2,749,171</b>	<b>\$ 1,792,090</b>	<b>\$ 1,367,753</b>

**City of Palatka, Florida**  
**Notes to Financial Statements**  
**Year Ended September 30, 2022**

**NOTE 9 – PENSION PLANS (CONTINUED)**

*Pension Plan Financial Statements*

Combining Statement of Fiduciary Net Position – September 30, 2022

	General Retirement Fund	Police Officers' Retirement Fund	Firefighters' Retirement Fund	Total
<b>Assets</b>				
Investments:				
Money market and other cash equivalents	\$ 2,708,370	\$ 1,421,226	\$ 1,171,980	\$ 5,301,576
Fixed income	-	3,939,328	2,889,937	6,829,265
Equity	-	1,353,968	997,941	2,351,909
Mutual funds - fixed income	5,545,939	-	-	5,545,939
Mutual funds - equities	7,956,563	4,368,878	3,261,649	15,587,090
Pooled/Common/Commingled funds - equity	1,679,076	-	-	1,679,076
	<u>17,889,948</u>	<u>11,083,400</u>	<u>8,321,507</u>	<u>37,294,855</u>
Accounts receivable	<u>85,468</u>	<u>23,665</u>	<u>27,914</u>	<u>137,047</u>
	<u>17,975,416</u>	<u>11,107,065</u>	<u>8,349,421</u>	<u>37,431,902</u>
Liabilities	16,611	17,667	15,286	49,564
Net position:				
Restricted for pension benefits	<u>\$ 17,958,805</u>	<u>\$ 11,089,398</u>	<u>\$ 8,334,135</u>	<u>\$ 37,382,338</u>



**City of Palatka, Florida**  
**Notes to Financial Statements**  
**Year Ended September 30, 2022**

**NOTE 9 – PENSION PLANS (CONTINUED)**

Combining Statement of Changes in Fiduciary Net Position – Year Ended September 30, 2022

	General Retirement Fund	Police Officers' Retirement Fund	Firefighters' Retirement Fund	Total
<b>Additions</b>				
<b>Contributions</b>				
Employer	\$ 1,420,542	\$ 343,472	\$ 592,239	\$ 2,356,253
Member	235,222	92,687	84,498	412,407
State on behalf, through general fund	-	85,728	61,250	146,978
Total contributions	<u>1,655,764</u>	<u>521,887</u>	<u>737,987</u>	<u>2,915,638</u>
<b>Investment income</b>				
Net appreciation (depreciation) in fair value of investments	(5,092,881)	(2,331,420)	(1,753,757)	(9,178,058)
Interest & dividends	1,262,085	178,072	128,007	1,568,164
Less investment fee	(58,591)	(61,717)	(47,665)	(167,973)
Net investment income (loss)	<u>(3,889,387)</u>	<u>(2,215,065)</u>	<u>(1,673,415)</u>	<u>(7,777,867)</u>
Total additions (deductions)	<u>(2,233,623)</u>	<u>(1,693,178)</u>	<u>(935,428)</u>	<u>(4,862,229)</u>
<b>Deductions</b>				
Member benefits	1,743,730	795,325	619,024	3,158,079
Withdrawals	47,272	-	-	47,272
Refunds of member contributions	86,526	84,576	13,118	184,220
Administrative expense	51,134	46,252	43,825	141,211
Total deductions	<u>1,928,662</u>	<u>926,153</u>	<u>675,967</u>	<u>3,530,782</u>
<b>Change in net position</b>	(4,162,285)	(2,619,331)	(1,611,395)	(8,393,011)
<b>Net position restricted for pension benefits, beginning of the year</b>	<u>22,121,090</u>	<u>13,708,729</u>	<u>9,945,530</u>	<u>45,775,349</u>
<b>Net position restricted for pension benefits, end of the year</b>	<u>\$ 17,958,805</u>	<u>\$ 11,089,398</u>	<u>\$ 8,334,135</u>	<u>\$ 37,382,338</u>

***Deferred Compensation Plan***

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The City has complied with the requirements of subsection (g) of IRC Section 457 and, accordingly, all assets and income of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries. Consequently, the plan is not reported in the City's financial statements.

**City of Palatka, Florida**  
**Notes to Financial Statements**  
**Year Ended September 30, 2022**

**NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS**

***Plan Description***

The City sponsors and administers a single-employer defined benefit plan for postemployment benefits other than pension benefits (OPEB Plan).

The City's health care plan includes certain health care benefits for retired employees of the City, including its component unit, the Palatka Gas Authority. Substantially all employees may become eligible for those benefits if they reach normal retirement age while working for the City or Palatka Gas Authority. The premiums for the retirees are deducted from their pension account, and are entirely paid by those participants. The City pays no portion of the premiums attributable to the retirees, but does contribute any remaining amount necessary for payment of claims. In future years, contributions are assumed to increase at the same rate as premiums.

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 requirements for an OPEB plan administered through a trust, and the City has not established a qualifying trust for the OPEB plan. The OPEB Plan does not issue a stand-alone financial report.

The City Commission can amend the benefit provisions provided by the OPEB Plan.

***Benefits Provided***

The OPEB Plan provides an implicit health insurance subsidy for retirees of the City and Palatka Gas Authority. The plan allows employees who retire and meet retirement eligibility under one of the City's retirement plans (and their spouses and eligible dependents) to continue medical insurance coverage as a participant in the City's health insurance plan. The retiree pays 100% of the blended group rate premium.

***Contributions***

The contribution requirements of plan members and the participating employers are established and may be amended by the City. The City's required contribution, actuarially determined, is based on a combination of projected pay-as-you-go financing, with an additional amount to prefund benefits when earned. Contributions are not based on a measure of pay. The contractually required contribution for the year ended September 30, 2022 was \$43,852. Actual contributions to the OPEB Plan were \$43,852 for the year ended September 30, 2022. Retiree plan members receiving benefits contributed to pay-as-you-go financing through their required contributions for health insurance premiums.

**City of Palatka, Florida**  
**Notes to Financial Statements**  
**Year Ended September 30, 2022**

**NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

***Total OPEB Liability***

The measurement date is September 30, 2022, based on an actuarial valuation dated October 1, 2020 and rolled forward to September 30, 2022. The reporting period is October 1, 2021 through September 30, 2022.

The Sponsor’s total OPEB liability of \$677,978 (comprised of \$611,834 for City and \$66,144 for Palatka Gas Authority) was measured as of September 30, 2022.

***Actuarial Assumptions and Other Inputs***

Table

Inflation rate	2.50%
Salary increase rate(s)	Varies by service
Discount rate	4.77%
Initial trend rate	7.50%
Ultimate trend rate	4.00%
Years to ultimate	53

All mortality rates were based on the Pub-2010 mortality tables.

***Discount Rate***

All future benefit payments were discounted using a high-quality municipal bond rate of 4.18%. The rate was based on the week closest but not later than the measurement date of the Bond Buyer 20-Bond Index as published by the Federal Reserve. This index consists of 20 general obligation bonds that mature in 20 years. The average rating of the 20 bonds is roughly equivalent to Moody’s Investors Service’s Aa2 rating and Standard & Poor’s Corp.’s AA.

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**City of Palatka, Florida**  
**Notes to Financial Statements**  
**Year Ended September 30, 2022**

**NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

*Change in Total OPEB Liability*

Changes for the year:	
Service cost	\$ 68,198
Interest	17,713
Difference between expected and actual experience	(159,593)
Changes of assumptions and actual experience	(51,971)
Benefit payments	<u>(33,252)</u>
Net changes	<u>(158,905)</u>
Total OPEB liability - beginning of reporting period	<u>836,883</u>
Total OPEB liability - end of reporting period	<u><u>\$ 677,978</u></u>

Changes in assumptions reflect a change in the discount rate from 2.14% for the reporting period ended September 30, 2021, to 4.77% for the reporting period ended September 30, 2022.

*Sensitivity of the Total OPEB Liability to changes in the Discount Rate*

The following presents the total OPEB liability of the Sponsor, as well as what the Sponsor's total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

	1% Decrease 3.77%	Current Discount Rate 4.77%	1% Increase 5.77%
Total OPEB liability - City	\$ 678,416	\$ 611,834	\$ 553,350
Total OPEB liability - PGA	73,378	66,144	59,851
Total OPEB liability	<u>\$ 751,794</u>	<u>\$ 677,978</u>	<u>\$ 613,201</u>

**City of Palatka, Florida**  
**Notes to Financial Statements**  
**Year Ended September 30, 2022**

**NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

*Sensitivity of the Total OPEB Liability to changes in the Healthcare Cost Trend Rates*

The following presents the total OPEB liability of the Sponsor, as well as what the Sponsor’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:

	Healthcare Cost		
	1% Decrease 3.00% - 7.50%	Trend Rates 4.00% - 8.50%	1% Increase 5.00% - 9.50%
Total OPEB liability - City	\$ 538,051	\$ 611,536	\$ 698,990
Total OPEB liability - PGA	58,196	66,144	75,603
<b>Total OPEB liability</b>	<b>\$ 596,247</b>	<b>\$ 677,680</b>	<b>\$ 774,593</b>

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB*

For the year ended September 30, 2022, the Sponsor recognized OPEB expense of \$67,908, including \$6,655 for the Palatka Gas Authority.

On September 30, 2022, the Sponsor 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		
	City	PGA	Total	City	PGA	Total
Differences between expected and actual experience	\$ -	\$ -	\$ -	\$ 159,896	\$ 17,372	\$ 177,268
Changes of assumptions	84,221	9,150	93,371	62,585	6,800	69,385
<b>Total</b>	<b>\$ 84,221</b>	<b>\$ 9,150</b>	<b>\$ 93,371</b>	<b>\$ 222,481</b>	<b>\$ 24,172</b>	<b>\$ 246,653</b>

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**City of Palatka, Florida**  
**Notes to Financial Statements**  
**Year Ended September 30, 2022**

**NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending September 30,	City	PGA	Total
2023	\$ (25,800)	\$ (2,803)	\$ (28,603)
2024	(17,464)	(1,897)	(19,361)
2025	(27,590)	(2,998)	(30,588)
2026	(35,603)	(3,868)	(39,471)
2027	(482,804)	(52,455)	(535,259)
Thereafter	-	-	-
<b>Total</b>	<b>\$ (589,261)</b>	<b>\$ (64,021)</b>	<b>\$ (653,282)</b>

**NOTE 11 – RISK MANAGEMENT**

The City is exposed to various risks of loss related to general liability, workers’ compensation, public liability, law enforcement liability, health benefits, property damage, and errors and omissions. To manage its risks, the City participates in the Florida League of Cities Self Insurance Fund (the “Fund”) a public entity risk pool currently operating as a common risk management and insurance program for member cities. The City pays an annual premium to the Fund for its coverage. The premiums are designed to fund the liability risks assumed by the Fund and are based on certain actual exposures of each member. The City’s settled claims have not exceeded coverage in any of the past three fiscal years.

**NOTE 12 - COMMITMENTS**

The City leases some of its golf carts under operating leases. Lease payments for the year ended September 30, 2022 were \$44,381.

**NOTE 13 - CONTINGENCIES**

The City is sometimes a party to lawsuits and claims arising out of the normal conduct of its activities. While the results of lawsuits or other proceedings against the City cannot be predicted with certainty, management does not expect that these matters will have a material adverse effect on the financial condition of the City.

**City of Palatka, Florida**  
**Notes to Financial Statements**  
**Year Ended September 30, 2022**

**NOTE 14 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events to determine if events or transactions occurring through June 28, 2023, the date the financial statements available to be issued, require potential adjustment to or disclosure in the financial statements.

**NOTE 15 – NEW ACCOUNTING PRONOUNCEMENTS**

The Governmental Accounting Standards Board (GASB) issued several pronouncements that are effective for these financial statements. These are:

GASB Statement 87 – Leases

GASB Statement 89 – Accounting for Interest Cost Incurred before the  
End of the Construction Period

GASB Statement 92 – Omnibus

GASB Statement 93 – Replacement of Interbank Offered Rate

GASB Statement 97 – Certain Component Unit Criteria and Section 457 Plans

GASB Statement 98 – The Annual Comprehensive Financial Report

Management has ascertained that none of these professional pronouncements effective for this year had any discernable impact on the City.

**NOTE 16 – PRIOR PERIOD ADJUSTMENT**

Beginning net position of the Palatka Gas Authority ( a component unit of the City) for the year ended September 30, 2022 was restated for prior period adjustments. The adjustments of \$954,827 principally relate to reclassification and accrual for expenses. Net position of the Palatka Gas Authority as of September 30, 2021 have been restated from \$5,709,500 to \$6,664,327.

Beginning net position of the City for the year ended September 30, 2022 was restated for prior period adjustments. The adjustments of \$7,567,284 principally relate to reclassification and accrual for expenses. Net position of the City as of September 30, 2021 have been restated from \$64,992,551 to \$72,559,835.

# **Required Supplementary Information**



**City of Palatka**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget to Actual – General Fund**  
**Year Ended September 30, 2022**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>				
Taxes	\$ 4,905,746	\$ 4,905,746	\$ 5,244,963	\$ 339,217
Permits, fees and special assessments	1,045,000	1,045,000	2,781,264	1,736,264
Intergovernmental	2,844,123	2,844,123	3,928,383	1,084,260
Charges for services	206,100	206,100	362,433	156,333
Fines and forfeitures	51,100	51,100	73,485	22,385
Miscellaneous	308,095	308,095	1,231,466	923,371
Total revenues	<u>9,360,164</u>	<u>9,360,164</u>	<u>13,621,994</u>	<u>4,261,830</u>
<b>Expenditures:</b>				
Current:				
General government	2,617,427	2,617,427	5,807,413	(3,189,986)
Public safety	6,946,120	6,946,120	6,493,489	452,631
Transportation	824,519	824,519	866,933	(42,414)
Economic environment	-	-	-	-
Human services	50,189	50,189	44,336	5,853
Culture and recreation	913,665	913,665	534,287	379,378
Capital outlay	50,000	50,000	51,752	(1,752)
Debt service				
Principal retirement	239,363	239,363	174,957	64,406
Interest and fiscal charges	-	-	24,324	(24,324)
Total expenditures	<u>11,641,283</u>	<u>11,641,283</u>	<u>13,997,491</u>	<u>(2,356,208)</u>
Excess of revenues over expenditures	<u>(2,281,119)</u>	<u>(2,281,119)</u>	<u>(375,497)</u>	<u>1,905,622</u>
Other financing sources (uses):				
Operating transfer in	1,660,173	1,660,173	1,658,773	(1,400)
Operating transfer out	(507,917)	(507,917)	(5,509,850)	(5,001,933)
Total other financing sources (uses):	<u>1,152,256</u>	<u>1,152,256</u>	<u>(3,851,077)</u>	<u>(5,003,333)</u>
Net change in fund balance	<u>\$ (1,128,863)</u>	<u>\$ (1,128,863)</u>	(4,226,574)	<u>\$ (3,097,711)</u>
Fund balance, beginning of year			<u>9,231,748</u>	
Fund balance, end of year			<u>\$ 5,005,174</u>	

See the accompanying notes.

**City of Palatka**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget to Actual – Downtown Redevelopment Agency Fund**  
**Year Ended September 30, 2022**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>				
Taxes	\$ 627,463	\$ 627,463	\$ 617,586	\$ (9,877)
Miscellaneous	-	-	4,200	4,200
Total revenues	<u>627,463</u>	<u>627,463</u>	<u>621,786</u>	<u>(5,677)</u>
<b>Expenditures:</b>				
Economic environment	337,250	337,250	323,124	14,126
Capital outlay	50,000	50,000	50,000	-
Total expenditures	<u>387,250</u>	<u>387,250</u>	<u>373,124</u>	<u>14,126</u>
Excess of revenues over expenditures	<u>240,213</u>	<u>240,213</u>	<u>248,662</u>	<u>8,449</u>
Other financing sources (uses):				
Operating transfer out	<u>(272,943)</u>	<u>(272,943)</u>	<u>(221,428)</u>	<u>51,515</u>
Total other financing sources (uses):	<u>(272,943)</u>	<u>(272,943)</u>	<u>(221,428)</u>	<u>51,515</u>
Net change in fund balance	<u>\$ (32,730)</u>	<u>\$ (32,730)</u>	27,234	<u>\$ 59,964</u>
Fund balance, beginning of year			<u>1,230,744</u>	
Fund balance, end of year			<u>\$ 1,257,978</u>	

See the accompanying notes.

**City of Palatka**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget to Actual – Special Revenue Fund**  
**Year Ended September 30, 2022**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-
Total revenues	-	-	-	-
<b>Expenditures:</b>				
General government	-	753,374	753,374	-
Total expenditures	-	753,374	753,374	-
Excess of revenues over expenditures	-	(753,374)	(753,374)	-
Other financing sources (uses):				
Operating transfer in	-	5,234,421	5,234,421	-
Operating transfer out	-	-	-	-
Issuance of debt	-	-	-	-
Capital lease	-	-	-	-
Total other financing sources (uses):	-	5,234,421	5,234,421	-
Net change in fund balance	\$ -	\$ 4,481,047	4,481,047	\$ -
Fund balance, beginning of year			-	
Fund balance, end of year			<u>\$ 4,481,047</u>	

**City of Palatka**  
**Notes to Budgetary Comparison Schedules**  
**September 30, 2022**

Budgets are prepared and adopted on the modified accrual basis of accounting.

On or before the first day in August of each year, the City Manager submits to the City Commission a budget for the ensuing fiscal year, along with an accompanying budget message. The general summary of the budget and notice of public hearing is published in the local newspaper. Prior to the last day of September, the budget is legally enacted. All appropriations lapse at the end of the fiscal year.

Florida Statutes provide that it is unlawful to make expenditures that exceed the total amount budgeted for each fund. The City Manager can approve budget transfers within and between operating departments and divisions of the same fund. All interfund transfers require prior approval of the City Commission. Therefore, the fund level is the legal level of control for budget considerations.

The actual expenditures exceeded the budgeted expenditures by \$2,356,208 in the General Fund.

Annual budgets are adopted for all governmental funds.

**City of Palatka**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**General Pension Plan**  
**Year Ended September 30, 2022**  
**Last 10 Fiscal Years**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Total pension liability</b>										
Service cost	\$ 407,022	\$ 462,352	\$ 469,426	\$ 393,661	\$ 423,870	\$ 386,138	\$ 340,525	\$ 347,579	\$ 352,477	\$ 326,368
Interest	1,985,787	1,952,058	1,943,145	1,894,079	1,872,580	1,807,530	1,707,988	1,684,998	1,657,695	1,638,624
Difference between expected and actual experience	(651,079)	246,792	173,030	404,844	23,255	408,495	(74,220)	24,797	-	-
Changes of assumptions	-	89,552	(145,479)	249,474	238,967	257,491	1,236,245	-	-	-
Benefit payments, including refunds of employee contributions	(1,877,528)	(1,898,267)	(2,048,357)	(2,048,737)	(1,826,224)	(1,713,924)	(1,737,850)	(1,788,086)	(1,539,820)	(1,965,592)
Net changes in total pension liability	(135,798)	852,487	391,765	893,321	732,448	1,145,730	1,472,688	269,288	470,352	(600)
Total pension liability-beginning	27,366,703	26,514,216	26,122,451	25,229,130	24,496,682	23,350,953	21,878,265	21,608,977	21,138,625	21,138,625
Total pension liability-ending (a)	27,230,905	27,366,703	26,514,216	26,122,451	25,229,130	24,496,682	23,350,953	21,878,265	21,608,977	21,138,025
<b>Total fiduciary net position</b>										
Contributions										
Employer	1,420,542	1,259,075	1,354,046	1,062,017	866,294	739,093	679,864	686,545	774,136	790,325
Employee	235,222	212,266	221,385	209,178	188,324	192,427	175,818	169,514	172,782	177,921
Net investment income	(3,889,387)	3,437,739	1,389,220	771,522	994,227	1,528,570	1,554,168	(410,102)	1,600,605	1,741,522
Benefit payments, including refunds of employee contributions	(1,877,528)	(1,898,267)	(2,048,357)	(2,048,737)	(1,826,224)	(1,713,924)	(1,737,850)	(1,788,086)	(1,539,821)	(1,965,591)
Administrative expense	(51,134)	(36,749)	(51,912)	(34,739)	(33,995)	(29,451)	(34,904)	(27,955)	(30,698)	(21,905)
Net changes in plan fiduciary net position	(4,162,285)	2,974,064	864,382	(40,759)	188,626	716,715	637,096	(1,370,084)	977,004	722,272
<b>Plan fiduciary net position-beginning</b>	22,121,090	19,147,026	18,282,644	18,323,403	18,134,777	17,418,063	16,780,967	18,151,051	17,174,047	16,451,775
<b>Plan fiduciary net position-ending</b>	17,958,805	22,121,090	19,147,026	18,282,644	18,323,403	18,134,777	17,418,063	16,780,967	18,151,051	17,174,047
<b>Net pension liability-ending (a)-(b)</b>	\$ 9,272,100	\$ 5,245,613	\$ 7,367,190	\$ 7,839,807	\$ 6,905,727	\$ 6,361,905	\$ 5,932,890	\$ 5,097,298	\$ 3,457,926	\$ 3,963,978
Plan fiduciary net position as a percentage of the total pension liability	65.95%	80.83%	72.21%	69.99%	72.63%	74.03%	74.59%	76.70%	84.00%	81.25%
Covered payroll	\$ 3,920,363	\$ 3,689,497	\$ 3,689,497	\$ 3,486,295	\$ 3,148,480	\$ 3,197,367	\$ 2,930,299	\$ 2,979,727	\$ 2,879,693	\$ 2,965,343
Net pension liability as a percentage of covered payroll	236.51%	142.18%	199.68%	224.88%	219.34%	198.97%	202.47%	171.07%	120.08%	133.68%

**Notes to the Schedule**

For measurement date 09/30/2021, amounts reported as changes of assumptions resulted from lowering the investment rate of return from 7.50% to 7.40%

For measurement date 09/30/2020, amounts reported as changes of assumptions resulted from lowering the investment rate of return from 7.60% to 7.50%

For measurement date 09/30/2019, amounts reported as changes of assumptions resulted from lowering the investment rate of return from 7.70% to 7.60%

For measurement date 09/30/2018, amounts reported as changes of assumptions resulted from lowering the investment rate of return from 7.80% to 7.70%

For measurement date 09/30/2017, amounts reported as changes of assumptions resulted from lowering the investment rate of return from 7.90% to 7.80%

In addition, the assumed rates of mortality were changed from those in the July 1, 2015 FRS valuation report to those used in the July 1, 2016 FRS valuation report (FRS herein is the Florida Retirement System).

For measurement date 09/30/2016, amounts reported as changes of assumptions resulted from an experience study dated Sept. 20, 2016:

- The assumed rate of individual salary increases was changed from a 5.50% each year to a service-based table.
- The assumed interest rate was lowered from 8.0% to 7.9%.
- The assumed rates of mortality were changed to match what is used by FRS for non-special risk participants.
- The assumed rates for Normal Retirement increased for all ages.
- The assumed rates of disability decreased by changing from Table 1207 to Table 1201.
- The inflation assumption rate was lowered from 3.00% to 2070%, matching the long-term inflation assumption used by the Plan's investment consultant.

**City of Palatka**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**Police Officers' Pension Plan**  
**Year Ended September 30, 2022**  
**Last 10 Fiscal Years**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Total pension liability</b>										
Service cost	\$ 230,485	\$ 230,013	\$ 248,069	\$ 239,064	\$ 235,276	\$ 213,253	\$ 213,832	\$ 278,204	\$ 285,022	\$ 263,909
Interest	1,069,778	998,166	981,113	1,009,282	953,900	868,015	851,901	812,851	776,568	733,062
Changes of benefit terms	228,369	-	-	-	-	-	(41,662)	(108,171)	-	0
Difference between expected and actual experience	(190,279)	345,990	149,301	(676,400)	271,647	609,467	(454,959)	50,553	-	-
Changes of assumptions	(27,379)	-	(43,230)	145,942	145,765	165,502	321,310	-	-	-
Benefit payments, including refunds of employee contributions	(879,901)	(816,466)	(1,018,918)	(831,237)	(633,367)	(618,511)	(561,601)	(528,946)	(487,612)	(460,915)
Net changes in total pension liability	431,073	757,703	316,335	(113,349)	973,221	1,237,726	328,821	504,491	573,978	536,056
Total pension liability-beginning	14,244,804	13,487,101	13,170,766	13,284,115	12,310,894	11,073,168	10,744,347	10,239,856	9,665,878	9,129,822
Total pension liability-ending (a)	\$ 14,675,877	\$ 14,244,804	\$ 13,487,101	\$ 13,170,766	\$ 13,284,115	\$ 12,310,894	\$ 11,073,168	\$ 10,744,347	\$ 10,239,856	\$ 9,665,878
<b>Total fiduciary net position</b>										
Contributions										
Employer	343,472	248,264	284,472	287,923	154,829	186,569	151,756	196,130	221,593	240,401
State	85,728	86,172	76,357	77,299	72,068	67,554	65,893	64,825	66,189	59,256
Employee	92,687	86,959	89,045	92,521	83,808	86,168	81,274	85,064	90,128	88,479
Net investment income	(2,215,065)	2,271,232	980,170	401,546	788,650	1,137,327	904,015	(394,718)	901,280	1,042,891
Benefit payments, including refunds of employee contributions	(879,901)	(816,466)	(1,018,918)	(831,237)	(633,367)	(618,511)	(561,601)	(528,946)	(487,612)	(460,916)
Administrative expense	(46,252)	(29,361)	(43,550)	(26,058)	(28,518)	(24,245)	(34,770)	(26,755)	(19,558)	(18,312)
Net changes in plan fiduciary net position	(2,619,331)	1,846,800	367,576	1,994	437,470	834,862	606,567	(604,400)	772,020	951,799
Plan fiduciary net position-beginning	13,708,729	11,861,929	11,494,353	11,492,359	11,054,889	10,220,027	9,613,460	10,217,860	9,445,840	8,494,041
Plan fiduciary net position-ending	\$ 11,089,398	\$ 13,708,729	\$ 11,861,929	\$ 11,494,353	\$ 11,492,359	\$ 11,054,889	\$ 10,220,027	\$ 9,613,460	\$ 10,217,860	\$ 9,445,840
<b>Net pension liability-ending (a)-(b)</b>	\$ 3,586,479	\$ 536,075	\$ 1,625,172	\$ 1,676,413	\$ 1,791,756	\$ 1,256,005	\$ 853,141	\$ 1,130,887	\$ 21,996	\$ 220,038
Plan fiduciary net position as a percentage of the total pension liability	75.56%	96.24%	87.95%	87.27%	86.51%	89.80%	92.30%	89.47%	99.79%	97.72%
Covered payroll	\$ 1,544,776	\$ 1,449,328	\$ 1,484,076	\$ 1,542,023	\$ 1,396,791	\$ 1,436,141	\$ 1,354,573	\$ 1,433,319	\$ 1,502,132	\$ 1,474,649
Net pension liability as a percentage of covered payroll	232.17%	36.99%	109.51%	108.72%	128.28%	87.46%	62.98%	78.90%	1.46%	14.92%

**Notes to the Schedule**

For measurement date 09/30/2021, amounts reported as changes of assumptions resulted in no change

For measurement date 09/30/2020, amounts reported as changes of assumptions resulted from lowering the investment rate of return from 7.60% to 7.50%

For measurement date 09/30/2019, amounts reported as changes of assumptions resulted from lowering the investment rate of return from 7.70% to 7.60%

For measurement date 09/30/2018, amounts reported as changes of assumptions resulted from lowering the investment rate of return from 7.80% to 7.70%

For measurement date 09/30/2017, amounts reported as changes of assumptions resulted from lowering the investment rate of return from 7.90% to 7.80%

In addition, the assumed rates of mortality were changed from those in the July 1, 2015 FRS valuation report to those used in the July 1, 2016 FRS valuation report (FRS herein is the Florida Retirement System).

For measurement date 09/30/2016, amounts reported as changes of assumptions resulted from an experience study dated Sept. 20, 2016:

- The assumed rate of individual salary increases was changed from a 5.50% each year to a service-based table.
- The assumed interest rate was lowered from 800% to 7.9%.
- The assumed rates of mortality were changed to match what is used by FRS for non-special risk participants.
- The assumed rates for Normal Retirement increased for all ages.
- The assumed rates of disability decreased by changing from Table 1207 to Table 1201.
- The inflation assumption rate was lowered from 3.00% to 2070%, matching the long-term inflation assumption used by the Plan's investment consultant.

**City of Palatka**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**Firefighters' Pension Plan**  
**Year Ended September 30, 2022**  
**Last 10 Fiscal Years**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Total pension liability</b>										
Service cost	\$ 269,114	\$ 254,615	\$ 257,388	\$ 232,935	\$ 210,260	\$ 185,742	\$ 172,607	\$ 177,733	\$ 168,142	\$ 155,687
Interest	872,561	845,464	822,576	778,034	747,092	726,035	718,377	707,171	676,786	648,419
Changes of benefit terms	208,680	-	-	(815)	-	-	-	(33,092)	- 0	-
Difference between expected and actual experience	(86,780)	(322,737)	41,158	193,080	147,701	109,800	(112,062)	73,309	-	-
Changes of assumptions	62,797	-	(28,396)	125,856	115,984	134,956	381,136	-	-	-
Benefit payments, including refunds of employee contributions	(632,142)	(646,305)	(634,619)	(636,040)	(796,891)	(789,645)	(1,102,639)	(490,496)	(458,910)	(465,041)
Net changes in total pension liability	694,230	131,037	458,107	693,050	424,146	366,888	57,419	434,625	386,018	339,065
Total pension liability-beginning	11,472,428	11,341,391	10,883,284	10,190,234	9,766,088	9,399,200	9,341,781	8,907,156	8,521,138	8,182,073
Total pension liability-ending (a)	\$ 12,166,658	\$ 11,472,428	\$ 11,341,391	\$ 10,883,284	\$ 10,190,234	\$ 9,766,088	\$ 9,399,200	\$ 9,341,781	\$ 8,907,156	\$ 8,521,138
<b>Total fiduciary net position</b>										
Contributions										
Employer	592,239	500,542	521,538	444,977	414,702	395,413	296,485	250,259	310,160	252,906
State	61,250	49,571	62,951	66,498	73,764	60,543	50,698	95,653	80,280	78,504
Employee	84,498	72,184	75,612	68,282	64,184	61,203	52,815	47,712	47,041	44,711
Net investment income	(1,673,415)	1,583,992	679,012	279,441	507,754	749,063	619,284	(285,606)	649,062	757,642
Benefit payments, including refunds of employee contributions	(632,142)	(646,305)	(634,619)	(636,040)	(796,891)	(789,645)	(1,102,639)	(490,496)	(458,910)	(465,042)
Administrative expense	(43,825)	(27,112)	(37,960)	(26,740)	(24,681)	(22,815)	(31,660)	(22,760)	(14,901)	(15,407)
Net changes in plan fiduciary net position	(1,611,395)	1,532,872	666,534	196,418	238,832	453,762	(115,017)	(405,238)	612,732	653,314
Plan fiduciary net position-beginning	9,945,530	8,412,658	7,746,124	7,549,706	7,310,874	6,857,112	6,972,129	7,377,367	6,764,635	6,111,321
Plan fiduciary net position-ending	\$ 8,334,135	\$ 9,945,530	\$ 8,412,658	\$ 7,746,124	\$ 7,549,706	\$ 7,310,874	\$ 6,857,112	\$ 6,972,129	\$ 7,377,367	\$ 6,764,635
<b>Net pension liability-ending (a)-(b)</b>	\$ 3,832,523	\$ 1,526,898	\$ 2,928,733	\$ 3,137,160	\$ 2,640,528	\$ 2,455,214	\$ 2,542,088	\$ 2,369,652	\$ 1,529,789	\$ 1,756,503

Plan fiduciary net position as a percentage of the total pension liability	68.50%	86.69%	74.18%	71.17%	74.09%	74.86%	72.95%	74.63%	82.83%	79.39%
Covered payroll	\$ 1,408,294	\$ 1,203,064	\$ 1,260,206	\$ 1,138,039	\$ 1,069,725	\$ 1,020,044	\$ 880,247	\$ 934,724	\$ 784,020	\$ 745,184
Net pension liability as a percentage of covered payroll	272.14%	126.92%	232.40%	275.66%	246.84%	240.70%	288.79%	253.51%	195.12%	235.71%

**Notes to the Schedule**

For measurement date 09/30/2021, amounts reported as changes of assumptions resulted from lowering the investment rate of return from 7.50% to 7.40%  
For measurement date 09/30/2020, amounts reported as changes of assumptions resulted from lowering the investment rate of return from 7.60% to 7.50%  
For measurement date 09/30/2019, amounts reported as changes of assumptions resulted from lowering the investment rate of return from 7.70% to 7.60%  
For measurement date 09/30/2018, amounts reported as changes of assumptions resulted from lowering the investment rate of return from 7.80% to 7.70%  
For measurement date 09/30/2017, amounts reported as changes of assumptions resulted from lowering the investment rate of return from 7.90% to 7.80%

In addition, the assumed rates of mortality were changed from those in the July 1, 2015 FRS valuation report to those used in the July 1, 2016 FRS valuation report (FRS herein is the Florida Retirement System).

For measurement date 09/30/2016, amounts reported as changes of assumptions resulted from an experience study dated Sept. 20, 2016:

- The assumed rate of individual salary increases was changed from a 5.50% each year to a service-based table.
- The assumed interest rate was lowered from 800% to 7.9%.
- The assumed rates of mortality were changed to match what is used by FRS for non-special risk participants.
- The assumed rates for Normal Retirement increased for all ages.
- The assumed rates of disability decreased by changing from Table 1207 to Table 1201.
- The inflation assumption rate was lowered from 3.00% to 2070%, matching the long-term inflation assumption used by the Plan's investment consultant.

**City of Palatka**  
**Schedule of Employer Contributions**  
**General Pension Plan**  
**Year Ended September 30, 2022**  
**Last 10 Fiscal Years**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 1,395,649	\$ 1,238,303	\$ 1,354,046	\$ 1,063,320	\$ 864,991	\$ 716,210	\$ 679,829	\$ 686,530	\$ 777,517	\$ 788,781
Contribution in relation to the actuarially determined contributions	1,420,542	1,259,075	1,354,046	1,062,017	1,077,055	931,520	679,825	686,545	777,517	788,781
Contribution deficiency (excess)	\$ (24,893)	\$ (20,772)	\$ -	\$ 1,303	\$ (212,064)	\$ (215,310)	\$ 4	\$ (15)	\$ -	\$ -
Covered payroll	\$ 3,920,363	\$ 3,538,009	\$ 3,689,497	\$ 3,486,295	\$ 3,148,480	\$ 3,197,367	\$ 2,930,299	\$ 2,979,727	\$ 2,879,693	\$ 2,965,343
Contributions as a percentage of covered payroll	36.23%	35.59%	36.70%	30.46%	34.21%	29.13%	23.20%	23.04%	27.00%	26.60%

**Notes to the Schedule**

\* The schedule will present ten years comparative data when ten years become available.

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

Valuation Date for FY 2022 contribution 10/1/2020

Methods and assumption used to determine contribution rates:

Mortality rates: Healthy & Inactive Female: RP 2000 Generational Annuitant White Collar, Scale BB  
Healthy & Inactive Male: RP 2000 Generational - 50% Annuitant White Collar / 50% Annuitant Blue Collar, Scale BB  
Disabled: RP 2000 Disabled; Female set forward two years, Male setback for years

Interest rate: 7.80% per year compounded annually, net of investment related expenses.

Retirement age:

Retirement	
Age	Rate
50-54	10.0%
55	25.0%
56-59	20.0%
60	40.0%
61-64	25.0%
65+	100.0%

Salary increases:

8% less than one year of service. 5% for one year and greater of service.

Payroll growth:

None, for purpose of amortizing the unfunded actuarial liability

Marital status:

80% of active members are assumed to be married at the time of retirement. Females are assumed to be three years younger than males

Funding method:

Entry Age Normal

Actuarial asset method:

Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return (net of fees).

Disability and termination rates:

See following table. It is assumed that 25% of disablements and active members deaths are service related.

Age	Percent Terminating Percent becoming	
	during the year disabled during the year	
20	34.40%	0.03%
30	30.00%	0.04%
40	16.40%	0.07%
50	3.40%	0.18%



**City of Palatka**  
**Schedule of Employer Contributions**  
**Police Officers' Pension Plan**  
**Year Ended September 30, 2022**  
**Last 10 Fiscal Years**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 441,806	\$ 352,187	\$ 348,758	\$ 356,207	\$ 282,152	\$ 189,571	\$ 222,150	\$ 260,864	\$ 291,414	\$ 302,303
Contribution in relation to the actuarially determined contributions	429,200	334,436	360,829	365,222	226,897	254,123	222,154	260,955	291,414	302,303
Contribution deficiency (excess)	\$ 12,606	\$ 17,751	\$ (12,071)	\$ (9,015)	\$ 55,255	\$ (64,552)	\$ (4)	\$ (91)	\$ -	\$ -
Covered payroll	\$ 1,544,776	\$ 1,449,328	\$ 1,484,076	\$ 1,542,023	\$ 1,396,791	\$ 1,436,141	\$ 1,354,573	\$ 1,433,319	\$ 1,502,132	\$ 1,474,649
Contributions as a percentage of covered payroll	27.78%	23.08%	24.31%	23.68%	16.24%	17.69%	16.40%	18.21%	19.40%	20.50%

**Notes to the Schedule**

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

Valuation Date for FY 2022 contribution 10/1/2020

Methods and assumption used to determine contribution rates:

Mortality rates:

Female: RP 2000 Generational Combined Healthy White Collar, Scale BB  
Male: RP 2000 Generational - 10% Combined Healthy White Collar / 90% Combined Healthy Blue  
Disabled Female: 60% RP 2000 Disabled Female set forward two years, 40% annuitant White Collar  
Disabled Male: 60% RP 2000 Disabled Male set forward two years, 40% annuitant White Collar

Interest rate:

7.80% per year compounded annually, net of investment related expenses.

Retirement age:

Service 7-24 Years		Service 25-29 Years	
Years after Eligibility	Retirement Rate	Years after Eligibility	Retirement Rate
0	20.0%	50	20.0%
1	20.0%	51	20.0%
2	20.0%	52+	100.0%
3	50.0%		
4	75.0%		
5+	100.0%	Service 30+ Years	
		All Ages	100.0%

Salary increases:

Based on years of service. 10% at 0; 5.5% for 1-4; 5.25% for 5-9; 5.0% for 10-14; and 4.75% for 15+

Payroll growth:

None, for purpose of amortizing the unfunded actuarial liability

Funding method:

Entry Age Normal

Actuarial asset method:

Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return (net of fees).

Disability and termination rates:

See following table. It is assumed that 75% of disablements are service related.

Years of Service	Termination Rate	Percent becoming disabled during the year	
		Age	
<5	15.00%	20	0.07%
14-May	10.00%	30	0.11%
15	5.00%	40	0.19%
16	4.00%	50	0.51%
17	3.50%		
18	3.00%		
19	2.50%		
20+	2.00%		

**City of Palatka**  
**Schedule of Employer Contributions**  
**Firefighters' Pension Plan**  
**Year Ended September 30, 2022**  
**Last 10 Fiscal Years**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 657,673	\$ 549,800	\$ 585,996	\$ 512,117	\$ 482,446	\$ 455,959	\$ 380,267	\$ 345,915	\$ 390,441	\$ 335,333
Contribution in relation to the actuarially determined contributions	653,489	550,113	584,489	511,475	488,466	455,965	380,264	345,912	390,441	335,333
Contribution deficiency (excess)	\$ 4,184	\$ (313)	\$ 1,507	\$ 642	\$ (6,020)	\$ (6)	\$ 3	\$ 3	\$ -	\$ -
Covered payroll	\$ 1,408,294	\$ 1,203,064	\$ 1,260,206	\$ 1,138,039	\$ 1,069,725	\$ 1,020,044	\$ 880,247	\$ 934,724	\$ 784,020	\$ 745,184
Contributions as a percentage of covered payroll	46.40%	45.73%	46.38%	44.94%	45.66%	44.70%	43.20%	37.01%	49.80%	45.00%

**Notes to the Schedule**

\* The schedule will present ten years comparative data when ten years become available.

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

Valuation Date for FY 2021 contribution 10/1/2019

Methods and assumption used to determine contribution rates:

Mortality rates:

Female: RP 2000 Generational Combined Healthy White Collar, Scale BB  
Male: RP 2000 Generational - 10% Combined Healthy White Collar / 90% Combined Healthy Blue Collar Scale BB  
Disabled Female: 60% RP 2000 Disabled Female set forward two years, 40% annuitant White Collar  
Disabled Male: 60% RP 2000 Disabled Male set forward two years, 40% annuitant White Collar  
75% of active deaths are assumed to happen in the line duty.

Interest rate:

7.80% per year compounded annually, net of investment related expenses.

Retirement age:

Service 7-24 Years

Years after Eligibility	Retirement Rate
0	20.0%
1	20.0%
2+	20.0%

Salary increases:

Based on years of service. 10% at 0; 5.0% for 10-14; and 4.75% for 15+

Payroll growth:

None, for purpose of amortizing the unfunded actuarial liability

Marital status:

75% of active members are assumed to be married at the time of retirement. Females are assumed to be three years younger than males.

Funding method:

Entry Age Normal

Actuarial asset method:

Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return (net of fees).

Disability and termination rates:

See following table. It is assumed that 75% of disablements are service related.

Years of Service	Termination Rate	Age	Percent becoming disabled during the year
0-2	15.00%	20	0.07%
3-5	7.50%	30	0.11%
6	0.00%	40	0.19%
7-8	10.00%	50	0.51%
9+	2.00%	60	1.66%

**City of Palatka**  
**Schedule of Investment Returns**  
**Pension Plan**  
**Year Ended September 30, 2022**  
**Last 10 Fiscal Years**

	2022	2021	2020	2019	2018	General Plan		2015	2014	2013
						2017	2016			
Annual money-weighted rate of return, net of investment expenses	-17.75%	18.21%	7.73%	4.35%	5.61%	8.99%	9.55%	-2.32%	9.51%	10.92%
						Police Officers' Plan				
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Annual money-weighted rate of return, net of investment expenses	-16.46%	19.55%	8.78%	3.58%	7.27%	11.32%	9.54%	-3.91%	9.66%	12.34%
						Firefighters' Plan				
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Annual money-weighted rate of return, net of investment expenses	-16.95%	19.05%	8.88%	3.77%	7.18%	11.32%	9.21%	-3.92%	9.69%	12.50%

**City of Palatka**  
**Schedule of Change in City's Other Postemployment Benefit Plan**  
**Liability and Related Ratios**  
**Year Ended September 30, 2022**  
**Last 10 Fiscal Years**

	2022	2021	2020	2019	2018
Service cost	\$ 68,198	\$ 71,027	\$ -	\$ 43,970	\$ 47,262
Interest	17,713	18,379	-	25,549	22,375
Difference between expected and actual experience	(159,593)	-	-	-	-
Changes of assumptions	(51,971)	(25,250)	-	67,368	(55,452)
Benefit payments	(33,252)	(29,997)	-	(14,973)	(13,800)
Net changes in total OPEB liability	(158,905)	34,159	-	121,914	385
Total OPEB liability-beginning	730,730	696,571	696,571	574,657	574,272
Total OPEB liability-ending	571,825	730,730	696,571	696,571	574,657
Covered payroll	\$ 6,232,190	\$ 6,232,190	\$ 6,232,190	\$ 6,243,122	\$ 5,930,690
Net pension liability as a percentage of covered payroll	9.18%	11.73%	11.18%	11.16%	9.69%

**Notes to the Schedule**

\* The schedule will present ten years comparative data when ten years become available.

2018 changes in assumptions and other inputs reflect a change in the discount rate from 3.64% in 2017 to 4.18% in 2018.

2019 changes in assumptions and other inputs reflect a change in the discount rate from 4.18% in 2018 to 3.58% in 2019.

2020 changes in assumptions and other inputs reflect a change in the discount rate from 3.58% in 2019 to 2.14% in 2020.

Covered employee payroll was projected on year forward from the valuation date for the reporting period ending September 30, 2020.

See Note 10 to the financial statements for detailed information on the City's OPEB Plan.

# **Supplementary Information**

## **MAJOR GOVERNMENTAL CAPITAL PROJECT FUND**

Capital Project Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures. The City maintains the following Capital Project Fund:

Better Place Plan Fund - is used to account for revenues received from a discretionary surtax imposed to finance certain capital projects.

**City of Palatka**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget to Actual – Better Place Plan Fund**  
**Year Ended September 30, 2022**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>				
Taxes	\$ 984,162	\$ 984,162	\$ 1,336,666	\$ 352,504
Intergovernmental	6,222,075	6,222,075	2,234,012	(3,988,063)
Total revenues	<u>7,206,237</u>	<u>7,206,237</u>	<u>3,570,678</u>	<u>(3,635,559)</u>
<b>Expenditures:</b>				
Current:				
General government	7,319,579	7,319,579	3,286,588	4,032,991
Physical environment	-	-	50,000	(50,000)
Culture and recreation	1,502,364	1,502,364	-	1,502,364
Capital outlay	-	-	93,307	(93,307)
Debt service				
Principal retirement	222,726	222,726	79,241	143,485
Interest and fiscal charges	-	-	18,440	(18,440)
Total expenditures	<u>9,044,669</u>	<u>9,044,669</u>	<u>3,527,576</u>	<u>5,517,093</u>
Excess of revenues over expenditures	<u>(1,838,432)</u>	<u>(1,838,432)</u>	43,102	1,881,534
Other financing sources (uses):				
Operating transfer in	-	346,416	170,000	(176,416)
Issuance of debt	-	2,000,000	-	(2,000,000)
Capital contributions	-	-	66,891	66,891
Total other financing sources (uses):	<u>-</u>	<u>2,346,416</u>	<u>236,891</u>	<u>(2,109,525)</u>
Net change in fund balance	<u>\$ (1,838,432)</u>	<u>\$ 507,984</u>	279,993	<u>\$ (227,991)</u>
Fund balance, beginning of year			<u>820,515</u>	
Fund balance, end of year			<u>\$ 1,100,508</u>	

# **Statistical Section (unaudited)**



## Statistical Section

This part of the City of Palatka comprehensive annual financial report represents 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.

	<u>Page Number</u>
Financial Trends	85
These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.	
Revenue Capacity	87
These schedules contain information to help the reader assess the factors affecting the city's ability to generate its property and sales taxes.	
Debt Capacity	92
These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.	
Demographic and Economic Information	98
These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place and to help make comparisons over time and with other governments.	
Operating Information	100
These schedules contain information about the city's operations and resources to help the reader understand how the city's financial information relates to the services the city provides and the activities it performs.	

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

**Table 1**  
**City of Palatka, Florida**  
**Net Position by Component – Last Ten Fiscal Years**  
**September 30,**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Government Activities</b>										
Net Investment in Capital Assets	\$ 13,138,987	\$ 10,735,671	\$ 12,679,116	\$ 12,532,966	\$ 13,804,049	\$ 15,939,443	\$ 15,588,396	\$ 16,548,465	\$ 17,546,712	\$ 20,209,112
Restricted	401,999	507,111	624,403	1,264,580	1,312,154	1,021,993	1,333,192	1,826,138	1,455,862	2,649,215
Unrestricted	2,724,277	1,557,819	(1,856,659)	(3,030,254)	(2,490,897)	(3,636,491)	(3,620,052)	(2,460,517)	3,024,062	4,174,169
<b>Total Governmental Activities Net Position</b>	<b>\$ 16,265,263</b>	<b>\$ 12,800,601</b>	<b>\$ 11,446,860</b>	<b>\$ 10,767,292</b>	<b>\$ 12,625,306</b>	<b>\$ 13,324,945</b>	<b>\$ 13,301,536</b>	<b>\$ 15,914,086</b>	<b>\$ 22,026,636</b>	<b>\$ 27,032,496</b>
<b>Business-Type Activities</b>										
Net Investment in Capital Assets	\$ 38,728,555	\$ 37,150,342	\$ 37,721,799	\$ 37,456,909	\$ 36,415,452	\$ 36,963,783	\$ 37,042,784	\$ 38,662,341	\$ 40,434,532	\$ 42,015,142
Restricted	328,594	330,609	334,897	334,285	334,196	8,095	8,095	8,095	8,095	8,095
Unrestricted	(863,846)	1,180,303	(439,062)	(875,644)	(403,255)	(814,056)	(241,367)	1,729,503	2,523,288	4,127,449
<b>Total Business-Type Net Position</b>	<b>\$ 38,193,303</b>	<b>\$ 38,661,254</b>	<b>\$ 37,617,634</b>	<b>\$ 36,915,550</b>	<b>\$ 36,346,393</b>	<b>\$ 36,157,822</b>	<b>\$ 36,809,512</b>	<b>\$ 40,399,939</b>	<b>\$ 42,965,915</b>	<b>\$ 46,150,686</b>
<b>Primary Government</b>										
Net Investment in Capital Assets	\$ 51,867,542	\$ 47,886,013	\$ 50,400,915	\$ 49,989,875	\$ 50,219,501	\$ 52,903,226	\$ 52,631,180	\$ 55,210,806	\$ 57,981,244	\$ 62,224,254
Restricted	730,593	837,720	959,300	1,598,865	1,646,350	1,030,088	1,341,287	1,834,233	1,463,957	2,657,310
Unrestricted	1,860,431	2,738,122	(2,295,721)	(3,905,898)	(2,894,152)	(4,450,547)	(3,861,419)	(731,014)	5,547,350	8,301,618
<b>Total Primary Government Net Position</b>	<b>\$ 54,458,566</b>	<b>\$ 51,461,855</b>	<b>\$ 49,064,494</b>	<b>\$ 47,682,842</b>	<b>\$ 48,971,699</b>	<b>\$ 49,482,767</b>	<b>\$ 50,111,048</b>	<b>\$ 56,314,025</b>	<b>\$ 64,992,551</b>	<b>\$ 73,183,182</b>

**Table 2**  
**City of Palatka, Florida**  
**Changes in Net Position – Last Ten Fiscal Years**  
**Fiscal Years Ending September 30,**

<b>Expenses</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>Government Activities:</b>										
General Government	\$ 2,192,293	\$ 507,929	\$ 1,901,557	\$ 2,008,770	\$ 1,828,406	\$ 2,727,715	\$ 2,551,615	\$ 2,428,291	\$ 3,682,728	\$ 10,427,156
Public Safety	5,467,142	6,117,513	7,279,129	7,380,867	7,015,197	6,269,939	6,560,527	6,240,590	4,330,489	6,825,346
Physical Environment	-	415,967	408,379	91,593	233,000	626,037	7,379	-	-	-
Transportation	511,114	573,372	115,762	505,409	861,820	381,563	1,120,143	950,513	835,937	1,099,756
Economic Environment	184,981	280,156	146,709	92,509	121,398	78,587	222,250	97,331	129,677	378,395
Human Services	151,906	174,967	178,223	78,523	37,322	69,468	34,219	39,416	70,671	99,220
Culture and Recreation	427,004	1,288,402	383,685	479,185	348,255	1,529,633	767,710	745,791	667,579	785,510
Interest on Long-Term Debt	155,598	67,579	61,641	56,534	46,948	35,048	26,173	143,738	47,482	42,764
<b>Total Governmental Activities Expenses</b>	<b>\$ 9,090,038</b>	<b>\$ 9,425,885</b>	<b>\$ 10,475,085</b>	<b>\$ 10,693,390</b>	<b>\$ 10,492,346</b>	<b>\$ 11,717,990</b>	<b>\$ 11,290,016</b>	<b>\$ 10,645,670</b>	<b>\$ 9,764,563</b>	<b>\$ 19,658,147</b>
<b>Business-Type Activities:</b>										
Airport	\$ 1,672,638	\$ 1,868,470	\$ 1,490,532	\$ 1,433,879	\$ 1,563,492	\$ 1,658,643	\$ 1,692,235	\$ 1,575,106	\$ 1,821,295	\$ 2,618,225
Water	4,688,134	4,826,439	4,897,142	4,820,628	5,064,916	5,126,552	6,377,706	4,582,273	4,813,693	7,833,032
Golf Course	997,958	977,653	975,398	990,203	434,136	184,179	313,114	268,326	272,266	370,392
Sanitation	1,397,879	1,387,863	1,498,411	1,687,785	1,812,266	1,965,515	1,925,934	1,997,853	1,868,155	1,796,345
<b>Total Business-type Activities Expenses</b>	<b>8,756,609</b>	<b>9,060,425</b>	<b>8,861,483</b>	<b>8,932,495</b>	<b>8,874,810</b>	<b>8,934,889</b>	<b>10,308,989</b>	<b>8,423,558</b>	<b>8,775,409</b>	<b>12,617,994</b>
<b>Total Primary Government Expenses</b>	<b>\$ 17,846,647</b>	<b>\$ 18,486,310</b>	<b>\$ 19,336,568</b>	<b>\$ 19,625,885</b>	<b>\$ 19,367,156</b>	<b>\$ 20,652,879</b>	<b>\$ 21,599,005</b>	<b>\$ 19,069,228</b>	<b>\$ 18,539,972</b>	<b>\$ 32,276,141</b>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
Charges for Services:										
General Government	\$ 114,051	\$ 115,895	\$ 107,744	\$ 108,498	\$ 113,410	\$ 90,743	\$ 98,531	\$ 150,407	\$ 238,627	\$ 192,964
Public Safety	608,594	1,106,771	1,015,140	855,598	1,129,789	1,902,535	1,556,549	1,566,735	1,662,111	1,841,316
Other	198,826	210,064	199,565	153,721	149,957	143,004	140,832	189,160	194,537	133,582
Operating Grants and Contributions	981,676	847,158	794,957	886,922	884,023	1,033,856	2,041,573	535,522	3,055,592	2,868,124
Capital Grants and Contributions	736,090	1,774,920	2,362,571	1,041,768	1,820,201	2,758,409	167,338	1,539,450	373,962	184,362
<b>Total Government Activities Program Revenues</b>	<b>\$ 2,639,237</b>	<b>\$ 4,054,808</b>	<b>\$ 4,479,977</b>	<b>\$ 3,046,507</b>	<b>\$ 4,097,980</b>	<b>\$ 5,928,547</b>	<b>\$ 4,004,823</b>	<b>\$ 3,981,274</b>	<b>\$ 5,524,829</b>	<b>\$ 5,220,348</b>
<b>Business-type Activities:</b>										
Charges for Services:										
Airport	\$ 895,597	\$ 787,233	\$ 781,847	\$ 723,767	\$ 808,116	\$ 867,455	\$ 932,937	\$ 857,692	\$ 1,073,635	\$ 1,260,892
Water	4,122,596	4,443,050	4,350,056	4,843,922	5,006,669	5,950,043	6,007,511	6,482,818	7,153,131	8,965,660
Golf Course	701,468	720,410	704,846	665,847	178,198	65,168	94,760	93,756	106,506	124,956
Sanitation	1,535,189	1,633,906	1,641,581	1,652,675	1,719,726	1,860,875	2,169,518	2,372,742	2,542,335	3,673,720
Operating Grants and Contributions	-	26,500	-	-	-	-	-	-	-	-
Capital Grants and Contributions	1,521,529	426,812	1,724,898	361,721	820,508	454,178	2,360,920	3,004,460	1,598,364	3,108,625
<b>Total Business-type Activities Program Revenues</b>	<b>\$ 8,776,379</b>	<b>\$ 8,037,911</b>	<b>\$ 9,203,228</b>	<b>\$ 8,247,932</b>	<b>\$ 8,533,217</b>	<b>\$ 9,197,719</b>	<b>\$ 11,565,646</b>	<b>\$ 12,811,468</b>	<b>\$ 12,473,971</b>	<b>\$ 17,133,853</b>
<b>Total Primary Government Revenues</b>	<b>\$ 11,415,616</b>	<b>\$ 12,092,719</b>	<b>\$ 13,683,205</b>	<b>\$ 11,294,439</b>	<b>\$ 12,631,197</b>	<b>\$ 15,126,266</b>	<b>\$ 15,570,469</b>	<b>\$ 16,792,742</b>	<b>\$ 17,998,800</b>	<b>\$ 22,354,201</b>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (6,450,801)	\$ (5,371,077)	\$ (5,995,108)	\$ (7,646,883)	\$ (6,394,366)	\$ (5,789,443)	\$ (7,285,193)	\$ (6,664,396)	\$ (4,239,734)	\$ (14,437,799)
Business-type Activities	19,770	(1,022,514)	341,745	(684,563)	(341,593)	262,830	1,256,657	4,387,910	3,698,562	4,515,859
<b>Total Primary Government Net Expense</b>	<b>\$ (6,431,031)</b>	<b>\$ (6,393,591)</b>	<b>\$ (5,653,363)</b>	<b>\$ (8,331,446)</b>	<b>\$ (6,735,959)</b>	<b>\$ (5,526,613)</b>	<b>\$ (6,028,536)</b>	<b>\$ (2,276,486)</b>	<b>\$ (541,172)</b>	<b>\$ (9,921,940)</b>
<b>General Revenues and Other Changes in Net Position</b>										
<b>Governmental Activities:</b>										
Taxes:										
Property Taxes	\$ 3,432,971	\$ 3,465,626	\$ 3,501,720	\$ 2,751,117	\$ 2,573,515	\$ 2,817,740	\$ 2,993,993	\$ 3,191,578	\$ 3,348,931	\$ 3,572,990
Sales Tax and Other State Shared Revenue	783,678	786,686	794,451	836,379	875,598	919,960	944,007	2,540,796	2,874,246	2,586,742
Special Assessment-Fire Protection	-	-	-	948,803	1,653,302	-	-	-	-	-
Franchise Fees	904,958	810,331	837,391	813,569	799,700	797,257	744,975	760,305	835,903	1,170,290
Other Taxes	1,053,895	1,124,693	1,141,195	1,154,169	1,389,860	1,470,465	1,484,626	1,500,768	1,565,915	2,195,035
Investment Earnings	220	2,530	1,829	1,850	2,668	2,753	40,053	41,551	6,122	22,569
Contribution from component unit	-	300,000	300,000	250,000	159,210	186,626	176,382	181,203	189,379	45,766
Miscellaneous	595,182	123,286	115,964	120,432	90,106	147,351	254,830	251,481	403,716	951,067
Loss on sale of Land	-	(3,078,218)	-	-	-	-	-	-	-	-
Transfers	213,602	(1,628,519)	(19,536)	90,996	(68,790)	374,746	622,918	809,264	1,128,072	1,331,916
<b>Total Government Activities</b>	<b>\$ 6,984,506</b>	<b>\$ 1,906,415</b>	<b>\$ 6,673,014</b>	<b>\$ 6,967,315</b>	<b>\$ 7,475,169</b>	<b>\$ 6,716,898</b>	<b>\$ 7,261,784</b>	<b>\$ 9,276,946</b>	<b>\$ 10,352,284</b>	<b>\$ 11,876,375</b>
<b>Business-type Activities:</b>										
Investment Earnings	\$ 255	\$ 190	\$ 209	\$ 1,117	\$ 144	\$ 9,468	\$ 10,809	\$ 4,686	\$ 77	\$ 207
Miscellaneous	124,919	47,126	101,196	72,358	84,426	1,538	7,142	4,422	2,661	621
Transfers	(213,602)	1,628,519	19,536	(90,996)	68,790	(374,746)	(622,918)	(809,264)	(1,128,072)	(1,331,916)
<b>Total Business-type Activities</b>	<b>\$ (88,428)</b>	<b>\$ 1,675,835</b>	<b>\$ 120,941</b>	<b>\$ (17,521)</b>	<b>\$ 153,360</b>	<b>\$ (363,740)</b>	<b>\$ (604,967)</b>	<b>\$ (800,156)</b>	<b>\$ (1,125,334)</b>	<b>\$ (1,331,088)</b>
<b>Total Primary Government</b>	<b>\$ 6,896,078</b>	<b>\$ 3,582,250</b>	<b>\$ 6,793,955</b>	<b>\$ 6,949,794</b>	<b>\$ 7,628,529</b>	<b>\$ 6,353,158</b>	<b>\$ 6,656,817</b>	<b>\$ 8,476,790</b>	<b>\$ 9,226,950</b>	<b>\$ 10,545,287</b>
<b>Changes in Net Position</b>										
Governmental Activities	\$ 533,705	\$ (3,464,662)	\$ 677,906	\$ (679,568)	\$ 1,080,803	\$ 927,455	\$ (23,409)	\$ 2,612,550	\$ 6,112,550	\$ (2,561,424)
Business-type Activities	(68,658)	653,321	462,686	(702,084)	(188,233)	(100,910)	651,690	3,587,754	2,573,228	3,184,771
<b>Total Primary Government</b>	<b>\$ 465,047</b>	<b>\$ (2,811,341)</b>	<b>\$ 1,140,592</b>	<b>\$ (1,381,652)</b>	<b>\$ 892,570</b>	<b>\$ 826,545</b>	<b>\$ 628,281</b>	<b>\$ 6,200,304</b>	<b>\$ 8,685,778</b>	<b>\$ 623,347</b>

**Table 3**  
**City of Palatka, Florida**  
**Fund Balance, Governmental Funds – Last Ten Fiscal Years**  
**September 30,**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>General Fund</b>										
Nonspendable	\$ 1,749,044	\$ 292,927	\$ 292,927	\$ 292,927	\$ 292,927	\$ 162,742	\$ 162,742	\$ 774,598	\$ 774,598	\$ 1,834,318
Restricted	826,352	195,513	218,278	207,315	213,309	231,084	258,058	293,712	293,712	312,723
Committed	22,656	33,128	49,206	45,761	55,416	60,617	73,236	79,699	79,699	95,592
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	834,968	848,005	1,060,435	1,379,763	1,365,670	1,895,172	2,721,383	3,305,333	8,083,739	2,762,541
<b>Total General Fund</b>	<b>\$ 3,433,020</b>	<b>\$ 1,369,573</b>	<b>\$ 1,620,846</b>	<b>\$ 1,925,766</b>	<b>\$ 1,927,322</b>	<b>\$ 2,349,615</b>	<b>\$ 3,215,419</b>	<b>\$ 4,453,342</b>	<b>\$ 9,231,748</b>	<b>\$ 5,005,174</b>
<b>All Other Government Funds</b>										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	401,999	507,111	624,403	1,057,265	1,098,845	790,909	107,484	1,455,862	1,455,862	6,842,533
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	(188,428)	(968,571)	-	-	-	-	-	595,397	-
<b>Total All Other Governmental Funds</b>	<b>\$ 401,999</b>	<b>\$ 318,683</b>	<b>\$ (344,168)</b>	<b>\$ 1,057,265</b>	<b>\$ 1,098,845</b>	<b>\$ 790,909</b>	<b>\$ 107,484</b>	<b>\$ 1,455,862</b>	<b>\$ 2,051,259</b>	<b>\$ 6,842,533</b>

Note: Beginning in fiscal year 2011, fund balance categories were reclassified as a result of implementing GASB Statement No. 54

Fund balance was not restated to the new categories for prior years.

\*Note: This schedule is intended to show information for 10 years. Additional information will be presented as they become available.

Source: Audited financial statements

**Table 4**  
**City of Palatka, Florida**  
**Changes in Fund Balance, Governmental Funds – Last Ten Fiscal Years**  
**Fiscal Years Ending September 30,**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Revenues</b>										
Taxes	\$ 5,844,953	\$ 6,027,416	\$ 6,141,460	\$ 5,456,735	\$ 5,580,458	\$ 5,966,997	\$ 6,212,465	\$ 6,294,709	\$ 6,706,680	\$ 7,199,215
Permits, fees and special assessments	990,001	961,392	1,076,832	1,915,657	2,621,392	2,259,082	2,074,289	2,080,783	2,362,449	2,781,264
Intergovernmental	1,185,395	998,824	1,636,665	2,102,242	1,513,660	3,421,419	1,358,140	3,006,045	4,523,334	6,162,395
Charges for Services	245,095	276,570	295,691	212,004	180,804	207,554	277,697	320,129	302,854	362,433
Fines and Forfeitures	427,324	838,313	630,674	597,665	884,679	343,332	41,873	58,407	54,535	73,485
Miscellaneous	719,469	635,493	1,210,711	591,814	437,286	578,637	774,602	688,883	799,189	1,235,666
<b>Total Revenues</b>	<b>\$ 9,412,237</b>	<b>\$ 9,738,008</b>	<b>\$ 10,992,033</b>	<b>\$ 10,876,117</b>	<b>\$ 11,218,279</b>	<b>\$ 12,777,021</b>	<b>\$ 10,739,066</b>	<b>\$ 12,448,956</b>	<b>\$ 14,749,041</b>	<b>\$ 17,814,458</b>
<b>Expenditures</b>										
General Government	\$ 1,651,710	\$ 1,184,004	\$ 1,251,002	\$ 1,243,328	\$ 1,485,611	\$ 3,633,916	\$ 2,119,997	\$ 4,232,985	\$ 3,297,542	\$ 9,847,375
Public Safety	5,713,322	6,634,859	6,402,949	6,141,403	6,163,129	5,926,197	5,957,234	5,991,935	5,981,621	6,493,489
Physical Environment	-	415,967	404,042	85,925	233,000	356,376	467	-	-	50,000
Transportation	486,426	553,104	477,959	474,693	814,121	794,787	1,049,281	792,401	671,825	866,933
Economic Environment	184,981	280,156	146,709	92,509	121,398	78,587	298,292	97,331	129,677	323,124
Human Services	142,233	164,899	178,712	78,256	33,753	62,557	34,219	33,104	29,227	44,336
Culture and Recreation	449,550	1,253,442	2,361,161	553,865	1,672,744	2,150,486	695,485	563,282	485,070	534,287
Debt Service										
Principal Retirement	335,816	534,892	488,900	534,247	592,062	602,715	548,989	302,083	277,748	254,198
Interest and Fiscal Charges	155,598	67,579	61,641	56,534	46,948	35,048	26,173	143,738	47,482	42,764
<b>Total Expenditures</b>	<b>\$ 9,119,636</b>	<b>\$ 11,088,902</b>	<b>\$ 11,773,075</b>	<b>\$ 9,260,760</b>	<b>\$ 11,162,766</b>	<b>\$ 13,640,669</b>	<b>\$ 10,730,137</b>	<b>\$ 12,156,859</b>	<b>\$ 10,920,192</b>	<b>\$ 18,456,506</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ 292,601</b>	<b>\$ (1,350,894)</b>	<b>\$ (781,042)</b>	<b>\$ 1,615,357</b>	<b>\$ 55,513</b>	<b>\$ (863,648)</b>	<b>\$ 8,929</b>	<b>\$ 292,097</b>	<b>\$ 3,828,849</b>	<b>\$ (642,048)</b>
<b>Other Financing Sources (Uses)</b>										
Capital Lease Issuance	\$ 300,000	\$ 520,700	\$ 389,000	\$ -	\$ 56,413	\$ 680,000	\$ 253,966	\$ 514,940	\$ 416,882	\$ -
Transfer In	685,099	1,308,196	482,992	782,517	1,344,802	1,695,017	1,172,741	1,188,850	1,365,562	7,063,194
Transfer Out	(471,497)	(2,936,715)	(502,528)	(691,521)	(1,413,592)	(1,320,271)	(549,823)	(379,586)	(237,490)	(5,731,278)
Payment to refunded bonds escrow agent	(1,866,667)	-	-	-	-	-	-	-	-	-
Issuance of refunding bonds	1,890,000	-	-	-	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 536,935</b>	<b>\$ (1,107,819)</b>	<b>\$ 369,464</b>	<b>\$ 90,996</b>	<b>\$ (12,377)</b>	<b>\$ 1,054,746</b>	<b>\$ 876,884</b>	<b>\$ 1,324,204</b>	<b>\$ 1,544,954</b>	<b>\$ 1,331,916</b>
Special items										
Proceeds from sale of lad	\$ -	\$ 311,950	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Change in Fund Balances</b>	<b>\$ 829,536</b>	<b>\$ (2,458,713)</b>	<b>\$ (411,578)</b>	<b>\$ 1,706,353</b>	<b>\$ 43,136</b>	<b>\$ 191,098</b>	<b>\$ 885,813</b>	<b>\$ 1,616,301</b>	<b>\$ 5,373,803</b>	<b>\$ 689,868</b>
<b>Acquisition of Capital Assets</b>	<b>\$ 245,613</b>	<b>\$ 2,137,099</b>	<b>\$ 2,856,864</b>	<b>\$ 467,291</b>	<b>\$ 1,627,247</b>	<b>\$ 3,215,979</b>	<b>\$ 673,226</b>	<b>\$ 2,110,597</b>	<b>\$ 1,612,955</b>	<b>\$ 3,523,243</b>
<b>Debt Service as a Percentage of Non-Capital Expenditures</b>	<b>5.54%</b>	<b>6.73%</b>	<b>6.17%</b>	<b>6.72%</b>	<b>6.70%</b>	<b>6.12%</b>	<b>5.72%</b>	<b>4.28%</b>	<b>3.41%</b>	<b>1.44%</b>

**Table 5**  
**City of Palatka, Florida**  
**Taxable and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

Fiscal Year	REAL PROPERTY		PERSONAL PROPERTY*		TOTALS		Total Direct Tax Rate	Ratio Total Taxable Value to Estimated Actual Value
	Taxable Value	Estimated Actual Value	Taxable Value	Estimated Actual Value	Taxable Value	Estimated Actual Value		
2012-13	309,467,179	631,505,080	54,838,730	86,657,926	364,305,909	718,163,006	9.1749	50.73%
2013-14	312,960,196	638,829,722	54,787,757	89,543,661	367,747,953	728,373,383	9.1749	50.49%
2014-15	318,343,135	645,989,098	54,579,756	97,774,215	372,922,891	743,763,313	9.1749	50.14%
2015-16	332,051,212	657,991,860	51,457,342	96,823,302	383,508,554	754,815,162	6.9967	50.81%
2016-17	351,896,928	689,357,447	58,333,154	100,594,145	410,230,082	789,951,592	6.4000	51.93%
2017-18	369,198,476	723,289,677	68,504,101	107,053,941	437,702,577	830,343,618	6.4000	52.71%
2018-19	392,589,294	771,432,092	68,468,396	105,539,291	461,057,690	876,971,383	6.4000	52.57%
2019-20	413,633,487	804,669,541	71,898,754	163,548,157	485,532,241	968,217,699	6.4000	50.15%
2020-21	441,336,737	847,856,699	73,012,701	197,501,443	514,349,438	1,045,358,142	6.4000	52.05%
2021-22	474,669,874	950,832,010	87,694,385	202,130,667	562,364,259	1,152,962,677	6.4000	48.78%

\*Centrally assessed values are included under Personal Property in this table.

\*Note: This schedule is intended to show information for 10 years. Additional information will be presented as they become available.

Source: Putnam County Property Appraiser

**Table 6**  
**City of Palatka, Florida**  
**Property Taxable Levies and Collections**  
**Last Ten Fiscal Years**

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy	Delinquent Tax Collections	Total Tax Collections	% of Total Collections to Levy
2013	3,345,632	3,244,766	0.9699	12,660	3,257,426	0.9736
2014	3,323,508	3,262,179	0.9815	5,509	3,267,687	0.9832
2015	3,409,963	3,309,868	0.9706	8,707	3,318,575	0.9732
2016	2,757,997	2,545,988	0.9231	16,112	2,562,101	0.9290
2017	2,679,105	2,370,771	0.8849	16,305	2,387,076	0.8910
2018	2,768,368	2,540,806	0.9178	11,999	2,552,805	0.9221
2019	2,930,646	2,701,320	0.9217	11,180	2,712,500	0.9256
2020	3,090,935	2,858,102	0.9247	6,306	2,864,408	0.9267
2021	3,287,681	3,002,070	0.9131	7,767	3,009,837	0.9155
2022	\$ 3,745,967	\$ 3,189,082	0.8513	11,274	3,200,356	0.8543

\*Note: This schedule is intended to show information for 10 years. Additional information will be presented as they become available.

Source: Putnam County Tax Collector

**Table 7**  
**City of Palatka, Florida**  
**Property Tax Rates – Direct and Overlapping Governments**  
**Last Ten Fiscal Years**

Fiscal Year	City of Palatka			Putnam County			Schools			Other	Total
	Operating Millage	Debt Service	Total City Millage	Operating Millage	Debt Service	Total County Millage	Operating Millage	Debt Service	Total Schools		
2013	9.1749	0.0000	9.1749	8.5765	0.0000	8.5765	7.356	0.000	7.356	0.3313	25.439
2014	9.1749	0.0000	9.1749	8.9000	0.0000	8.9000	7.356	0.000	7.356	0.3283	25.759
2015	9.1749	0.0000	9.1749	8.9000	0.0000	8.9000	7.204	0.000	7.204	0.3164	25.595
2016	6.9967	0.0000	6.9967	9.0914	0.0000	9.0914	6.924	0.000	6.924	0.3023	23.314
2017	6.4000	0.0000	6.4000	9.8892	0.0000	9.8892	6.354	0.000	6.354	0.2724	22.916
2018	6.4000	0.0000	6.4000	9.5946	0.0000	9.5946	6.155	0.000	6.155	0.2562	22.406
2019	6.4000	0.0000	6.4000	9.5946	0.0000	9.5946	5.869	0.000	5.869	0.2562	22.120
2020	6.4000	0.0000	6.4000	9.5946	0.0000	9.5946	5.869	0.000	5.869	0.6254	22.489
2021	6.4000	0.0000	6.4000	9.5946	0.0000	9.5946	5.869	0.000	5.869	0.6254	22.489
2022	6.4000	0.0000	6.4000	9.3099	0.0000	9.3099	5.4630	0.000	5.463	0.5342	21.707

Source: Florida Department of Revenue (Millage and Taxes Levied Report), Putnam County School District, St. Johns River Water Management District

\*Note: This schedule is intended to show information for 10 years. Additional information will be presented as they become available.



**Table 8**  
**City of Palatka, Florida**  
**Principal Taxpayers**  
**Current and Nine Years Ago**

<u><b>Taxpayer</b></u>	Fiscal Year 2022			Fiscal Year 2013		
	Taxable	Rank	Percentage	Taxable	Rank	Percentage
	Assessed Value		of Total City	Assessed Value		of Total City
			Assessed Value		Assessed Value	
Putnam Community Medical Center	\$ 21,068,350	1	4.10%	\$ 14,448,614	1	3.71%
Florida Power & Light	17,607,334	2	3.42%	6,657,610	4	1.71%
Wal-Mart Inc.	13,520,540	3	2.63%	11,869,249	2	3.05%
9520 Bonita Beach Rd LLC	11,863,300	4	2.31%	-		0.00%
Comcast	11,117,874	5	2.16%	-		0.00%
Revenue Properties Town & Country	10,873,419	6	2.11%	8,049,018	3	2.07%
Home Depot	7,848,774	7	1.53%	6,122,419	5	1.57%
Lowes	7,799,748	8	1.52%	5,841,381	7	0.00%
Comarco	5,887,970	9	1.14%	-		0.00%
Palatka Mall, LLC	5,426,670	10	1.06%	3,837,851	10	0.99%
Bellsouth Telecommunications	-		0.00%	6,076,759	6	1.56%
Southern Medical Associates, Inc.	-		0.00%	5,013,837	8	1.29%
Stag II Palatka LLC	-		0.00%	3,939,144	9	1.01%
Total	<u>\$ 113,013,979</u>		<u>21.97%</u>	<u>\$ 71,855,882</u>		<u>15.96%</u>

Source: Putnam County Property Appraiser

**Table 9**  
**City of Palatka, Florida**  
**Ratio of Net General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

Fiscal year	Total	Net GBD to Personal Income	Net GBD Per Capita
2012	\$ -	0.00%	\$ -
2013	-	0.00%	-
2014	-	0.00%	-
2015	-	0.00%	-
2016	-	0.00%	-
2017	-	0.00%	-
2018	-	0.00%	-
2019	-	0.00%	-
2020	-	0.00%	-
2021	-	0.00%	-
2022	-	0.00%	-

**Table 10**  
**City of Palatka, Florida**  
**Computation of Legal Debt Margin**  
**September 30, 2021**

The Constitution of the State of Florida, Florida Statute 200.181 and the City of Palatka, set no legal debt margin.

**Table 11**  
**City of Palatka, Florida**  
**Computation of Direct and Overlapping**  
**Governmental Activities Debt**  
**September 30, 2022**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Overlapping Debt
<b>Debt repaid with sales surtax revenue</b>			
Putnam County Board of County Commissioners			
SRF - Wastewater	\$ 770,861	15.69%	\$ 120,931
Series 2008B	3,697,000	15.69%	579,978
Series 2008A	1,793,000	15.69%	281,282
<b>Debt repaid with 1/2 cent sales tax</b>			
Putnam County Board of County Commissioners			
USDA - Jail	8,513,600	16.00%	1,362,337
USDA - Jail	8,480,800	16.00%	1,357,088
<b>Subtotal, overlapping debt</b>			3,701,616
<b>City direct debt</b>			1,555,466
<b>Total direct and overlapping debt</b>			<u>\$ 5,257,082</u>

Source: Putnam County Board of County Commissioners

Note: 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 Palatka. This process recognizes that, when considering the city's ability to issue and repay long-term debt, the entire debt 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.

For debt repaid with sales surtax revenues, the percentage of overlapping debt applicable is estimated using the total amount of local infrastructure surtax revenues received by the City divided by the total amount of local infrastructure surtax revenues received by Putnam County.

For debt repaid with 1/2 cent sales revenues, the percentage of overlapping debt applicable is estimated using the total amount of 1/2 cent sales tax revenues received by the City divided by the total amount of 1/2 cent sales tax revenues received by Putnam County.

**Table 12**  
**City of Palatka, Florida**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Governmental Activities</b>			<b>Business Type Activities</b>			<b>Total Primary Government</b>	<b>Percentage of Personal Income (1)</b>	<b>Outstanding Debt Per Capital (1)</b>
	<b>Loans/Notes Payable</b>	<b>Revenue Bonds</b>	<b>Capital Leases</b>	<b>Loans/Notes Payable</b>	<b>Revenue Bonds</b>	<b>Capital Leases</b>			
2013	2,424,226	-	315,228	6,734,477	7,074,630	177,382	16,725,943	6.19%	1,635
2014	1,957,098	-	768,164	6,257,284	7,105,000	397,875	16,485,421	5.79%	1,589
2015	1,636,778	-	988,584	5,760,423	6,950,000	624,217	15,960,002	5.30%	1,532
2016	1,307,202	-	783,913	5,258,825	6,790,000	527,933	14,667,873	4.63%	1,391
2017	696,221	-	586,245	4,750,125	6,620,000	802,487	13,455,078	3.10%	1,262
2018	623,854	-	1,008,897	4,231,390	6,445,000	630,775	12,939,916	2.78%	1,215
2019	560,628	-	1,073,659	4,613,953	6,265,000	801,800	13,285,040	2.78%	1,239
2020	336,331	-	1,480,813	4,274,557	5,620,357	873,376	12,585,434	2.54%	1,169
2021	252,974	-	1,176,875	5,698,736	5,620,357	650,843	13,399,785	2.70%	1,280
2022	241,878	-	979,871	7,000,842	5,419,077	458,822	14,100,490	3.35%	1,339

Note: (1) See the demographic statistics table 14 for population and annual personal income data.

The figures provided represent ratios of total primary government outstanding debt to annual personal income and population.

\*Note: This schedule is intended to show information for 10 years. Additional information will be presented as they become available.

**Table 13**  
**City of Palatka, Florida**  
**Pledged Revenue Coverage**  
**Last Ten Fiscal Years**

Airport Revenue Notes							Water Revenue Bonds and Notes					
Fiscal Year	Loans/Notes Payable	Less	Net	Debt Service			Utility	Less	Net	Debt Service		
		Operating Expenses	Available Revenue	Principal	Interest	Coverage	Gross Revenues	Operating Expenses	Available Revenue	Principal	Interest	Coverage
2013	907,406	856,688	50,718	1,526,668	81,774	3.15%	4,133,555	3,126,815	1,006,740	382,662	429,950	123.89%
2014	800,752	763,727	37,025	143,000	39,490	20.29%	4,445,938	3,153,100	1,292,838	393,193	421,220	158.74%
2015	815,512	759,361	56,151	136,000	35,211	32.80%	4,389,299	3,366,342	1,022,957	398,861	412,073	126.15%
2016	731,026	694,973	36,053	129,000	31,166	22.51%	4,854,320	3,263,396	1,590,924	410,598	402,179	195.74%
2017	811,406	804,190	7,216	127,000	27,290	4.68%	5,033,528	3,949,525	1,084,003	424,700	389,195	133.19%
2018	867,455	836,973	30,482	124,000	23,490	20.67%	5,950,043	3,785,906	2,164,137	436,734	378,238	265.55%
2019	932,937	913,417	19,520	137,000	19,602	12.46%	6,007,511	5,093,878	913,633	447,991	362,285	112.76%
2020	857,692	750,368	107,324	142,000	15,649	68.08%	6,482,818	3,182,885	3,299,933	6,318,396	410,315	49.04%
2021	1,073,635	823,040	250,595	142,000	11,793	162.94%	7,153,131	3,596,431	3,556,700	462,433	147,838	582.81%
2022	1,260,892	1,784,865	(523,973)	133,000	7,085	-374.04%	8,965,660	6,521,181	2,444,479	458,681	231,989	353.93%

Golf Revenue Bonds							Infrastructure Surtax Revenue Note			
Fiscal Year	Golf Gross Revenues	Less	Net	Debt Service			Sales Surtax	Debt Service		
		Operating Expenses	Available Revenue	Principal	Interest	Coverage		Principal	Interest	Coverage
2013	702,153	829,833	(127,680)	1,400,989	96,895	-8.52%	699,302	2,133,334	133,651	30.85%
2014	724,954	846,859	(121,905)	96,000	56,372	-80.00%	733,349	411,000	43,096	161.50%
2015	717,547	856,783	(139,236)	117,000	51,999	-82.39%	773,912	262,000	33,217	262.15%
2016	680,937	880,507	(199,570)	122,000	46,984	-118.10%	833,084	269,000	27,013	281.43%
2017	223,655	329,668	(106,013)	127,000	41,756	-62.82%	866,313	275,000	20,157	293.51%
2018	65,168	85,195	(20,027)	162,810	36,274	-10.06%	936,623	345,367	25,701	252.41%
2019	94,760	116,009	(21,249)	158,804	30,482	-11.23%	957,089	347,192	17,272	262.60%
2020	93,756	134,886	(41,130)	167,136	24,510	-21.46%	993,580	184,912	72,974	385.28%
2021	106,506	144,764	(38,258)	194,022	18,571	-18.00%	1,160,849	126,400	23,248	775.72%
2022	124,956	251,019	(126,063)	157,000	11,985	-74.60%	1,336,666	-	-	0.00%

Source: Finance department, audited financial statements

**Table 14**  
**City of Palatka, Florida**  
**Demographic Statistics**  
**Last Ten Fiscal Years**

Fiscal year	Population (1)	Personal Income (million of dollars) (2)	Per Capita Personal Income (3)	School Enrollment (4)	Unemployment Rate (5)
2013	10,230	297	26,411	4,888	9%
2014	10,377	285	27,439	4,959	8%
2015	10,418	301	28,919	5,096	7%
2016	10,548	316	30,005	5,043	6%
2017	10,662	434	40,723	5,460	5%
2018	10,649	465	43,685	5,449	5%
2019	10,723	479	44,643	5,499	4%
2020	10,770	495	45,982	5,432	5%
2021	10,468	496	47,362	5,114	6%
2022	10,532	421	40,068	5,173	4%

\*Note: This schedule is intended to show information for 10 years.

Additional information will be presented as they become available.

Sources:

- (1) University of Florida, Bureau of Economic and Business Research,  
Florida Estimate of Population (2007-2010, 2012-2016), 2010 Census (2011)
- (2) Personal Income figures are the results of multiplying Per Capita Personal  
Income by the population
- (3) U.S. Department of Commerce, Bureau of Economic Analysis  
Figures from 2017 - 2019 are based on per capita personal income data.  
Figures from 2020 are projected estimates based on trend analysis calculations.
- (4) Florida Department of Education ED Stats Tool
- (5) United States Department of Labor-Bureau of Labor Statistics

**Table 15**  
**City of Palatka, Florida**  
**Principal Employers**  
**Current and Nine Years Ago**

<u>Employer</u>	Fiscal Year 2022			Fiscal Year 2013		
	Assessed Value	Rank	Percentage of Total City Employment	Assessed Value	Rank	Percentage of Total City Employment
Putnam County School District	1,417	1	25.31%	\$ 1,490	1	27.67%
Georgia Pacific	1,000	2	17.56%	1,125	2	0.00%
Putnam County Board of County Commissioners	714	3	12.26%	666	3	12.37%
St Johns River Water Management District	700	4	11.00%	370	6	6.87%
Putnam Community Medical Center, LLC	618	5	9.48%	477	4	8.86%
St. Johns River State College	400	6	7.43%	270	5	5.01%
Walmart Supercenter	315	7	5.85%	-		0.00%
Publix Super Market	300	8	5.57%	-		0.00%
Seminole Electric Cooperative, Palatka	270	9	3.01%	285	9	5.29%
Winn Dixie Stores, Inc.	190	10	2.53%	194	6	3.60%
Palatka Health Care Center	-		0.00%	190	9	3.53%
Kangaroo Express	-		0.00%	179	10	0.00%
Total	<u>5,924</u>		<u>100.00%</u>	<u>\$ 5,246</u>		<u>73.20%</u>

Source: Putnam County Property Appraiser

\*Note: This schedule is intended to show information for 10 years. Additional information will be presented as they become available.



**Table 16**  
**City of Palatka, Florida**  
**Operating Indicators by Function/Program**  
**Last Ten Fiscal Years**

<u>Function/Program</u>	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Government:											
Building permits issued	595	583	561	497	543	502	572	31	16	2	49
Business Tax Receipts											650
Building inspections conducted	1,257	898	913	994	1,415	996	1,138	-	-	-	-
Code enforcement Cases	184	214	150	88	12	140	125	132	127	127	132
Occupational license issued	1,078	675	239	866	710	830	754	632	805	805	0
Police:											
Calls for service	32,709	30,616	30,595	29,946	23,586	19,490	21,535	30,952	26,746	23,901	22,213
Physical arrests	1,047	788	788	784	617	497	405	856	969	856	581
Citations	1,660	1,470	1,904	1,294	656	317	390	1,335	785	826	709
Fire:											
Emergency responses	2,498	2,173	2,142	2,128	2,967	3,125	3,095	3,098	3,267	3,861	4,386
Fires extinguished	41	125	374	398	58	63	85	58	62	79	90
Refuse collection:											
Customers	3,869	3,827	3,867	3,873	3,914	3,997	4,605	4,342	4,089	4,675	4,137
Other public works:											
Street resurfaced (miles)	-	-	-	-	-	0	0.3	0.2	0.2	0.2	0.3
Potholes repaired	58	63	65	40	16	128	97	64	64	64	41
Parks and recreation:											
Community center rentals	83	129	65	72	63	141	137	137	58	58	83
Human Services:											
Interments	107	117	79	111	97	99	113	73	125	125	73
Water:											
Water main breaks	7	26	64	107	269	292	338	307	391	391	125
Average daily consumption (thousands of gallons)	1,811	1,684	1,706	1,728	1,654	1,316	1,143	1,710	1,317	1,665	1,472
Peak daily consumption (thousands of gallons)	2,908	2,139	2,634	2,420	2,278	1,726	1,941	2,012	2,021	2,480	2,480
Wastewater:											
Average daily treatment (thousands of gallons)	2,040	1,540	1,700	1,500	1,330	1,429	1,429	1,519	1,520	1,950	1,640
Airport:											
Rentals-T Hangars	54	54	55	55	64	64	64	64	64	64	73
Building	1	2	2	2	2	2	3	3	3	3	3
Land leases	1	1	1	1	1	1	1	1	1	1	1
Commercial Hangars	3	3	3	3	3	3	3	3	3	3	3
Executive Hangars	3	3	3	3	4	4	4	4	4	4	4

Source: Departments of the City

**Table 17**  
**City of Palatka, Florida**  
**Capital Asset Statistics by Function/Program**  
**Last Ten Fiscal Years**

<u>Function/Program</u>	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Police:											
Stations	1	1	1	1	1	2	2	2	2	2	2
Patrol units	24	22	21	21	22	22	22	22	22	22	22
Fire:											
Stations	2	2	2	2	2	2	2	2	2	2	2
Firefighters	23	24	24	24	24	23	23	23	26	26	26
Refuse collection:											
Collection trucks	6	6	6	6	6	6	8	8	8	8	8
Other public works:											
Streets(miles)	71.18	71.18	60.00	60.00	60.00	71.80	71.80	71.80	71.80	71.80	71.8
Traffic signals	21	21	12	12	39	33	18	18	18	18	14
Parks and Recreation:											
Acreage	26.67	26.67	45.36	45.36	45.36	45.36	46.36	46.36	46.36	46.36	46.36
Playgrounds	10	10	5	5	7	10	8	8	8	8	8
Baseball/softball diamonds	5	5	4	4	3	4	4	4	4	4	4
Community Centers	1	1	2	2	2	2	2.0	2.0	2.0	2.0	2
Water:											
Water mains (miles)	108	108	108	108	112	108	108	108	108	108	108
Fire hydrants	578	578	581	581	543	560	560	560	560	560	560
Storage capacity (in millions)	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7
Wastewater:											
Sanitary sewers (miles)	80	80	80	80	70	80	80	80	80	80	80
Storm sewers (miles)	60	60	61	61	61	61	61	61	61	61	61
Treatment capacity (millions of gals.)	1,278	1,278	6,000	6,000	6,000	6,000	3,150	3,150	3,150	3,150	3150
Golf Courses:											
Acreage	99	99	124	124	124	124	124	124	124	124	124
Airports:											
Runways	3	3	2	2	2	2	2	2	2	2	2

Source: Individual departments of the city

**Table 18**  
**City of Palatka, Florida**  
**Full-time Equivalent City Government Employees by Function**  
**Last Ten Fiscal Years**

<u>Function</u>	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>General Government</b>											
General Administration	8	8	8	8	7	9	11	12	12	14	15
Attorney	1	1	1	1	1	1	1	1	-	-	0
Mainstreet	1	1	1	1	-	-	-	-	-	-	0
Information Technology	-	1	1	1	1	-	-	1	-	-	0
Facilities Maintenance	-	1	1	1	1	1	2	1.0	2	2	3
<b>Public Safety</b>											
Building & Zoning	4	4	5	4.0	4	3	3	3	2	2	3
Police Officers	35	34	36	36	33	34	34	32	32	32	30
Police Clerical	7	7	6.5	6.5	6.5	6.0	6.0	6.5	6.5	6.5	6.5
Code Enforcement	1	1	1	2	1.5	1.5	1.5	1.5	2.0	2.0	2
Firefighters	23	24	23.5	23.5	23.5	22.5	22.5	22.5	25.5	25.5	24
<b>Transportation</b>											
Streets	6	6	6	6	6	10	9.5	9.0	9	9	8
<b>Human Services</b>											
Cemeteries	2	2	2	3	-	-	-	-	-	-	-
Culture/Recreation	5	5	6	4	2.5	1.0	1	2	3.0	3.0	6
<b>Business Type Activities:</b>											
Airport	3	3	3	3	3	4	3.5	3.0	3	3	4.5
Water	32	32	30	33	31	28.0	28	31	31	31	26
Golf	-	-	-	-	-	-	-	-	-	-	0
Sanitation	13	17	14	17	18	16.0	16	17	17	17	15

Source: City of Palatka Personnel Department

# **Compliance Section**

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

To the Honorable Mayor and Members of the City Commission  
City of Palatka, 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, the discretely presented component unit, and each major fund of the City of Palatka, Florida (the ‘City’), as of and for the fiscal year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City’s, basic financial statements, and have issued our report thereon dated June 28, 2023.

**Report on Internal Control Over Financial Reporting**

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

*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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002 that we consider to be material weaknesses.

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

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

### **City of Palatka, Florida's Response to Findings**

City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this 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.

*HCT Certified Public Accountants & Consultants, LLC*

Hollywood, Florida

June 28, 2023

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND STATE PROJECT AND REPORT ON INTERNAL  
CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND  
CHAPTER 10.550, RULES OF THE FLORIDA AUDITOR GENERAL**

To the Honorable Mayor and Members of the City Council  
City of Palatka, Florida

**Report on Compliance for Each Major Federal Program and State Project**

We have audited the City of Palatka, Florida’s (the “City”) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Department of Financial Services’ State Projects Compliance Supplement* that could have a direct and material effect on each of the City’s major federal programs and state projects for the fiscal year ended September 30, 2022. The City’s major federal programs and state projects are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

***Management’s Responsibility***

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal awards and state financial assistance applicable to its federal programs and state projects.

***Auditor’s Responsibility***

Our responsibility is to express an opinion on compliance for each of the City’s major federal programs and state projects based our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, *Rules of the Florida Auditor General*. Those standards, the Uniform Guidance, and Chapter 10.550 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program and state project occurred. An audit includes examining, on a test basis, evidence about the City’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and state project. However, our audit does not provide a legal determination of the City’s compliance.

### ***Opinion on Each Major Federal Program and State Project***

In our opinion, the City, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the fiscal year ended September 30, 2022.

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

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

***HCT Certified Public Accountants & Consultants, LLC***

Hollywood, Florida  
June 28, 2023



**CITY OF PALATKA, FLORIDA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED SEPTEMBER 30, 2022**

<b>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE</b>	<b>Federal CFDA Number</b>	<b>Pass - Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>			
<b><u>PASS THROUGH: Florida Department of Law Enforcement</u></b>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2022-JAGC-PUTN-3-3B-153	\$ 18,460
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2022-JAGD-PUTN-2-4B-048	4,121
VOCA Grant	16.575	00682 21-22	40,927
<b><u>Total U.S. Department of Justice</u></b>			<b><u>63,508</u></b>
<b><u>U.S. DEPARTMENT OF HOUSING &amp; URBAN DEVELOPMENT</u></b>			
<b><u>PASS THROUGH: Florida Department of Economic Opportunity</u></b>			
CDBG DRI S14th Stormwater Matthew	14.228	HM005	1,327,273
CDBG N32 Palatka Heights	14.228	N32	52,756
CDBG MIT - flooding and drainage improvements on North 13th and North 14th Street	14.228	IR042	662
CDBG MIT Price Martin I0146	14.228	I0146	265
CDBG MIT Sanitary Sewer Resiliency Plan	14.228	MT013	262
<b><u>Total U.S. Department of Housing and Urban Development</u></b>			<b><u>1,381,218</u></b>
<b><u>U.S. DEPARTMENT OF HOMELAND SECURITY</u></b>			
Staffing for Adequate Fire and Emergency Response	97.083	emw-2018-fh-00254	12,595
<b><u>PASS THROUGH: FDEM</u></b>			
Lift Station Backup 2 - HMGP 4337-508 IRMA	97.039	H0598	68,334
<b><u>Total U.S. Department of Homeland Security</u></b>			<b><u>12,595</u></b>
<b><u>U.S DEPARTMENT OF INTERIOR, NATIONAL PARK SERVICES</u></b>			
<b><u>PASS THROUGH FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION</u></b>			
LW694 Booker Park Project	15.916	LW694	78,636
<b><u>Total U.S Department of Interior, National Park Services</u></b>			<b><u>78,636</u></b>
<b><u>U.S DEPARTMENT OF AGRICULTURE</u></b>			
<b><u>PASS THROUGH FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION</u></b>			
Business Incubator Feasibility Study	10.351	09-054-596000401	81,265
<b><u>Total U.S Department of Interior, National Park Services</u></b>			<b><u>81,265</u></b>
<b><u>U.S DEPARTMENT OF TRANSPORTATION</u></b>			
FAA TAXIWAY A REDI PHASE II WEST	20.106	None	1,216,906
FY22 AIRPORT CORONAVIRUS RELIEF GRANT PROGRAM (ACRGP)	20.106	3-12-0061-034-2022	59,000
<b><u>Total U.S Department of Interior, National Park Services</u></b>			<b><u>1,275,906</u></b>
<b>TOTAL FEDERAL AWARDS</b>			<b><u>\$ 2,927,295</u></b>

CITY OF PALATKA, FLORIDA  
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
 YEAR ENDED SEPTEMBER 30, 2022

STATE AGENCY/PASS-THROUGH GRANTOR/PROGRAM TITLE	State CSFA Number	Pass - Through Entity Identifying Number	State Expenditures
<b><u>Department of Environmental Protection</u></b>			
FDEP LPR0004 WWTP Upgrades Biosolids	37.039	None	\$ 27,370
SRF DW540250 GAC Filters	37.076	DW540250	346,212
FDEP Vacuum Truck	37.039	LPA0200	425,000
<b><u>Total Department of Environmental Protection</u></b>			<b><u>798,582</u></b>
<b><u>Department of Economic Opportunity</u></b>			
DEO Competitive Strategic Plan	40.024	P0411	34,158
<b><u>Total Department of Economic Opportunity</u></b>			<b><u>34,158</u></b>
<b><u>Department of Transportation</u></b>			
FDOT Hangar Lighting Upgrades	55.004	G1U76	100,000
FDOT HANGAR G1383	55.004	G1383	541,055
<b><u>Total U.S Department of Interior, National Park Services</u></b>			<b><u>641,055</u></b>
<b>TOTAL STATE FINANCIAL ASSISTANCE</b>			<b><u>\$ 1,473,795</u></b>

**Summary of Independent Auditor’s Results**

Financial Statements

Type of report the auditor issued: **Unmodified**  
 Internal control over financial reporting:  
 • Material weakness(es) identified?  X  Yes   No  
 • Significant deficiency(ies)   Yes  X  None reported  
 Noncompliance material to financial statements noted?   Yes  X  No

Federal Awards and State Projects

Internal control over major Federal programs or State projects:  
 • Material weakness(es) identified?  yes  X no  
 • Significant Deficiency(s) identified  yes  X none reported  
 Type of auditor’s report issued on compliance for major Federal programs

Or State projects: **Unmodified.**

Any audit findings disclosed that are required to be reported in accordance with the CFR 200.516(a) or Chapter 10.557, Rules of the Auditor General?  yes  X no

Identification of major Federal programs:

CFDA No(s).	Names of Federal Project
21.027	ARPA-Coronavirus State Local Fiscal Recovery Funds
66.468	DWSRF – Capitalization Grants
14.228	HUD – Stormwater Matthew

Dollar threshold used to distinguish between Type A and Type B Federal programs \$  750,000

Dollar threshold used to distinguish between Type A and Type B State projects \$  444,000

Auditee qualified as low-risk auditee pursuant to the Uniform Guidance  Yes  X No

## **Section II – Financial Statement Findings**

See section IV below.

## **Section III – Federal Awards and State Projects Findings and Questioned Costs**

No current-year matters were reported.

## **Section IV – Prior-Year Audit Findings**

### **Financial Statement Findings**

#### **Finding No. 2022-001 Controls over Payroll Processing**

**Finding Type:** Internal Control and Material Weakness

**Condition:**

During our review of the controls over payroll and the processing of payroll, we observed a lack of segregation of duties as there was only one individual who processed and approved payroll prior to being processed for payment.

**Recommendation:**

We recommend that the City reviews the existing policies and procedures and develop new processes to ensure that there is a strong segregation of duties with processing the payroll for payment.

**Current Year Status:**

Condition still exists. There were material adjustments made in FY2022.

**Management Response:**

Management concurs with the finding and will implement policies and procedures in the current fiscal year.

#### **Finding No. 2022-002 Incorrect employee payments**

**Finding Type:** Internal Control and Material Weakness

**Condition:**

During our review of the controls over payroll and employee pay rates, we noted that multiple employees' pay rates did not match their approved pay rates, resulting in employees to be both over and under paid.

**Recommendation:**

We recommend that the City reviews the existing policies and procedures and develop new processes to ensure that there is a strong segregation of duties with processing the payroll for payment.

**Current Year Status:**

Condition still exists. There were material adjustments made in FY2022.

**Management Response:**

Management concurs with the finding and will implement policies and procedures in the current fiscal year.

**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH THE  
REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES, REQUIRED BY  
RULE 10.556(10) OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

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

We have examined the City of Palatka (the City's) compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the fiscal year ended September 30, 2022. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides 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 fiscal year ended September 30, 2022. This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, management, and the City Commission, and is not intended to be and should not be used by anyone other than these specified parties.

*HCT Certified Public Accountants & Consultants, LLC*

Hollywood, Florida  
June 28, 2023

**MANAGEMENT LETTER IN ACCORDANCE WITH THE RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

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

**Report on the Financial Statements**

We have audited the financial statements of the City of Palatka, Florida (the ‘City’), as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated June 28, 2023.

**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 Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor’s Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant’s Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 28, 2023, 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. Corrective actions have been taken to address findings and recommendations made in the preceding financial audit report except for as listed.

<b>Reference Number</b>	<b>Prior Year Comment</b>	<b>Status</b>
2021-001	The processing of payroll, we observed a lack of segregation of duties as there was only one individual who processed and approved payroll prior to being processed for payment	No Improvement Shown. See comment Number 2022-001 in the current year
2021-002	Employee pay rates did not match their approved pay rates,	No Improvement Shown. See comment Number 2022-002 in the current year

Comments 2022-001 and 2022-002 each have been reported in the prior two year’s audit reports.

### **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. All related disclosures have been made 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 that we apply appropriate procedures and report 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 the review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did have any such recommendations which are 2022-001 and 2022-002.

### **Special District Component Units**

Sections 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 in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

### **Palatka Gas Authority**

1. Total number of district employees compensated in the last period of the fiscal year.  
15
2. Total number of independent contractors compensated in the last month of the fiscal year.  
2
3. All compensation paid or accrued to employees.  
\$783,083
4. All compensation paid or accrued to independent contractors.  
\$49,416

5. Each construction project with cost of at least \$65,000 approved by the district and scheduled to begin after October 1 of the reporting year and total expenditures of such project.  
\$ 0
  
6. A budget variance report based on the budget adopted under Section 189.016(4), Florida Statutes, and the amended budget under Section 189.016(6), Florida Statutes.

	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Total Revenues</b>	\$3,492,475	\$2,418,379	\$1,074,096
<b>Total Expense</b>	\$3,188,775	\$2,532,684	\$656,091

**Additional Matters**

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not 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, Members of the City Council, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

*HCT Certified Public Accountants & Consultants, LLC*

Hollywood, Florida

June 28, 2023