



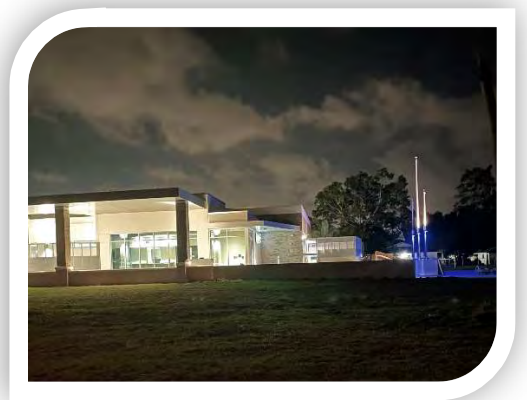
THE CITY OF PALMETTO,
FLORIDA



2022 Annual Comprehensive Financial Report



Fiscal Year Ended
September 30, 2022



The City of Palmetto began construction of 20,000 gross square foot Palmetto Police Department in Spring 2022 and will open in the early Summer of 2023.

*Annual Comprehensive
Financial Report
City of Palmetto, Florida*

For the Fiscal Year Ended
September 30, 2022



Prepared By
The Finance Department

Cheryl A. Miller, CGFO
Finance Director

This page intentionally left blank



City of Palmetto, Florida

September 30, 2022

Table of Contents

I	INTRODUCTORY SECTION	
	Letter of Transmittal	1
	GFOA Certificate of Achievement for Excellence in Financial Reporting	6
	List of Principal Officials.....	7
	Organizational Chart.....	8
II	FINANCIAL SECTION	
	Independent Auditor’s Report.....	9
	Management’s Discussion and Analysis.....	12
III	BASIC FINANCIAL STATEMENTS	
	Government-wide Financial Statements:	
	Statement of Net Position	29
	Statement of Activities.....	30
	Fund Financial Statements:	
	Balance Sheet – Governmental Funds and Reconciliation of the Balance Sheet Governmental Funds to the Statement of Net Position	32
	Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	33
	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds to the Statement of Activities	34
	Statement of Net Position – Proprietary Funds.....	36
	Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds.....	37
	Statement of Cash Flows – Proprietary Funds.....	38
	Statement of Fiduciary Net Position – Fiduciary Funds	39
	Statement of Changes in Fiduciary Net Position – Fiduciary Funds	40
	Notes to Financial Statements:	
	Note I – Summary of Significant Accounting Policies	
	A Reporting Entity.....	42
	B Government-wide and Fund Financial Statements.....	42
	C Measurement Focus, Basis of Accounting and Financial Statement Presentation	43
	D Assets, Liabilities and Net Position or Equity.....	45
	Note II – Reconciliation of Government-wide and Fund Financial Statements	
	A Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position	53
	B Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities	54
	Note III – Stewardship, Compliance and Accountability	
	A Budgetary Information	56
	B Excess of Expenditures over Appropriations	56

City of Palmetto, Florida

September 30, 2022

Table of Contents (Continued)

Note IV – Detailed Notes on All Funds

- A Deposits and Investments 57
- B Fair Value..... 62
- C Receivables 64
- D Inter-fund Receivables, Payables and Transfers 64
- E Restricted Assets..... 66
- F Capital Assets..... 66
- G Finance Purchase Agreements 69
- H Long-term Liabilities 70
 - 1. State Revolving Fund Loans 70
 - 2. Capital Improvement Revenue Loans..... 74
 - 3. Conduit Debt..... 78
 - 4. Other Information 78
- I Fund Balances 80
- J Encumbered Commitment 82

Note V – Other Information

- A Risk Management 82
- B Employee Pension Plans 84
- C Palmetto General Employees’ Pension Plan 84
- D Palmetto Police Pension Plan..... 90
- E Aggregate Information for City Pension Plans 97
- F Combining Statement of Fiduciary Net Position and Combining Statement of
Changes in Fiduciary Net Position 97
- G Other Post-Employment Benefits 99
- H Contingent Liabilities..... 103
- I Deferred Compensation Plan 103
- J Subsequent Events 103

IV REQUIRED SUPPLEMENTARY INFORMATION

GASB Statement 34:

- Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget (GAAP Basis) and Actual – General Fund..... 105
- Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget (GAAP Basis) and Actual – Community Redevelopment
Agency (CRA) Fund 106
- Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget (GAAP Basis) and Actual – Road and Bridge Fund 107

GASB Statements 67 and 68:

- General Employees’ Pension Plan
 - Schedule of Changes in the City’s Net Pension Liability and Related Ratios 108
 - Schedule of Contributions..... 111
 - Schedule of Investment Returns 115

City of Palmetto, Florida

September 30, 2022

Table of Contents (Continued)

GASB Statements 67 and 68 (Continued):

- Police Officer’s Pension Plan
 - Schedule of Changes in the City’s Net Pension Liability and Related Ratios..... 117
 - Schedule of Contributions..... 120
 - Schedule of Investment Returns 124

GASB Statement 75:

- Other Post-Employment Benefits
 - Schedule of Changes in the City’s Total OPEB Liability and Related Ratios..... 127

V OTHER SUPPLEMENTARY INFORMATION

- Combining Fund Statements and Schedules:
 - Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget (GAAP Basis) and Actual – Capital Projects Funds 129
 - Combining Statement of Fiduciary Net Position – Fiduciary Funds 130
 - Combining Statement of Changes in Fiduciary Net Position..... 131

VI STATISTICAL SECTION

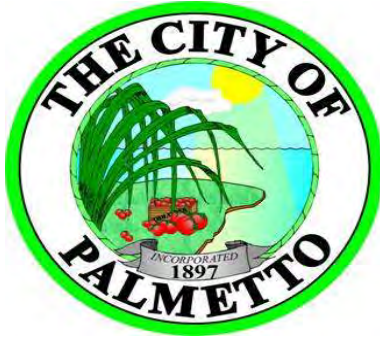
- Net Position by Component..... 133
- Changes in Net Position 137
- Fund Balances, Governmental Funds 139
- Changes in Fund Balances of Governmental Funds..... 141
- Governmental Activities Tax Revenues by Source 143
- Assessed and Estimated Actual Value of Taxable Property 144
- Property Tax Rates, Direct and Overlapping Governments 146
- Principal Property Taxpayers 147
- Property Tax Levies and Collections..... 148
- Ratios of Outstanding Debt by Type 149
- Ratio of General Bonded Debt Outstanding 150
- Computation of Direct and Overlapping Debt..... 151
- Demographic Statistics 152
- Principal Employers in Manatee County 153
- Full-Time Equivalent City Government Employees by Function 154
- Operating Indicators by Function 155
- Capital Asset Statistics by Function 157

VII 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* 159
- Schedule of Findings and Responses – State Financial Assistance Projects 161
- Independent Auditor’s Management Letter..... 162
- Independent Accountant’s Report on Investment Compliance 164

This page intentionally left blank





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

March 30, 2023

To the Citizens of the City of Palmetto, Florida:

State law requires that all general purpose local governments publish each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) in the United States of America and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, I present to you the Annual Comprehensive Financial Report of the City of Palmetto, Florida, for the fiscal year ended September 30, 2022.

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

The City of Palmetto's basic financial statements have been audited by independent certified public accountants, Mauldin & Jenkins CPAs & Advisors. The purpose of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2022, are free from material misstatement. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Palmetto's financial statements for the fiscal year ended September 30, 2022 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component in the financial section of this report.

In addition to meeting the requirements of the State Statutes, the audit was also designed to meet the requirements of the Florida Single Audit Act. The City did not meet the required minimum threshold of \$750,000 of State expenditures during fiscal year 2022.

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

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

THE CITY

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

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

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

ECONOMIC CONDITION AND OUTLOOK

Palmetto is a waterfront community located on the Gulf Coast of Florida, midway between Tampa/St. Petersburg to the north and Sarasota to the south. Palmetto is at the crossroads of Southwest Florida's largest commercial centers. It is home to the thriving SeaPort Manatee and

is the hub of Manatee County's agricultural industry, which ranks in the top twelve for agricultural sales in Florida. Nearly three million Floridians live within a 50-mile radius of Palmetto, creating one of the state's most stable marketplaces. Nine public and private universities and colleges are within 45 minutes of the City, along with many of Florida's most noted attractions, museums and beaches.

As with most cities throughout Florida, 2022 continued to show strong signs that the economy is rebounding from the pandemic and Hurricane Ian. The economic environment has placed additional demands and growth has been steady for several years. The real estate market and sales tax collections remains strong however rising interest rates and inflation appear to be having an effect on the economy. There is no doubt that the pandemic has placed additional demands on the City to ensure that the health, safety, and welfare of the community are maintained. In recent years, the State legislature continues to place financial pressures on local government via unfunded mandates, and home rule continues to come under attack. The increases to property values have helped to lessen this impact, but challenges still remain. Statewide unemployment has decreased from 3.9 percent at the end of 2021 to 2.7 percent as of September 2022. Unemployment in the North Port, Bradenton, Sarasota Metropolitan Statistical Area (MSA) saw no change from the prior year and remains at 3.7 percent as of September 2022.

The City and its community leaders have made the commitment to work together and help achieve our goal of making the City of Palmetto a great place to live. Through our Community Redevelopment Agency (CRA), we have implemented a variety of programs to promote growth and economic development. Examples include downtown commercial core incentives for improvements to business properties coupled with additional hiring incentives for local businesses to complete the enhancements. In addition to developer incentives, storefront grants are available for commercial businesses, and the residential rehabilitation program that was started in 2010 continues to offer assistance to qualifying properties. More recently, the CRA created a Tax Incremental Financing (TIF) rebate incentive to encourage development for larger projects. In FY2020, the CRA awarded their first rebate for the new convention center hotel. The hotel is expected to bring several new jobs to the area and an overall budget of \$85 million.

Although the economy has been on a very positive run for the last several years, Palmetto continues to be faced with increasing costs, increasing demand for services, aging infrastructure and unfunded mandates by state and federal governments. Fortunately, in November 2016, residents of Manatee County passed an additional ½ cent sales tax. This tax will generate approximately \$17 million dollars over the next 15 years and the revenue will be used to fund much needed capital infrastructure in areas such as transportation, public safety, and parks. As stated above, the Florida Legislature continues to propose and pass legislation that puts additional pressure on local government. Reductions in state revenue dollars continue to make it difficult for cities across the state. Increasing property values during the last twelve years have helped offset declines in other areas and tax revenues finally increased over the peak of 2009. Since 2015, the final assessed taxable value has increased by 65.4% percent. This equates to an average annual increase of 8.2% over the period from 2015 to 2022.

Capital funding presents a big challenge for the City but the additional ½ cent sales tax will go a long way towards improving our aging infrastructure. Beginning in FY2020, the City implemented a new utility rate structure to ensure the current rates support the costs to provide service. In addition, the City will continue to aggressively seek grant funds to help offset the costs for infrastructure projects. In fact, the City was awarded a \$3.1 million Community

Development Block Grant (CDBG) for economic development through the State of Florida for infrastructure improvements next to the new convention center hotel and a Community Development Block Grant (CDBG) for residential rehabilitation of \$750,000 for qualifying home improvements. In addition, the City received \$6.8 million dollars from the American Rescue Plan Act. We are starting to see the benefits of this additional funding as many infrastructure projects are in the design phase or under construction. Major current and future initiatives for fiscal year 2022 and fiscal year 2023 include:

- Completion of a community pool at Lincoln Park partnering with the Palmetto CRA and Manatee County
- Completion of the Chloramine injection system infrastructure
- Investing in community capital projects, Ward 1 Phase III utility infrastructure project, utilizing the American Rescue Plan Act grant funding
- Continued development of the multimodal corridor via our partnership with FDOT
- Construction of a new Police Department Headquarters to be completed in early Summer 2023
- Street paving throughout the City
- Continued investment in the City's inflow and infiltration (I&I) to minimize sewage spills
- Development of CRA property for mixed use along the riverfront.
- New program to create sustainable housing in the CRA district
- Completion of Connor Park from a Southwest Florida Water Management grant project in FY2023
- Renovation of the 1930 Women's Club infrastructure within the Palmetto historic district to begin in 2023
- Extending 7th Street W in conjunction with the new convention center hotel
- Construction of a new roundabout in 2023 at 23rd street and BUS/41 in cooperation with FDOT
- Waste Water Treatment Plant land acquisition for future expansion

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

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Palmetto for its Annual Comprehensive Financial Report for the fiscal year ended September 30, 2021. This was the seventeenth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement

Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate. The City also received the GFOA's Award for Distinguished Budget Presentation for its annual budget for the fiscal year beginning October 1, 2021, the same period covered by this Annual Comprehensive Financial Report. This was the thirteenth consecutive year that the City received this award. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in all the required categories including policy documentation, financial planning, organization, and as a communications medium.

The preparation of the Annual Comprehensive Financial Report was accomplished through the diligent efforts of the City Clerk's Office, the Finance Department and other City staff. I would like to express my appreciation to the firm of Mauldin & Jenkins CPAs & Advisors for their cooperation and assistance throughout the year.

Sincerely,



Shirley Groover Bryant, Mayor
City of Palmetto

This page intentionally left blank





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Palmetto
Florida**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2021

Christopher P. Morill

Executive Director/CEO



**City of Palmetto, Florida
Fiscal Year Ended September 30, 2022
List of Principal Officials**

Elected Officials

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

Office of the City Clerk

James R. Freeman	City Clerk
Cassi Bailey	Assistant City Clerk
Cheryl A. Miller	Finance Director

Public Works

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

Police Department

Scott Tyler	Police Chief
Mike Stinson	Captain
Lorenzo Waiters	Captain

Community Redevelopment Agency

Vacant	Director
Vacant	Assistant Director

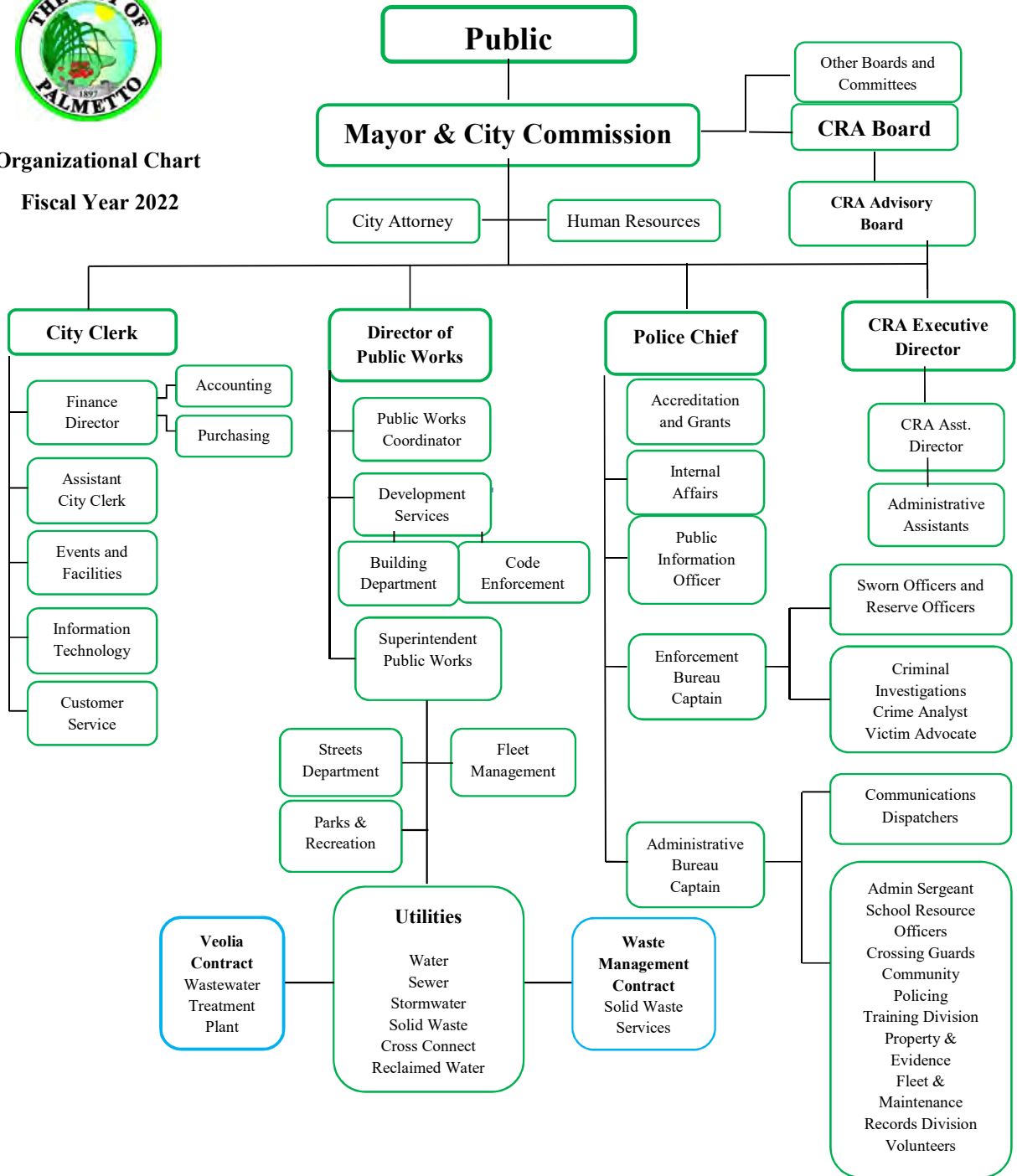
City Attorney

Mark Barnebey	City Attorney
---------------	---------------



ORGANIZATIONAL CHART

Organizational Chart
Fiscal Year 2022



INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Palmetto, Florida (the "City"), as of and for the 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, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial 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 12 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, budgetary comparison information and pension and other post-employment benefit schedules on pages 12 through 27 and 105 through 127, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 combining and individual nonmajor fund financial statements 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 combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

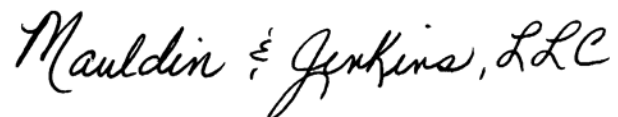
Other Information

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 March 29, 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.



Bradenton, Florida
March 29, 2023

CITY OF PALMETTO, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2022
(Unaudited)

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Palmetto, Florida (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the Mayor's letter of transmittal preceding this report and the City's financial statements beginning on page 29.

FINANCIAL HIGHLIGHTS

At the close of the fiscal year ending September 30, 2022:

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources by \$116,198,404 (*net position*). Of this amount, \$19,584,573 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City reported an increase in total net position of \$8,423,797 compared to \$9,688,432 in fiscal year 2021. The utilization of net position to fund capital projects resulted in revenues increasing at a lower rate than expenses. The City's total net position increase of \$8,423,797 represents a 7.82% increase over the prior year.
- Total revenues increased \$4,498,099 or 14.34% in comparison to the prior year. Charges for services, which includes building permits, increased \$1,166,746 and capital grants and contributions increased \$1,112,911 due to continued development within the City and the utilization of grants as a funding source for capital projects. Property taxes increased by \$542,429 and other taxes consisting of sales, utility, motor fuel, and other tax increased by \$706,807. The increase of property taxes was due to a 5.44% increase in property values and the increase in other taxes was primarily associated with the increased collection of sales taxes. Other increases include utility rate increases for water, sewer, stormwater and reuse in the business-type activities.
- Total expenses increased \$5,762,734 or 26.58% in comparison to prior year. Governmental activities reported a net increase in expenses of \$5,359,091 due to the construction of a new Police Department building and the remediation of a brownfield site into the newest City park. Business-type activities expenses increased \$403,643 due to an increase in repair costs associated with the City's utility system and consulting costs associated with the drafting of a new stormwater master plan.
- The City's governmental funds reported combined ending fund balances of \$29,953,127, an increase of \$4,491,887 in comparison with the prior year ending balance. Approximately 19.76% of this total amount, \$5,919,583 (*unassigned fund balance*), is available for spending at the City's discretion and is 30.93% of the total general fund expenditures. Restricted fund balance of \$17,913,648 is restricted for roadway infrastructure, Community Redevelopment Agency (CRA), building department operating expenses, law enforcement special projects, the maintenance of the City's cemetery and impact fees used to fund growth in the City. The committed fund balance in the amount of \$3,217,966 includes \$2,341,101 for the trailer park trust.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

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

CITY OF PALMETTO, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2022
(Unaudited)

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Government-wide financial statements (Continued)

The *Statement of Net Position* presents information on all of the City's assets, deferred outflows, liabilities, and deferred inflows with the difference between them reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents *revenues* and *expenses*, and shows how the government's net position changed during the fiscal year. All changes in net position are reported in a manner similar to the approach used by private-sector businesses in that revenues are recognized when earned or established criteria are satisfied and expenses are reported when incurred. Accordingly, revenues are reported even when they may not be collected for several months after the end of the accounting period and expenses are recorded even though they may not have consumed cash during the current period.

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

The government-wide financial statements are found on pages 29 through 31 of this report.

Fund financial statements

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

Governmental funds

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

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

CITY OF PALMETTO, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2022
(Unaudited)

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fund financial statements (Continued)

Governmental funds (Continued)

The City presents in separate columns, funds that are most significant to the City (major funds) and all other governmental funds are aggregated and reported in a single column (non-major funds). The City does not have any non-major funds for the year-ended September 30, 2022.

The City's governmental fund financial statements are presented beginning on page 32.

Proprietary funds

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

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

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the major enterprise funds which are the solid waste collection, water and sewer utility, stormwater utility system, and reuse utility. The City does not have any non-major proprietary funds during the year-ended September 30, 2022.

The proprietary fund financial statements can be found beginning on page 35 of this report.

Fiduciary funds

Fiduciary fund financial statements consist of a statement of fiduciary net position and a statement of changes in fiduciary net position. Assets held by the City for other parties, either as a trustee or as an agent, and that cannot be used to finance the City's own operating programs are reported in the fiduciary funds. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City's fiduciary funds consist of pension trusts that present the results of two defined benefit pension plans.

The fiduciary fund financial statements can be found on pages 39 and 40 of this report.

Notes to the financial statements

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

CITY OF PALMETTO, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2022
(Unaudited)

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension and other post-employment benefits to its employees. Required supplementary information can be found beginning on page 105 of this report.

Included in the required supplementary information are budgetary comparison schedules for the General Fund, Community Redevelopment Fund and the Road and Bridge Fund found on pages 105 through 107.

The Capital Projects Fund and combining statements for the fiduciary funds, which are not required supplementary information, begin on page 129.

This page intentionally left blank



CITY OF PALMETTO, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2022
(Unaudited)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$116,198,404 at the close of the most recent fiscal year.

The following schedule is a summary of the Statement of Net position found on page 29 of this report:

City of Palmetto's Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Assets						
Current and other assets	\$ 22,940,881	\$ 18,686,555	\$ 13,197,791	\$ 11,880,796	\$ 36,138,672	\$ 30,567,351
Restricted assets	12,161,544	9,493,382	7,174,140	5,918,398	19,335,684	15,411,780
Capital assets, net of depreciation	51,857,673	44,787,441	41,448,330	41,851,057	93,306,003	86,638,498
Total assets	86,960,098	72,967,378	61,820,261	59,650,251	148,780,359	132,617,629
Deferred outflows of resources	4,761,649	734,075	811,786	321,682	5,573,435	1,055,757
Liabilities						
Current and other liabilities	4,469,345	841,038	5,892,666	5,021,878	10,362,011	5,862,916
Non-current liabilities	15,002,889	4,197,972	11,521,573	12,354,592	26,524,462	16,552,564
Total liabilities	19,472,234	5,039,010	17,414,239	17,376,470	36,886,473	22,415,480
Deferred inflows of resources	1,206,829	3,077,548	62,094	405,751	1,268,923	3,483,299
Net Position						
Net investment in capital assets	46,051,743	42,336,583	31,154,040	30,001,681	77,205,783	72,338,264
Restricted	17,913,648	13,856,493	1,494,400	1,233,042	19,408,048	15,089,535
Unrestricted	7,077,299	9,391,819	12,507,274	10,954,989	19,584,573	20,346,808
Total net position	<u>\$ 71,042,690</u>	<u>\$ 65,584,895</u>	<u>\$ 45,155,714</u>	<u>\$ 42,189,712</u>	<u>\$ 116,198,404</u>	<u>\$ 107,774,607</u>

The overall net position of the City increased in 2022 as revenues continue to outpace expenses despite the latter increasing at a higher rate due to large scale capital projects. Changes in net position over time can be one of the best and more useful indicators of financial position. The total net position of the City increased from fiscal year 2021 by \$8,423,797 or 7.82%. The net position of governmental activities increased by \$5,457,795, or 8.32% due to substantial increases in permitting revenue due to continued development as well as increases of property tax of \$542,429 from prior construction and rising home values. In addition an increase of \$955,204 in capital grants as well as smaller increases to other revenues. Net position of business-type activities increased by \$2,966,002, or 7.03% primarily as a result of the expenses increasing to a lesser degree than revenues as well as an increase in net transfers. The overall net operating income of the business-type activities is \$3,476,053.

A significant portion of the City's net position, \$77,205,783 or 66.44% reflects its investment in capital assets (e.g., land, buildings, improvements, infrastructure and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should still be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF PALMETTO, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2022
(Unaudited)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

An additional portion of the City's net position, \$19,408,048 or 16.70% represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$19,584,573 or 16.85% may be used to meet the City's ongoing obligations to citizens and creditors. The unrestricted net position includes the fund balance of the Trailer Park Trust (Governmental Activities) of \$2,341,101, which may be used upon approval of the City Commission after a duly advertised public hearing.

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

The following is a summary of the information presented in the Statement of Activities found on pages 30 and 31 of this report:

City of Palmetto's Changes in Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenues						
Charges for services	\$ 2,165,707	\$ 1,478,170	\$ 12,456,879	\$ 11,977,670	\$ 14,622,586	\$ 13,455,840
Operating grants and contributions	406,621	28,158	--	--	406,621	28,158
Capital grants and contributions	1,308,432	353,228	300,371	142,664	1,608,803	495,892
General revenue						
Property taxes	10,520,061	9,977,632	--	--	10,520,061	9,977,632
Other taxes	6,851,943	6,145,136	--	--	6,851,943	6,145,136
Other	1,796,058	1,222,036	63,950	47,229	1,860,008	1,269,265
Total revenues	<u>23,048,822</u>	<u>19,204,360</u>	<u>12,821,200</u>	<u>12,167,563</u>	<u>35,870,022</u>	<u>31,371,923</u>
Expenses						
Governmental Activities:						
General government	4,850,158	4,248,135	--	--	4,850,158	4,248,135
Public Safety	5,959,349	3,798,610	--	--	5,959,349	3,798,610
Highways and streets	2,133,957	967,761	--	--	2,133,957	967,761
Recreation	882,654	631,505	--	--	882,654	631,505
Economic and physical environment	4,301,339	3,168,921	--	--	4,301,339	3,168,921
Interest on long-term debt	116,201	69,635	--	--	116,201	69,635
Business-type Activities:						
Solid waste	--	--	2,354,169	2,215,866	2,354,169	2,215,866
Water and sewer	--	--	5,919,901	5,799,859	5,919,901	5,799,859
Stormwater	--	--	681,327	473,322	681,327	473,322
Reuse	--	--	247,170	309,877	247,170	309,877
Total expenses	<u>18,243,658</u>	<u>12,884,567</u>	<u>9,202,567</u>	<u>8,798,924</u>	<u>27,446,225</u>	<u>21,683,491</u>
Increase (decrease) in net position before transfers	4,805,164	6,319,793	3,618,633	3,368,639	8,423,797	9,688,432
Transfers	652,631	801,373	(652,631)	(801,373)	--	--
Change in net position	5,457,795	7,121,166	2,966,002	2,567,266	8,423,797	9,688,432
Net position - beginning	65,584,895	58,463,729	42,189,712	39,622,446	107,774,607	98,086,175
Net position - ending	<u>\$ 71,042,690</u>	<u>\$ 65,584,895</u>	<u>\$ 45,155,714</u>	<u>\$ 42,189,712</u>	<u>\$ 116,198,404</u>	<u>\$ 107,774,607</u>

CITY OF PALMETTO, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2022
(Unaudited)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Governmental activities

Total revenues for governmental activities increased by \$3,844,462 or 20.02% when compared to the prior year. The net increase in revenues for the current year is the result of the following:

- City property tax revenues increased by \$542,429 or 5.44% due to an increase in property values. These increases affect both the property taxes collected by the City and the tax increment financing (TIF) monies received by the CRA from the City and Manatee County. This was the ninth consecutive year property values have increased.
- Capital grants and contributions increased by \$955,204 or 46.51% due the increase in impact fees collected and grant reimbursement related to the Connor Park project.
- Other general revenues increased by \$574,022 or 46.97% compared to the prior year is largely attributed to the proceeds received from the disposal of assets as well as the CRA's sale of tax credits.

Total expenses for governmental activities increased by \$5,359,091 or 41.59% in comparison to the prior year. The increase in the current year expenses is attributed to:

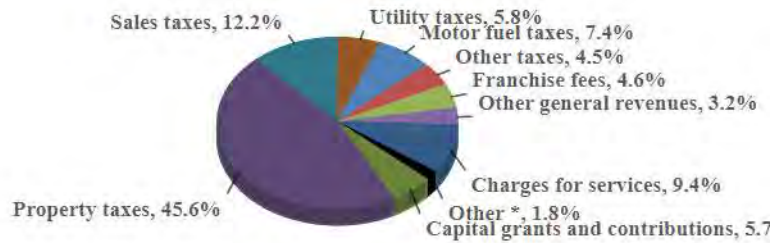
- General government increased by \$602,023 or 14.17% in comparison to the prior years' governmental expenses. This includes \$405,399 in increased net pension expense related to the downturn in investments affecting the City's pension plans and \$83,784 in increased tax increment funds to CRA for increased property values within the district.
- Public safety increased by \$2,160,739 or 56.88% in comparison to the prior years' governmental expenses. The increase includes \$1,715,947 in net pension expenses from both plans in addition to an increase in police department personnel costs.
- Highways and streets increased by \$1,166,196 or 120.50% compared to the prior year and accounts for 21.8% of the overall increase in governmental expenses and can be attributed to the transfer of \$1,000,000 to the Florida Department of Transportation as part of a joint project to construct a roundabout to improve the safety of the City's roadways.
- Increases in culture and recreation accounted for \$251,149 or 39.77% compared to the prior year and accounts for 4.7% of the overall increase in governmental expenses. The increase includes \$127,342 in net pension related expenses as well as an increase to City festivals and maintenance costs.
- Increases in economic and physical environmental services accounted for \$1,132,418 or 35.74%. Funds spent facilitating the remediation of a brownfield site in preparation for further development and net pension related expenses both contributed to this increase.
- Increases in interest on long-term debt accounted for \$46,566 or 66.87% compared to the prior year and accounts for 0.9% of the overall increase in governmental expenses. The increase is due to the City utilizing a new loan to partially fund the construction of the new police building.

CITY OF PALMETTO, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2022
(Unaudited)

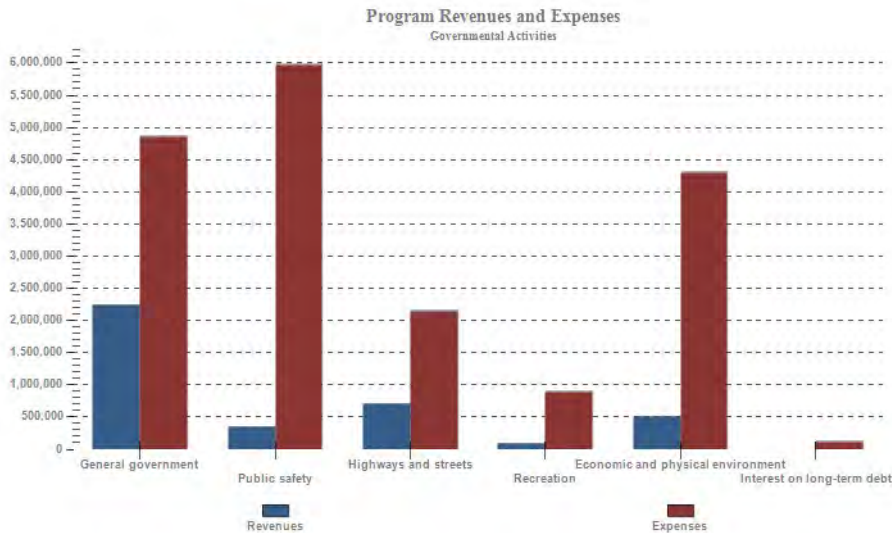
GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

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

Revenues by Source - Governmental Activities



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



Business-type Activities

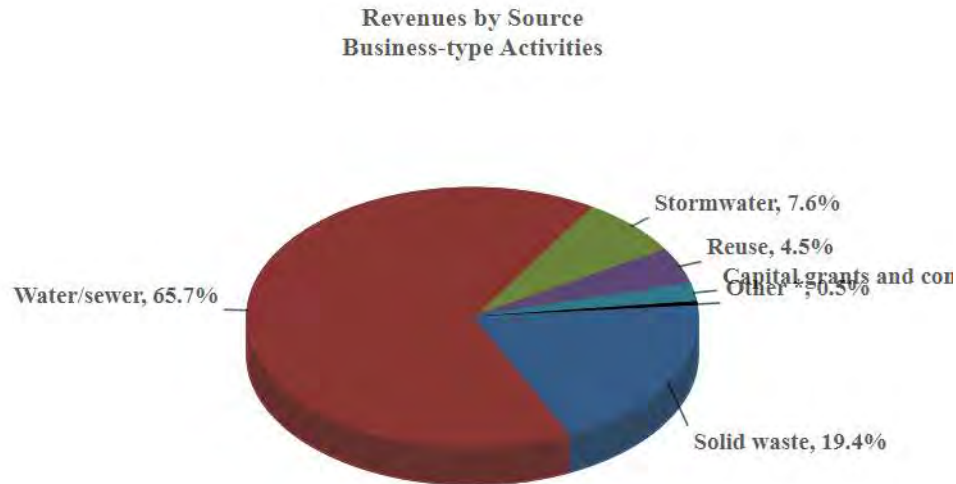
Total revenues increased by \$653,637 or 5.37% for the current year. This revenue increase was largely associated with increases in charges for services of \$479,209 as well as capital grants totaling \$157,707. The City completed a new user rate study in fiscal year 2019 and implemented the rates in fiscal year 2020. The first year of utility rates increased for water (4%), sewer (4%), stormwater (10%) and reuse (7%). In years two through ten, the rates will be for water (2%), sewer (2%), stormwater (5%) and reuse (3.5%). A small increase occurred in fiscal year 2022 related to the solid waste rates based on the franchise agreement CPI changes.

CITY OF PALMETTO, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2022
(Unaudited)

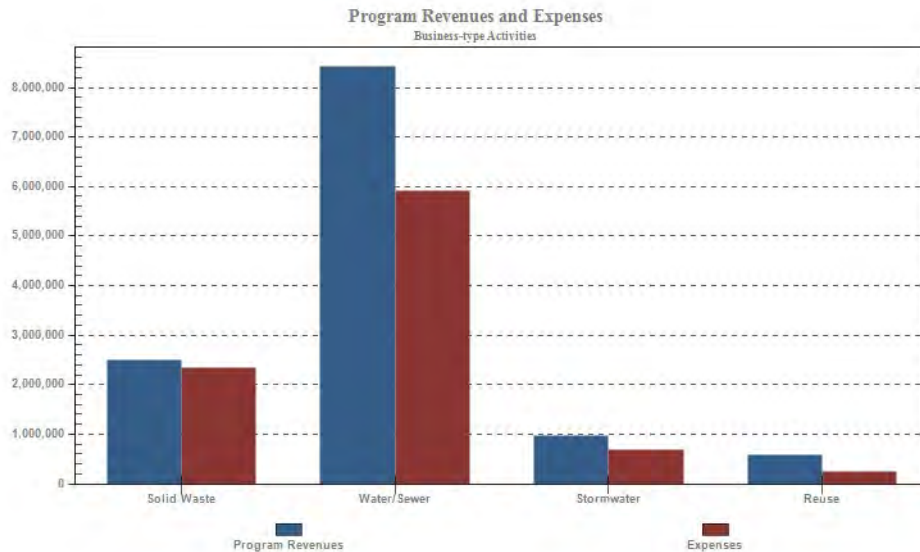
GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Total expenses increased by \$403,643 or 4.59% when compared to the previous year. Increased expenses in solid waste of \$138,303 was due an annual increase in the tipping fees. A combination of increased operating costs partially offset by a decrease in personnel costs due to vacant positions resulted in an increase of expenses in the Water/Sewer Department of \$120,042. Increases of \$208,005 in Stormwater were primarily due to consulting related expenses in the development of a stormwater master plan. Reuse expenses decreased by \$(62,707) as a result of personnel vacancies throughout the year. Greater detail and explanation is provided in the Proprietary funds section.

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



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



CITY OF PALMETTO, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2022
(Unaudited)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental funds

The fund financial statements for the governmental funds are provided on pages 32 and 33. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financial requirements. In particular, *unassigned fund* balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's funds reported combined ending fund balances of \$29,953,127 an increase of \$4,491,887 compared to the prior year. Approximately 19.76% of this amount, or \$5,919,583, constitutes *unassigned fund balance*, which is available for spending at the City's discretion subject to budgetary constraints. The total fund balance increase resulted from positive net change in General fund of \$3,465,234 and CRA fund of \$1,461,097 partially offset by decreases in the Road and Bridge fund of \$(216,466) and Capital Projects Fund of \$(217,978). These decreases are a result of the utilization of fund balance in the funding of capital projects.

The General Fund is the chief operating fund of the City. General tax revenues and other receipts that are not allocated by law or by contractual agreement to another fund are accounted for in this fund. General operating expenses, fixed charges and capital improvement costs not paid through other funds are paid from this fund. At the end of the current fiscal year, the total fund balance of the general fund was \$20,302,709, as compared with \$16,837,475 in the previous year.

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

- Unassigned fund balance is \$5,919,583 as compared to \$7,050,884 the previous year. The \$(1,131,301) decrease was due in part to the increase to general revenues such as property taxes and sales tax offset by a larger increase in expenditures, particularly related to capital outlay expenses associated with the construction of the new police department building. The current unassigned fund balance is 5.11 months of budgeted 2023 expenditures. The City's fund balance policy allows the utilization of unassigned balances above five months of the expenditure budget to be used to fund capital projects.
- Assigned fund balance increased by \$2,027,895 to \$2,617,894. This increase was attributed to carried forward encumbrances, primarily related to the construction of the new police building.
- Committed fund balance is \$2,341,101, all of which is associated with the Trailer Park Trust.
- Restricted fund balance is \$9,140,095 which includes \$3,234,301 for the Building Department, \$4,812,221 for the Infrastructure Half-Cent Sales Tax Fund, \$580,751 for impact fees and \$512,822 in financed purchase agreement proceeds, law enforcement reserve, and cemetery reserve. The Building Department restricted fund balance was increased \$1,132,877 as a result of fiscal year 2022 operations. This is the eighth year reserves have increased due to an upturn in construction.
- Nonspendable fund balance related to inventory is \$284,036.

Revenues for the General Fund increased by \$2,159,764 or 16.01%. All revenue categories increased with the exception of a decrease in interest earnings of \$(195,771) and a minor decrease to charges for services. Property taxes increased \$377,054 from higher property values, sales taxes increased \$397,793, intergovernmental revenues increased by \$378,463 as American Rescue Plan Act (ARPA) funds were received. The largest contributor to the increase in revenue is with permits, fees and special assessments which increased by \$799,947 compared to the prior fiscal year, specifically revenue derived from the construction of a

CITY OF PALMETTO, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2022
(Unaudited)

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (CONTINUED)

Governmental funds (Continued)

new hotel adjacent to the convention center.

Expenditures for the General Fund increased by \$7,367,525 or 62.59%. The primary driver of expenditures increases relates to the construction of a new police building with a total increase in capital outlay - other of \$5,978,011. Relatedly, the Series 2021 Note to fund the construction of the building resulted in \$524,374 of new FY2022 debt service. Salary, retirement, and health insurance cost increases to the Police Department contributed to the \$421,033 increase in public safety expense.

The total net change to unassigned fund balance is a decrease of \$(1,131,301). The utilization of unassigned fund balance to contribute to funding the new police building was approved by City Commission during the budgeting process with the intent of replenishing the reserve with the sale of surplus City property. Stronger than anticipated revenues resulted in less of a decrease to fund balance than was expected and the City remains compliant with its fund balance policy. The sale of property remains pending.

Revenues for the CRA, a blended component unit of the City, increased \$1,108,366 or 25.19% compared to the previous year. Contributing to this increase were a \$487,403 grant reimbursement for the Connor Park project, \$330,926 in proceeds from the sale of Voluntary Cleanup Tax Credits, and an increase in TIF dollars from the City and County by \$165,375. Total expenditures increased by \$1,556,447 or 57.22%. This increase is attributed to the ongoing construction of Connor Park.

Revenues in the Road and Bridge fund increased by \$620,775 or 33.39% compared to the previous year. Impact fees related to the new hotel construction accounted for the majority of this increase. Also contributing was an increase in motor fuel taxes and the proceeds from the sale of capital equipment. Expenditures increased by \$1,233,824 in the Road and Bridge fund with the \$1,000,000 contribution to the FDOT 23rd Street Roundabout project as well as an increase in funding to the City's Capital Project Fund as part of the Capital Improvement Plan.

Revenues in the Capital Project fund increased by \$49,775 as reimbursement was received from the Connor Park grant. Expenditures increased in the fund by \$319,311 with an increase in City paving projects and the construction of restroom facilities at the Martin Luther King Jr. Park.

Proprietary funds

The fund financial statements for the City's proprietary funds, provided on pages 35 through 39, provide essentially the same type of information found in the government-wide financial statements.

At the end of the current fiscal year, the City's proprietary funds reported combined ending net position of \$45,155,714, an increase of \$2,966,002 in comparison with the prior year. Total operating revenues associated with the proprietary funds were \$12,456,879. Total operating revenues, increased by \$479,209 or 4.00% compared to the previous year. The reasons for the increased revenues are explained below.

The Solid Waste fund had operating income of \$138,974 for the year, and an increase in net position of \$67,045. Revenues increased by \$67,527 or 2.79% due to the increase in the rates and operating expenses increased by \$137,900 or 6.23%. Net position increased by \$67,045 after interest and transfers out. The total net position at the end of the current fiscal year, is \$1,107,587 of which, 96.40% is unrestricted.

The Water and Sewer fund had operating income of \$2,660,808 for the year, and an increase in net position of \$2,334,628. Revenues increased by \$333,820 or 4.13% in accordance with the scheduled rate increase and an increase in the reimbursement received as per the contract with Veolia to manage the City's Waste Water Treatment Plant. Operating expenses increased by \$138,595 or 2.47% as a result of increased expenses related to the repair and maintenance of City utilities. The unrestricted net position at the end of current fiscal year is \$9,049,368 and total net position is \$29,672,650.

CITY OF PALMETTO, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2022
(Unaudited)

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (CONTINUED)

Proprietary funds (Continued)

The Stormwater fund had operating income of \$324,064 and an increase in net position of \$301,016. The stormwater user fee structure for residential and commercial customers increased in accordance with the scheduled rate increase while operating expenses increased by \$213,909 or 49.39% primarily related to the contract service costs associated with the development of a new stormwater master plan. The unrestricted net position at the end of current fiscal year is \$1,295,543 and the total net position is \$7,081,472.

The Reuse fund had operating income of \$352,207 and an increase in net position of \$263,313. The expenses decreased by \$(58,701) or (21.00)% as a result of vacant positions. Revenue increased due addition reclaimed lines installed and utility rate adjustment per the rate study. At the end of the current fiscal year the unrestricted net position reflects a balance of \$1,094,622 and the total net position is \$7,294,005.

GENERAL FUND BUDGET AND ACTUAL

Differences between the original budget and the final amended budget can be found on page 105. Revenues increased by \$4,703,419 from the original budget to the final budget. The increase in budgeted revenue included increases associated with taxes of \$1,981,330. More specifically, \$1,719,758 of sales tax including \$1,418,443 in half-cent sales tax that was not included in the original budget as the fund's budget is adopted via a separate resolution as projects are prioritized after the start of the fiscal year. In addition, budgeted revenues increased \$1,245,622 in permit, fees, and assessments and \$1,070,239 in intergovernmental revenue associated with ARPA funds. The original General Fund budget anticipated decreasing the General Fund's fund balance by \$73,500 for use of fund balance to fund approved capital outlay and contingencies.

The General fund total expense budget was increased by \$13,974,150 of which the largest adjustments totaling \$13,070,254 within capital outlay accounts, specifically, the Half Cent Infrastructure projects which are not accounted for within the original budget. The construction of the new Palmetto police building accounts for the majority of these expenses. This construction is partially funded by a new bank loan which accounts for the increase of \$524,374 in debt service budget. Encumbrance carryforward from fiscal year 2022 was \$6,988,801. The final amended budget anticipated decreasing the General Fund's fund balance by \$(3,814,881) after transfers. This was largely due to the planned usage of fund balance in both the General Fund and the Half Cent Fund in the construction of the new police building. Based on actual revenues and expenses, the general fund's fund balance saw a net increase of \$3,465,234.

Actual revenues excluding other financing sources were less than final budgetary estimates by \$930,116. The two factors contributing to this shortfall were the partial reclassification of ARPA funds as unearned revenue, a reclassification that will be reversed within the next fiscal year as funds are spent, and losses associated with the Trailer Park Trust interest earnings. Actual expenditures were less than budgetary estimates by \$8,210,231 and can be attributed to a combination of multi-year capital projects not completing within the fiscal year and conservative spending within each of the City department's operating budgets.

CITY OF PALMETTO, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2022
(Unaudited)

CAPITAL ASSETS AND DEBT

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2022, amounts to \$93,306,003 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, infrastructure, and machinery and equipment. The total increase net of accumulated depreciation in the City's investment in capital assets for the current fiscal year was \$6,667,505 or 7.70%. The largest factors contributing to the increase in capital assets were related to the ongoing construction of a new police department building and a new park. Ongoing Capital Improvement Plan projects amongst the utility funds also contributed. The largest vehicle and equipment purchases included within the FY2022 financed purchase agreement included 4 police vehicles along with their associated accessories, a generator for public works, tractor and gator for parks department, sign printer, valve exerciser for the utilities department and crew vehicles. The budgeted total of the financed purchase agreement is \$726,000.

The 2022 Capital Improvement Plan (CIP) was approved by the Commission on December 6, 2021 in the amount of \$8,277,968 for fiscal year 2022.

The CRA also budgeted \$2,265,000 for other capital improvements within the CRA district.

The following projects in 2022 had expenditures greater than \$50,000:

City Capital Projects

- New Police Department Building - \$4,960,711 for engineering and construction expenses related to the construction of a new police station.
- MLK Park Restrooms - \$355,050 in engineering and construction expenses related to the design and construction of new restroom facilities at the Martin Luther King Jr. Park.
- Street Paving - \$337,646 for the repaving of City streets as part of the Capital Improvement Plan and the Half-Cent Infrastructure Plan.
- Inflows and Infiltration - \$315,264 in ongoing upgrades. This program is consistently included in the City's CIP.
- Sutton Park Playground - \$216,641 for the construction of new and improved playground facilities at Sutton Park.
- Chloramine Project - \$184,854 for the renovation and infrastructure needed to facilitate the introduction of a Chloramine injection system.
- Lift Station Upgrades - \$183,326 for the ongoing upgrades of the City's lift stations.
- Waste Water Treatment Plant Upgrades - \$82,097 for improvements made to the infrastructure at the plant.

CITY OF PALMETTO, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2022
(Unaudited)

CAPITAL ASSETS AND DEBT (CONTINUED)

Capital Assets (Continued)

CRA

- Connor Park - \$1,542,674 for engineering, architectural, and construction work necessary to complete the brownfield remediation at the Edenfield site in preparation for the construction of Connor Park.
- Women's Club Renovation - \$117,383 for architectural services in preparation for the FY2023 renovation of the Palmetto Women's Club.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Land	\$ 10,779,661	\$ 10,888,456	\$ 311,025	\$ 279,415	\$ 11,090,686	\$ 11,167,871
Buildings	1,707,443	1,423,246	420,638	438,636	2,128,081	1,861,882
Improvements other than buildings	--	--	31,078,544	31,132,701	31,078,544	31,132,701
Machinery and equipment	2,845,891	1,862,974	2,514,642	2,362,609	5,360,533	4,225,583
Infrastructure	29,307,687	29,965,264	--	--	29,307,687	29,965,264
Construction in progress	7,216,991	647,501	7,123,481	7,637,696	14,340,472	8,285,197
Total	\$ 51,857,673	\$ 44,787,441	\$ 41,448,330	\$ 41,851,057	\$ 93,306,003	\$ 86,638,498

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

CITY OF PALMETTO, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2022
(Unaudited)

CAPITAL ASSETS AND DEBT (CONTINUED)

Long-term Liabilities

At the end of the current fiscal year, the City had long-term liabilities outstanding of \$26,524,462. Long-term liabilities includes compensated absences of \$740,278, net pension liability of \$6,703,137, and other post-employment benefits of \$546,579 as well as the City's bank loans and financed purchase agreements as shown in the table below. The City's debt is comprised of a \$1.25 million loan in fiscal year 2014, a \$7.1 million loan in fiscal year 2019, a \$5.6 million loan in fiscal year 2021, and three State of Florida revolving fund loans. All loans were used to fund capital improvement projects throughout the City. The loans are secured by a primary pledge of the Water, Sewer, Reuse and Stormwater revenues, with a secondary pledge of the non-ad valorem General Fund revenues. The City has \$1,886,132 in outstanding financed purchase agreements as of September 30, 2022.

In fiscal year 2006, the Community Redevelopment Association (CRA) obtained a loan for \$4,395,000 to fund capital improvement projects within the CRA district and to retire \$1,500,000 of debt issued in 2004. The current balance is \$859,348 as of September 30, 2022. The loan is secured by a primary pledge of Tax Increment Funds (TIF) and is included in the City's outstanding debt.

City of Palmetto's Loans and Financed Purchase Agreements Payable

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Bank Qualified Loans						
2014 Loan	\$ --	\$ --	\$ 652,798	\$ 735,230	\$ 652,798	\$ 735,230
2019 Loan	710,518	905,460	3,051,981	3,889,340	3,762,499	4,794,800
SRF Loans	--	--	6,232,939	6,571,436	6,232,939	6,571,436
CRA Loan	859,348	1,079,098	--	--	859,348	1,079,098
Total Loans	<u>1,569,866</u>	<u>1,984,558</u>	<u>9,937,718</u>	<u>11,196,006</u>	<u>11,507,584</u>	<u>13,180,564</u>
Financed purchase agreements	<u>1,025,901</u>	<u>1,089,730</u>	<u>860,231</u>	<u>1,028,348</u>	<u>1,886,132</u>	<u>2,118,078</u>
Total Loans and Agreements	<u>\$ 2,595,767</u>	<u>\$ 3,074,288</u>	<u>\$ 10,797,949</u>	<u>\$ 12,224,354</u>	<u>\$ 13,393,716</u>	<u>\$ 15,298,642</u>

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The unemployment rate for the North Port/Sarasota/Bradenton area for September 2022 was 3.70%, which is slightly higher than the State's unemployment rate of 2.70% for the same time period. The national unemployment rate for the same time period is 3.50% percent (source: Bureau of Labor Statistics).

According to the estimated 2021 Census, the City's population was 13,480. (source: Bureau of Economic and Business Research).

The 2022 taxable value of commercial and residential property increased from \$1,040,995,404 in fiscal year 2022 to \$1,185,730,269 for fiscal year 2023. This represents a 13.9% increase in taxable value and is largely attributed to the increased property values that are being experienced statewide. This increase of 13.9% was higher than the 6.34% increased realized a year ago. After several years of declining property values, fiscal year 2022 was the tenth year in a row that the City saw values increase. We expect this increase to slow in the coming year as inflation and rising interest rates appear to be affecting home values. We will continue to monitor the economic data and the overall health of the real estate market within the City. Since the City's taxable value peaked in fiscal year 2009, values decreased by 36% during a four year slide ending in FY2012. The City has made adjustments along the way to meet the challenges of the economic downturn. We are well poised and encouraged by the direction of our economy here in Palmetto.

The General Fund property tax millage of \$5.9671 for fiscal year 2022 has remained the same since FY2016 when the millage increased by .25 mills. Prior to FY2016, the City passed millage increases in FY2012, 2013 and 2014 of .4523 mills, .10 mills and .50 mills respectively. These increases were driven by the declining property values during this timeframe.

CITY OF PALMETTO, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2022
(Unaudited)

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

The fiscal year 2022 pension contribution amounts as a percentage of each payroll dollar for the Police and General Employees Pension Plans was 17.93% and 15.03% respectively compared to 21.19% and 15.05% for the prior year. This represented an decrease of 3.26% for the Police Plan and a decrease of 0.02% for the General Employees' Pension Plan. The decreases in the both pension plans was due to the favorable actuarial gains associated with plan assumptions. However, it seems health care costs are continuing to rise and it will become much more difficult to control these costs without reevaluating our benefit levels to employees.

Funding for capital projects continues to present a challenge, however the City is in the best funding position that it has been in for several years due to grants, ARPA funds and the overall availability of fund balance. The cost of construction materials, concrete and steel have escalated creating a challenge as we move forward with major construction projects. However, in fiscal year 2020 the utility rate study was implemented and will provide much needed funding. In addition, the City continues to seek grants whenever possible to leverage City dollars. The convention center hotel, completion in 2024, has been approved with incentives being provided by the CRA and the CDBG economic development grant for \$3.1 million awarded in FY2019. Construction of the Palmetto Police Department is near completion in the early Summer of 2023. This project is leveraged funding from the capital infrastructure sales tax fund, general fund and impact fees with an overall cost of \$11 million.

REQUESTS FOR INFORMATION

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

This page intentionally left blank



City of Palmetto, Florida

For the Year Ended September 30, 2022



CONTENTS

	PAGE
Government-wide Financial Statements:	
Statement of Net Position	29
Statement of Activities	30
Fund Statements:	
Balance Sheet	32
Statement of Revenues, Expenditures, and Changes in Fund Balances	33
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	34
Statement of Net Position	35
Statement of Revenues, Expenses, and Changes in Net Position	37
Statement of Cash Flows	38
Statement of Fiduciary Net Position	39
Statement of Changes in Fiduciary Net Position	40

This page intentionally left blank



CITY OF PALMETTO, FLORIDA
STATEMENT OF NET POSITION
As of September 30, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 17,757,144	\$ 11,704,518	\$ 29,461,662
Receivables, net of allowance for uncollectible	1,788,970	1,550,181	3,339,151
Due from other governments	413,345	--	413,345
Investments	2,640,478	--	2,640,478
Internal balances	56,908	(56,908)	--
Inventory	284,036	--	284,036
Restricted assets			
Cash and cash equivalents	12,161,544	7,174,140	19,335,684
Capital assets (net of accumulated depreciation)			
Land	10,779,661	311,025	11,090,686
Buildings	1,707,443	420,638	2,128,081
Improvements other than buildings	--	31,078,544	31,078,544
Machinery and equipment	2,845,891	2,514,642	5,360,533
Infrastructure	29,307,687	--	29,307,687
Construction in progress	7,216,991	7,123,481	14,340,472
Total assets	<u>86,960,098</u>	<u>61,820,261</u>	<u>148,780,359</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred outflows of pension resources	4,559,820	576,095	5,135,915
Deferred outflows of other post-employment benefits	153,597	28,512	182,109
Deferred outflows of loss on refunding	48,232	207,179	255,411
Total deferred outflow of resources	<u>4,761,649</u>	<u>811,786</u>	<u>5,573,435</u>
LIABILITIES			
Accounts payable and other accrued liabilities	2,355,822	450,809	2,806,631
Accrued interest	14,813	36,901	51,714
Unearned revenue	2,095,261	4,662,984	6,758,245
Customer deposits	3,449	741,972	745,421
Noncurrent liabilities			
Due within one year	1,497,129	1,682,982	3,180,111
Due in more than one year	13,505,760	9,838,591	23,344,351
Total liabilities	<u>19,472,234</u>	<u>17,414,239</u>	<u>36,886,473</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows from Lease	710,201	--	710,201
Deferred inflows of pension earnings	449,848	54,445	504,293
Deferred inflows from other post-employment benefits	46,780	7,649	54,429
Total deferred inflows of resources	<u>1,206,829</u>	<u>62,094</u>	<u>1,268,923</u>
NET POSITION			
Net investment in capital assets	46,051,743	31,154,040	77,205,783
Restricted for:			
Capital projects	6,028,830	--	6,028,830
Debt service	--	170,946	170,946
Building program	3,234,301	--	3,234,301
Law enforcement	98,865	--	98,865
Impact fees	1,367,623	1,323,454	2,691,077
Community redevelopment	6,418,061	--	6,418,061
Transportation	765,968	--	765,968
Unrestricted	<u>7,077,299</u>	<u>12,507,274</u>	<u>19,584,573</u>
Total net position	<u>\$ 71,042,690</u>	<u>\$ 45,155,714</u>	<u>\$ 116,198,404</u>

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

CITY OF PALMETTO, FLORIDA
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2022

Function/Programs	Expenses	Indirect Expenses Allocation
Primary Government:		
Governmental activities:		
General government	\$ 4,850,158	\$ --
Public safety	6,540,759	(581,410)
Highways and streets	2,133,957	--
Recreation	882,654	--
Economic and physical environment	3,719,929	581,410
Interest on long-term debt	116,201	--
Total governmental activities	<u>18,243,658</u>	<u>--</u>
Business-type activities:		
Solid waste	2,354,169	--
Water and sewer	5,919,901	--
Stormwater	681,327	--
Reuse	247,170	--
Total business-type activities	<u>9,202,567</u>	<u>--</u>
 Total primary government	 <u>\$ 27,446,225</u>	 <u>\$ --</u>

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

Charges for Services	Program Revenues		Net (Expenses) Revenues and Changes in Net Position		
	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
			Governmental Activities	Business-type Activities	
\$ 1,816,716	\$ 370,776	\$ 50,990	\$ (2,611,676)	\$ --	\$ (2,611,676)
204,157	35,845	103,951	(5,615,396)	--	(5,615,396)
144,834	--	561,452	(1,427,671)	--	(1,427,671)
--	--	87,553	(795,101)	--	(795,101)
--	--	504,486	(3,796,853)	--	(3,796,853)
--	--	--	(116,201)	--	(116,201)
<u>2,165,707</u>	<u>406,621</u>	<u>1,308,432</u>	<u>(14,362,898)</u>	<u>--</u>	<u>(14,362,898)</u>
2,492,021	--	--	--	137,852	137,852
8,420,776	--	300,371	--	2,801,246	2,801,246
971,049	--	--	--	289,722	289,722
573,033	--	--	--	325,863	325,863
<u>12,456,879</u>	<u>--</u>	<u>300,371</u>	<u>--</u>	<u>3,554,683</u>	<u>3,554,683</u>
<u>\$ 14,622,586</u>	<u>\$ 406,621</u>	<u>\$ 1,608,803</u>	<u>\$ (14,362,898)</u>	<u>\$ 3,554,683</u>	<u>\$ (10,808,215)</u>
General Revenues:					
Property taxes			\$ 10,520,061	\$ --	\$ 10,520,061
Sales taxes			2,803,367	--	2,803,367
Utility taxes			1,325,561	--	1,325,561
Motor fuel taxes			1,696,928	--	1,696,928
Other taxes			1,026,087	--	1,026,087
Franchise fees			1,060,551	--	1,060,551
Interest and investment earnings (loss)			(124,465)	63,950	(60,515)
Other general revenues			859,972	--	859,972
Transfers			652,631	(652,631)	--
Total general revenues and transfers			<u>19,820,693</u>	<u>(588,681)</u>	<u>19,232,012</u>
Change in net position			<u>5,457,795</u>	<u>2,966,002</u>	<u>8,423,797</u>
Net position - beginning			<u>65,584,895</u>	<u>42,189,712</u>	<u>107,774,607</u>
Net position - ending			<u>\$ 71,042,690</u>	<u>\$ 45,155,714</u>	<u>\$ 116,198,404</u>

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

CITY OF PALMETTO, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2022

	<u>General</u>	<u>Community Redevelopment Agency</u>	<u>Road and Bridge</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 7,995,992	\$ 6,427,846	\$ 1,340,909	\$ 1,992,397	\$ 17,757,144
Receivables	369,570	547,836	98,656	49,775	1,065,837
Lease receivable	723,133	--	--	--	723,133
Advances to other funds	56,908	--	--	--	56,908
Due from other governments	286,606	--	126,739	--	413,345
Investments	2,640,478	--	--	--	2,640,478
Inventory	284,036	--	--	--	284,036
Cash - restricted	11,326,632	--	834,912	--	12,161,544
Total assets	<u>\$ 23,683,355</u>	<u>\$ 6,975,682</u>	<u>\$ 2,401,216</u>	<u>\$ 2,042,172</u>	<u>\$ 35,102,425</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable and accrued liabilities	\$ 1,774,418	\$ 556,021	\$ 22,892	\$ 17,299	\$ 2,370,630
Unearned revenue	735,253	--	--	1,148,008	1,883,261
Customer deposits payable	1,849	1,600	--	--	3,449
Total liabilities	<u>2,511,520</u>	<u>557,621</u>	<u>22,892</u>	<u>1,165,307</u>	<u>4,257,340</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows - Lease	710,201	--	--	--	710,201
Unavailable Revenue	158,925	--	22,832	--	181,757
Total deferred inflows of resources	869,126	--	22,832	--	891,958
FUND BALANCES					
Nonspendable - Inventory	284,036	--	--	--	284,036
Restricted	9,140,095	6,418,061	2,355,492	--	17,913,648
Committed	2,341,101	--	--	876,865	3,217,966
Assigned	2,617,894	--	--	--	2,617,894
Unassigned	5,919,583	--	--	--	5,919,583
Total fund balances	<u>20,302,709</u>	<u>6,418,061</u>	<u>2,355,492</u>	<u>876,865</u>	<u>29,953,127</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 23,683,355</u>	<u>\$ 6,975,682</u>	<u>\$ 2,401,216</u>	<u>\$ 2,042,172</u>	
Adjustments for primary government total net position					
General capital assets, net of accumulated depreciation					\$ 51,857,673
Unearned revenue					(212,000)
Unavailable revenue					181,757
Deferred outflows of pension resources					4,559,820
Deferred inflows of pension earnings					(449,848)
Net pension liability					(6,093,543)
Deferred outflows of other post-employment benefits					153,597
Deferred inflows from other post-employment benefits					(46,780)
Long term debt for financed purchases; compensated absences, loss on refunding, OPEB and loans					(8,861,113)
Total net position for governmental activities (page 29)					<u>\$ 71,042,690</u>

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

CITY OF PALMETTO, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2022

	<u>General</u>	<u>Community Redevelopment Agency</u>	<u>Road and Bridge</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
REVENUES					
Taxes					
Property	\$ 6,008,174	\$ 4,511,887	\$ --	\$ --	\$ 10,520,061
Sales	2,803,367	--	--	--	2,803,367
Utility	1,325,561	--	--	--	1,325,561
Motor fuel	8,071	--	1,688,857	--	1,696,928
Other	1,026,087	--	--	--	1,026,087
Permits, fees, and special assessments	2,785,964	--	--	--	2,785,964
Intergovernmental revenues	406,621	537,852	--	49,775	994,248
Fines and forfeitures	65,020	--	--	--	65,020
Charges for services	805,570	--	144,834	--	950,404
Interest earnings (loss)	(161,122)	25,386	11,271	--	(124,465)
Miscellaneous	362,061	433,290	74,001	--	869,352
Impact fees	216,536	--	560,837	--	777,373
Total revenues	<u>15,651,910</u>	<u>5,508,415</u>	<u>2,479,800</u>	<u>49,775</u>	<u>23,689,900</u>
EXPENDITURES					
Current					
General government	4,028,271	--	--	--	4,028,271
Public safety	5,393,903	--	--	--	5,393,903
Highways and streets	--	--	1,576,396	--	1,576,396
Recreation	709,165	--	--	--	709,165
Economic and physical environment	1,420,074	2,376,285	--	--	3,796,359
Capital outlay					
Streets	105,613	--	164,714	233,593	503,920
Other	6,524,959	1,665,572	--	234,462	8,424,993
Debt service principal and interest	957,528	234,703	313,175	--	1,505,406
Total expenditures	<u>19,139,513</u>	<u>4,276,560</u>	<u>2,054,285</u>	<u>468,055</u>	<u>25,938,413</u>
Excess (deficiency) of revenues over expenditures	<u>(3,487,603)</u>	<u>1,231,855</u>	<u>425,515</u>	<u>(418,280)</u>	<u>(2,248,513)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	1,013,257	290,557	--	490,859	1,794,673
Transfers out	(106,650)	(61,315)	(683,520)	(290,557)	(1,142,042)
Financed purchases	410,230	--	41,539	--	451,769
Issuance of debt	5,636,000	--	--	--	5,636,000
Total other financing sources (uses)	<u>6,952,837</u>	<u>229,242</u>	<u>(641,981)</u>	<u>200,302</u>	<u>6,740,400</u>
Net change in fund balances	3,465,234	1,461,097	(216,466)	(217,978)	4,491,887
Fund balances, beginning	16,837,475	4,956,964	2,571,958	1,094,843	25,461,240
Fund balances, ending	<u>\$ 20,302,709</u>	<u>\$ 6,418,061</u>	<u>\$ 2,355,492</u>	<u>\$ 876,865</u>	<u>\$ 29,953,127</u>

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

This page intentionally left blank



CITY OF PALMETTO, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2022

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

Net change in fund balances - total governmental funds	\$ 4,491,887
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	7,180,649
The issuance of long-term debt (i.e. loans and capital leases) provides current financial resources to government funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds and does not effect net assets. This amount is the net effect of these differences in the treatment of long-term debt and related payments.	(4,684,480)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(1,361,915)
Some revenues reported in the statement of activities do not increase current financial resources	(59,668)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations) is to increase net position.	(110,414)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	<u>1,736</u>
Changes in net assets of governmental activities	<u><u>\$ 5,457,795</u></u>

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

CITY OF PALMETTO, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2022

	Business-type Activities - Enterprise Funds				
	Solid Waste	Water and Sewer	Stormwater	Reuse	Total
ASSETS					
Current assets					
Cash and cash equivalents	\$ 995,957	\$ 8,785,837	\$ 1,175,854	\$ 746,870	\$ 11,704,518
Receivables	235,480	1,154,979	98,861	60,861	1,550,181
Total current assets	<u>1,231,437</u>	<u>9,940,816</u>	<u>1,274,715</u>	<u>807,731</u>	<u>13,254,699</u>
Noncurrent assets					
Cash - restricted					
Cash - capital projects	32,500	3,637,989	642,046	350,999	4,663,534
Loan proceeds	61,539	119,614	11,539	81,539	274,231
Loan covenant accounts	--	169,655	--	1,292	170,947
Impact fees	--	1,323,456	--	--	1,323,456
Customer deposits	--	741,972	--	--	741,972
Total cash - restricted	<u>94,039</u>	<u>5,992,686</u>	<u>653,585</u>	<u>433,830</u>	<u>7,174,140</u>
Total noncurrent assets	<u>94,039</u>	<u>5,992,686</u>	<u>653,585</u>	<u>433,830</u>	<u>7,174,140</u>
Capital assets:					
Land	--	36,425	274,600	--	311,025
Buildings	6,847	852,369	10,842	5,135	875,193
Improvements other than buildings	--	35,178,351	10,056,950	8,020,750	53,256,051
Machinery and equipment	286,522	5,848,656	290,383	16,329	6,441,890
Construction in progress	--	7,123,481	--	--	7,123,481
Less: accumulated depreciation	(224,677)	(20,858,425)	(4,082,379)	(1,393,829)	(26,559,310)
Total capital assets (net of accumulated depreciation)	<u>68,692</u>	<u>28,180,857</u>	<u>6,550,396</u>	<u>6,648,385</u>	<u>41,448,330</u>
Total noncurrent assets	<u>162,731</u>	<u>34,173,543</u>	<u>7,203,981</u>	<u>7,082,215</u>	<u>48,622,470</u>
Total assets	<u>1,394,168</u>	<u>44,114,359</u>	<u>8,478,696</u>	<u>7,889,946</u>	<u>61,877,169</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows of pension earnings	77,447	400,678	91,707	6,263	576,095
Deferred outflows of other post-employment benefit	3,574	18,979	5,038	921	28,512
Deferred outflows of loss on refunding	--	124,135	50,028	33,016	207,179
Total deferred outflows of resources	<u>81,021</u>	<u>543,792</u>	<u>146,773</u>	<u>40,200</u>	<u>811,786</u>

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

CITY OF PALMETTO, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2022

	Business-type Activities - Enterprise Funds				
	Solid Waste	Water and Sewer	Stormwater	Reuse	Total
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	161,513	282,103	5,123	2,070	450,809
Accrued interest payable	--	30,117	4,086	2,698	36,901
Advances from other funds	--	--	--	56,908	56,908
Compensated absences	3,774	7,700	1,257	--	12,731
Financed purchases payable-current	29,754	287,724	35,989	20,453	373,920
Loans payable-current	--	952,088	205,861	138,382	1,296,331
Unearned revenue	--	4,081,377	581,607	--	4,662,984
Total current liabilities payable from unrestricted assets	<u>195,041</u>	<u>5,641,109</u>	<u>833,923</u>	<u>220,511</u>	<u>6,890,584</u>
Current liabilities payable from restricted assets:					
Customer deposits payable	--	741,972	--	--	741,972
Total current liabilities	<u>195,041</u>	<u>6,383,081</u>	<u>833,923</u>	<u>220,511</u>	<u>7,632,556</u>
Noncurrent liabilities					
Loans payable	--	7,737,533	531,105	350,501	8,619,139
Other post-employment benefits	10,374	57,499	15,247	2,236	85,356
Net pension liability	81,951	423,977	97,040	6,626	609,594
Compensated absences	11,320	23,100	3,771	--	38,191
Financed purchases payable	60,631	317,088	53,079	55,513	486,311
Total noncurrent liabilities	<u>164,276</u>	<u>8,559,197</u>	<u>700,242</u>	<u>414,876</u>	<u>9,838,591</u>
Total liabilities	<u>359,317</u>	<u>14,942,278</u>	<u>1,534,165</u>	<u>635,387</u>	<u>17,471,147</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of pension earnings	7,319	37,867	8,667	592	54,445
Deferred inflows of other post-employment benefits	966	5,356	1,165	162	7,649
Total deferred inflows of resources	<u>8,285</u>	<u>43,223</u>	<u>9,832</u>	<u>754</u>	<u>62,094</u>
NET POSITION					
Net investment in capital assets	39,846	19,130,174	5,785,929	6,198,091	31,154,040
Restricted for:					
Debt service	--	169,654	--	1,292	170,946
Impact fees	--	1,323,454	--	--	1,323,454
Unrestricted	1,067,741	9,049,368	1,295,543	1,094,622	12,507,274
Total net position	<u>\$ 1,107,587</u>	<u>\$ 29,672,650</u>	<u>\$ 7,081,472</u>	<u>\$ 7,294,005</u>	<u>\$ 45,155,714</u>

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

CITY OF PALMETTO, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended September 30, 2022

	Business-type Activities - Enterprise Funds				
	Solid Waste	Water and Sewer	Stormwater	Reuse	Total
Operating Revenues					
Charges for sales and services					
Garbage and trash pickup	\$ 2,444,449	\$ --	\$ --	\$ --	\$ 2,444,449
Water sales	--	4,448,326	--	--	4,448,326
Sewer charges	--	3,652,271	--	--	3,652,271
Stormwater fees	--	--	960,232	--	960,232
Reuse fees	--	--	--	568,949	568,949
Installation and connection fees	--	39,900	--	--	39,900
Penalties and check charges	7,355	37,447	3,605	3,768	52,175
Miscellaneous	40,217	242,832	7,212	316	290,577
Total operating revenues	<u>2,492,021</u>	<u>8,420,776</u>	<u>971,049</u>	<u>573,033</u>	<u>12,456,879</u>
Operating Expenses					
Cost of sales and services	2,340,666	4,831,785	410,515	35,125	7,618,091
Depreciation	12,381	928,183	236,470	185,701	1,362,735
Total operating expenses	<u>2,353,047</u>	<u>5,759,968</u>	<u>646,985</u>	<u>220,826</u>	<u>8,980,826</u>
Operating income	<u>138,974</u>	<u>2,660,808</u>	<u>324,064</u>	<u>352,207</u>	<u>3,476,053</u>
Nonoperating Revenues (Expenses)					
Interest earnings (loss)	3,504	52,086	4,662	3,698	63,950
Interest expense	(1,122)	(159,933)	(34,342)	(26,344)	(221,741)
Total nonoperating revenues (expenses)	<u>2,382</u>	<u>(107,847)</u>	<u>(29,680)</u>	<u>(22,646)</u>	<u>(157,791)</u>
Income before impact fees, capital contributions and transfers	141,356	2,552,961	294,384	329,561	3,318,262
Impact fees	--	255,129	--	--	255,129
Capital contributions-grants	--	45,242	--	--	45,242
Transfers in	--	--	133,046	--	133,046
Transfers out	(74,311)	(518,704)	(126,414)	(66,248)	(785,677)
Change in net position	67,045	2,334,628	301,016	263,313	2,966,002
Total net position - beginning	1,040,542	27,338,022	6,780,456	7,030,692	42,189,712
Total net position - ending	<u>\$ 1,107,587</u>	<u>\$ 29,672,650</u>	<u>\$ 7,081,472</u>	<u>\$ 7,294,005</u>	<u>\$ 45,155,714</u>

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

CITY OF PALMETTO, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2022

	<u>Solid Waste</u>	<u>Water and Sewer</u>	<u>Stormwater</u>	<u>Reuse</u>	<u>Total Proprietary</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 2,479,833	9,009,189	1,543,459	567,457	13,599,938
Payments to suppliers	(2,158,777)	(4,281,836)	(198,889)	(14,725)	(6,654,227)
Payments to employees	(153,342)	(788,081)	(193,784)	(14,654)	(1,149,861)
Net cash provided by operating activities	<u>167,714</u>	<u>3,939,272</u>	<u>1,150,786</u>	<u>538,078</u>	<u>5,795,850</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Advance from other funds	-	-	-	(55,251)	(55,251)
Transfers from other funds	-	-	133,046	-	133,046
Transfers to other funds	(74,311)	(518,704)	(126,414)	(66,248)	(785,677)
Net cash provided by noncapital and related financing activities	<u>(74,311)</u>	<u>(518,704)</u>	<u>6,632</u>	<u>(121,499)</u>	<u>(707,882)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(54,666)	(860,776)	(2,938)	(41,628)	(960,008)
Impact fee capital contributions	-	255,129	-	-	255,129
Grant capital contributions	-	45,242	-	-	45,242
Financed purchase proceeds	61,539	119,616	11,539	81,539	274,233
Payments on financed purchase obligations	(30,390)	(366,189)	(35,468)	(10,303)	(442,350)
Principal paid on capital debt	-	(939,966)	(202,198)	(138,372)	(1,280,536)
Interest paid on capital debt	(1,122)	(127,826)	(20,855)	(17,512)	(167,315)
Net cash provided (used) by capital and related financing activities	<u>(24,639)</u>	<u>(1,874,770)</u>	<u>(249,920)</u>	<u>(126,276)</u>	<u>(2,275,605)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and dividends received	3,504	52,086	4,662	3,698	63,950
Net cash provided by investing activities	<u>3,504</u>	<u>52,086</u>	<u>4,662</u>	<u>3,698</u>	<u>63,950</u>
Net change in cash and cash equivalents	72,268	1,597,884	912,160	294,001	2,876,313
Cash and cash equivalents - October 1	1,017,728	13,180,639	917,279	886,699	16,002,345
Cash and cash equivalents - September 30	<u>\$ 1,089,996</u>	<u>14,778,523</u>	<u>1,829,439</u>	<u>1,180,700</u>	<u>18,878,658</u>
Detail of cash and equivalents at September 30:					
Cash and equivalents	\$ 995,957	8,785,837	1,175,854	746,870	11,704,518
Restricted cash:					
Cash - Capital Projects	32,500	3,637,989	642,046	350,999	4,663,534
Loan proceeds	61,539	119,614	11,539	81,539	274,231
Loan covenant accounts	-	169,655	-	1,292	170,947
Impact fees	-	1,323,456	-	-	1,323,456
Customer deposits	-	741,972	-	-	741,972
Total	<u>\$ 1,089,996</u>	<u>14,778,523</u>	<u>1,829,439</u>	<u>1,180,700</u>	<u>18,878,658</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating income	\$ 138,974	2,660,808	324,064	352,207	3,476,053
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation expense	12,381	928,183	236,470	185,701	1,362,735
(Increase) decrease in accounts receivable	(12,188)	(50,096)	(9,197)	(5,576)	(77,057)
(Increase) decrease in deferred outflows - pensions	(73,914)	(378,760)	(87,490)	(4,231)	(544,395)
(Increase) decrease in deferred outflows - OPEB	(834)	(4,316)	(988)	(67)	(6,205)
Increase (decrease) in accounts payable and accrued liabilities	5,117	(370,195)	(6,759)	597	(371,240)
Increase (decrease) in unearned revenue	-	638,509	581,607	-	1,220,116
Increase (decrease) in customer deposits	-	27,982	-	-	27,982
Increase (decrease) in accrued compensated absences	3,703	(5,390)	1,173	-	(514)
Increase (decrease) in net pension liability	130,529	725,354	155,022	34,573	1,045,478
Increase (decrease) in OPEB liability	881	4,559	1,043	71	6,554
Increase (decrease) in deferred inflows - pensions	(37,602)	(240,819)	(44,949)	(25,251)	(348,621)
Increase (decrease) in deferred inflows - OPEB	667	3,453	790	54	4,964
Total adjustments	<u>28,740</u>	<u>1,278,464</u>	<u>826,722</u>	<u>185,871</u>	<u>2,319,797</u>
Net cash provided by operating activities	<u>\$ 167,714</u>	<u>3,939,272</u>	<u>1,150,786</u>	<u>538,078</u>	<u>5,795,850</u>

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

CITY OF PALMETTO, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
September 30, 2022

	Pension Trust Funds
ASSETS	
Accounts receivable	\$ 59,285
Interest and dividends receivable	63,660
Prepaid benefits	145,611
Investments, at fair value	
Money market funds	467,274
U. S. government securities	3,242,823
Corporate bonds	1,506,630
Corporate stocks	7,462,885
Mutual funds	12,355,743
Alternative investments	3,752,487
Total investments	28,787,842
Total assets	29,056,398
NET POSITION	
Restricted for pension benefits	\$ 29,056,398

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

CITY OF PALMETTO, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended September 30, 2022

	Pension Trust Funds
ADDITIONS	
Contributions:	
Employer	\$ 815,253
Plan members	253,492
State (from the General Fund)	139,825
Miscellaneous	(86)
Total contributions:	1,208,484
Investment Earnings (Loss)	
Interest	85,875
Dividends	800,075
Net decrease in the fair value of investments	(6,404,968)
Total investment earnings (loss)	(5,519,018)
Less investment expense	(158,233)
Net investment earnings (loss)	(5,677,251)
Total additions	(4,468,767)
DEDUCTIONS	
Benefits	1,975,612
Refunds of contributions	24,376
Administrative expenses	81,714
Total deductions	2,081,702
Change in net position	(6,550,469)
Net position, beginning	35,606,867
Net position, ending	\$ 29,056,398

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

This page intentionally left blank



City of Palmetto, Florida

September 30, 2022



CONTENTS

	PAGE
Notes to the Financial Statements	
Summary of Significant Accounting Policies	42
Reconciliation of Government-wide and Fund Financial Statements	53
Stewardship, Compliance and Accountability	56
Detailed Notes on All Funds	57
Other Information	82

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Palmetto, Florida, (the City) was incorporated June 15, 1897, by referendum and amended in 2004 and 2010. The City was created under Chapter 11059, Laws of Florida, as amended, and may exercise any power for municipal purposes as set forth in Chapter 166, Florida Statutes. The City is located on the west coast of Florida in Manatee County and is comprised of seven square miles with a population of 13,480. The current charter provides for an elected mayor and a five-member commission, all serving four year terms. The City provides municipal services such as public safety (police), roads and streets, recreation, public improvements, planning and zoning, and general administrative services. The City also has enterprise operations consisting of solid waste (garbage and trash collection), water, sewer, reclaimed water and stormwater.

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

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

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

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

The Plan is a single-employer defined benefit plan administered by a Board of Trustees which act as the administrator of the plan. The Board consists of seven Trustees, two of whom shall be legal residents of the City who are appointed pursuant to the City Charter, two of whom are Members of the plan who are elected by a majority of the General Employees who are Members of the plan, they City Clerk pursuant to City ordinance, and a sixth and seventh Trustee who are chosen by a majority of the first five Trustees. The plan is reported as a fiduciary component unit in accordance with Governmental Accounting Standards Board Statement Number 84.

The Palmetto Police Pension Plan (the "Plan")

The Plan is a single-employer defined benefit pension plan administered by a Board of Trustees which act as the administrator of the Plan. The Board consists of five Trustees, two of whom shall be legal residents of the City who are appointed by the City Commission, two of whom are Members of the plan who are elected by a majority of the Police Officers who are Members of the plan, and a fifth Trustee who is chosen by a majority of the first four Trustees. The Plan is reported as a fiduciary component unit in accordance with Governmental Accounting Standards Board Statement Number 84.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

information on all of the non-fiduciary activities of the primary government. The effect of interfund activity has been removed from these statements by allocation of these activities on a fund basis based on the predominant users of the services. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for their support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment, are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirement of a particular function or segment. Taxes and other items not properly included as program revenues are reported as *general revenues*.

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

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

The government-wide financial statements are reported using the *economic resources measurement focus and the accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus and the modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including finance purchase agreement liabilities, as well as expenditures related to compensated absences, claims and judgments, post-employment benefits and environmental obligations recognized later based on specific accounting rule applicable to each, are usually recorded only when payment is due. General capital asset acquisitions, including entering into contracts giving the City the right to use assets acquired by financed purchase agreements, are reported as expenditures in the governmental funds. Issuance of long-term debt and financing through purchase agreements are reported as other financing sources.

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

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Governmental funds report the following major funds:

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

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

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

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

Proprietary funds report the following major funds:

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

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

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

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

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

D. Assets, Liabilities and Net Position or Equity

1. Deposits and Investments

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

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

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2. Fair Value

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

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

The three categories within the hierarchy are as follows:

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

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

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

See Note IV for additional information regarding fair value.

3. Investments Measured at the Net Asset Value

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

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

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

4. Receivables

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

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

5. Leases

Lessor

The City is a lessor for noncancellable leases of cell towers and submerged land. The City recognizes a lease receivable and a deferred inflow of resources in the fund level statements. The City evaluates each lease arrangement for recognition in accordance to GASB 87.

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

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

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease receivable are composed of fixed payments and purchase option prices that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflow of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

6. Interfund Transactions

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

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

7. Inventories and Prepaid Items

Inventories are adjusted to annual counts and are valued at cost, which approximates market, using the average cost method. Inventory is accounted for using the consumption method, whereby inventories are recorded as expenditures when they are used rather than purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

8. Restricted Assets

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

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

9. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation pay is accrued when earned in proprietary fund financial statements. In governmental fund financial statements, the cost of vacation pay is recognized when payments are made to employees or when matured, as a result of employee resignation or retirement. Vacation pay is accrued up to forty-five days, which is paid to employees upon termination. Unused sick leave benefits can be accumulated up to 120 days. One-half of the accumulated sick leave benefit will be paid to employees upon retirement or death.

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

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

10. Capital Assets

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

<u>Assets</u>	<u>Useful Life</u>	<u>Threshold</u>
Buildings and building improvements	30 years	\$ 20,000
Machinery and equipment		
Computer equipment	4 years	\$ 2,000
Equipment and vehicles	7 years	\$ 2,000
Software	7 years	\$ 20,000
Infrastructure	40 years	\$ 20,000
Infrastructure equipment	20 years	\$ 2,000
Intangibles (excluding land related assets)	7 years	\$ 2,000

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

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

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

11. Deferred Outflows/Inflows of Resources

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

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

12. Property Tax Calendar

The City levies property taxes each November 1, which become a lien on real and personal property located in the City. Property taxes are based on the assessed values determined by the Manatee County Property Appraiser as of the prior January 1. The property tax revenue for fiscal year 2022 was based on taxable assessed property values totaling \$1,185,730,269.

The State of Florida permits the City to levy taxes up to 10 mills of assessed property valuations for the General Fund. For the 2021-2022 fiscal year, the City levied taxes of \$5.9671 mills for the General Fund.

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

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

12. Property Tax Calendar (Continued)

The property tax cycle is summarized as follows:

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

13. Special Assessments

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

14. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

The General Fund is typically used to liquidate the liability for compensated absences, the net pension liability and the total other post-employment benefit liability for the governmental funds.

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

15. Net Position/Fund Balance

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

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

15. Net Position/Fund Balance (Continued)

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

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

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

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

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

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

II - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

1. *General government capital assets, net of accumulated depreciation*: Capital assets are not included as part of total assets in the fund statements and need to be reported as capital assets in the government-wide statement of net position. The details of this \$51,857,673 difference are as follows:

Capital assets (net of accumulated depreciation)	
Land	\$ 10,779,661
Buildings	1,707,443
Machinery and equipment	2,845,891
Infrastructure	29,307,687
Construction in progress	<u>7,216,991</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u><u>\$ 51,857,673</u></u>

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

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

3. *Deferred inflows*: Revenues that are an acquisition of net position and applicable to a future reporting period and therefore unavailable for use in the governmental funds. The details of this \$181,757 difference are as follows:

Unavailable revenue - Code Enforcement	\$ 80,506
Unavailable revenue - General Fund	29,606
Unavailable revenue - Special Assessments	62,977
Unavailable revenue for grants which were earned in the governmental activities but did not meet the 60 day requirement in the governmental funds	<u>8,668</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u><u>\$ 181,757</u></u>

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

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

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

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

Deferred outflows of pension resources	\$ 4,559,820
Deferred outflows of other post-employment benefits	153,597
Deferred inflows of pension earnings	(449,848)
Deferred inflows from other post-employment benefits	\$ (46,780)

5. *Long-term debt for financed purchase agreements, compensated absences, net pension liabilities, OPEB and loans:* Long-term liabilities, including loans payable, are not due and payable in the current period and therefore are not reported in the governmental fund statements. The details of this \$8,861,113 difference are as follows:

Deferred outflows - debt refunding	\$ 48,232
2019 loan payable	(710,518)
2022 Half Cent Loan	(5,163,000)
CRA loan payable	(859,348)
Capital leases payable	(1,025,901)
Compensated absences	(689,355)
Other post employment benefits	<u>(461,223)</u>
Net adjustment to decrease <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u><u>\$ (8,861,113)</u></u>

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

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

1. *Governmental funds report capital outlays as expenditures:* In the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this \$7,180,649 difference are as follows:

Capital outlay	\$ 8,928,913
Depreciation expense	<u>(1,748,264)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u><u>\$ 7,180,649</u></u>

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

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

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

2. *The issuance and repayment of long-term debt (i.e. loans and financed purchase agreements):* The issuance of long-term debt provides current financial resources to governmental funds. The repayment of the principal of long-term debt consumes the current financial resources of governmental funds and is reported as debt service payments in the Statement of Revenues, Expenditures, and Changes in Fund Balances. The details of this \$(4,684,480) difference are as follows:

Principal payments on long-term bank loans	\$ 887,691
Payments on financed purchase agreement	515,598
Financed purchase agreement additions	(451,769)
Issuance of debt	<u>(5,636,000)</u>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	<u><u>\$ (4,684,480)</u></u>

3. *Some expenses reported in the statement of activities do not require the use of current financial resources:* These expenses are not reported as expenditures in governmental funds. The details of this \$1,736 difference are as follows:

Changes in compensated absences	\$ 15,818
Loss on refunding	<u>(14,082)</u>
Net adjustment to increase net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	<u><u>\$ 1,736</u></u>

4. *Some revenues reported in the statement of activities do not provide current financial resources:* These revenues, therefore, are not reported in the governmental fund statements. The details of this \$(59,668) difference are as follows:

Change in unavailable revenue	<u>\$ (59,668)</u>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	<u><u>\$ (59,668)</u></u>

5. *Some expenses reported in the statement of activities do not provide current financial resources:* These expenses, therefore, are not reported in the governmental fund statements. The details of this \$(1,361,915) difference are as follows:

Changes in the net pension liability	\$ (1,327,287)
OPEB Change	<u>(34,628)</u>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	<u><u>\$ (1,361,915)</u></u>

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

III - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

B. Excess of Expenditures over Appropriations

For the year ended September 30, 2022, expenditures did not exceed appropriations at the departmental level, the legal level of budgetary control.

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

IV - DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

At September 30, 2022, the carrying amount of the City's primary government deposits was \$51,437,824. This amount includes interest bearing time deposits consisting of collateralized certificates of deposit and FDIC insured certificates of deposit valued at \$11,099,977, two money market accounts valued at \$4,120,678, the SBA investment of \$8,132,629, the FMIT investment of \$194,532, loan covenant accounts of \$170,947, the operating account of \$24,340,344, financed purchase agreement proceeds \$726,042, petty cash \$12,197 and \$2,640,478 from the Trailer Park Trust fund that may be used only on approval by City Commission. The bank balance for the operating accounts was \$19,758,344. All deposits are insured by either the Federal Depository Insurance Corporation or by the Multiple Financial Institution Collateral Pool established by Chapter 280 of the Florida Statutes. Chapter 280 requires all financial institutions holding municipal deposits to pledge securities with the State or third party custodians equal to a percentage between 25% and 200% determined by the State's Chief Financial Officer and based on information from nationally recognized financial rating services and established financial performance guidelines for the banking institutions. New and financially troubled institutions are required to pledge securities equal to 125% of municipal deposits with the State or third party custodians.

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

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

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

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

For the year ended September 30, 2022, the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense was -16.10% for the Police Pension Plan and -16.06% for the General Employees' Pension Plan. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The pension plans did not hold investments in any one organization that represent 5% or more of the Pension Plan's fiduciary net position.

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

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

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

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

With regard to liquidity fees, Florida Statute 218.409(4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. From October 1, 2021 through September 30, 2022, no such disclosure has been made.

As of September 30, 2022, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

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

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

As of September 30, 2022, the City and its pension trust funds had the following cash and investments and maturities:

<u>Investment Type</u>	<u>Investment Maturities (in Years)</u>				
	<u>Fair Value</u>	<u>Less than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>More than 10</u>
Cash and Short Term Investments	\$ 37,970,095	\$ 37,970,095	\$ --	\$ --	\$ --
Investment Pools	11,099,976	8,375,805	2,724,171	--	--
US Agencies	6,077,832	2,903,987	1,989,988	622,505	561,352
Corporate Bonds	1,506,630	44,779	623,491	772,237	66,123
Common Stock	7,462,885	7,462,885	--	--	--
Mutual Funds - Fixed Income	2,687,745	2,687,745	--	--	--
Mutual Funds - Equity	9,668,017	9,668,017	--	--	--
Alternative Investments - Real Estate	3,752,487	3,752,487	--	--	--
Total cash and investments	<u>\$ 80,225,666</u>	<u>\$ 72,865,799</u>	<u>\$ 5,337,650</u>	<u>\$ 1,394,742</u>	<u>\$ 627,475</u>

1. *Interest Rate Risk:* As a means of limiting its exposure to fair value losses arising from rising interest rates, the City’s investment policy requires diversification of the investments. The investment policy of the General Employees’ Pension Fund requires the investment manager to maintain liquid reserves for the payment of pension benefits and expenses. This also limits exposure to fair value losses by allowing for quick liquidation in the event of fluctuating interest rates. The dollar weighted average days to maturity of the SBA at September 30, 2022 is 48 days, and the weighted average life is 63 days.

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

2. *Credit Risk: City Investments.* Credit quality risk results from potential default of investments that are not financially sound. The City invests a large amount of its surplus funds pursuant to Chapter 280 of the Florida Statutes whereby the City is made whole by all participating banks should a principal loss be incurred by the City. This statute limits investing activities to the SBA, certificates of deposits, registered SEC and money market mutual funds, and intergovernmental investment pools. Investments of these types insure the security of the City's surplus funds. The City has invested funds in two investment pool's, both of which are currently rated by Standard and Poor's at AAAM as of September 30, 2022. These funds include \$8,132,629 in the SBA and \$3,868,002 in Florida Safe. The City also has \$11,099,977 in certificates of deposit and term series held by qualified participating depositories. Investments in the Florida Municipal Investment Trust (FMIT) are rated by Fitch for the 1-3 Year High Quality Bond Fund at AAAs/S2, and the Intermediate High Quality Bond Fund at AAAs/S3 as of September 30, 2022. The City has investments in these bond funds of \$194,532 and \$2,640,478, respectively.

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

General Employees' Pension Plan

<u>Investments</u>	<u>Fair Value</u>	<u>Credit Rating (Moody's)</u>	<u>Percent Distribution</u>
Cash and Short Term Investments	\$ 358,007		2.38 %
U.S. Government Securities	2,291,635	Not rated	15.23 %
Corporate Bonds	44,297	A1	0.29 %
Corporate Bonds	916,173	Not rated	6.09 %
Corporate Stock	7,462,885	Not rated	49.60 %
Mutual Funds - Fixed Income	722,584	Not rated	4.80 %
Mutual Funds - Equity	1,590,139	Not rated	10.57 %
Alternative Investments - Real Estate	1,661,369	Not rated	11.04 %
Total cash and investments	<u>\$ 15,047,090</u>		<u>100.00 %</u>

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

<u>Investments</u>	<u>Fair Value</u>	<u>Credit Rating (Moody's)</u>	<u>Percent Distribution</u>
<u>Police Pension Plan</u>			
Cash and Short Term Investments	\$ 109,247		0.80 %
U.S. Governmental Securities	951,188	Not rated	6.92 %
	8,402	Aa2	0.06 %
	37,492	Aa3	0.27 %
Corporate Bonds	125,713	A1	0.91 %
Corporate Bonds	133,971	A2	0.97 %
Corporate Bonds	62,300	A3	0.45 %
Corporate Bonds	104,465	Baa1	0.76 %
Corporate Bonds	73,817	Baa2	0.54 %
Mutual Funds - Fixed Income	1,965,161	Not rated	14.30 %
Mutual Funds - Equity	8,077,878	Not rated	58.79 %
Alternative Investments - Real Estate	2,091,118	Not rated	15.22 %
Total cash and investments	<u>\$ 13,740,752</u>		<u>100.00 %</u>

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

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

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Fair Value

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles which are measured on a recurring basis. The City and the Pension Plans have the following recurring fair value measurements as of September 30, 2022 :

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments by fair value level:				
Common Stocks	\$ 7,462,885	\$ 7,462,885	\$ --	\$ --
Mutual Funds	12,355,763	12,355,763	--	--
Money Market Funds	467,254	474,949	--	--
Debt Securities:				
U.S. Treasury Notes	2,366,406	--	2,366,406	--
U.S. Government Agencies	3,711,427	--	3,711,427	--
Corporate Bonds	1,506,630	--	1,506,630	--
Total investments by fair value level	<u>27,870,365</u>	<u>20,293,597</u>	<u>7,584,463</u>	<u>--</u>
Instruments measured at the net asset value (NAV):				
Real Estate:				
UBS Trumbull Property Fund	1,661,369			
Principal U.S. Property Account	2,091,118			
Total investments measured at NAV	<u>3,752,487</u>			
Total investments	<u>\$ 31,622,852</u>	<u>\$ 20,293,597</u>	<u>\$ 7,584,463</u>	<u>\$ --</u>

Investment derivative instruments:

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

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

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Fair Value (Continued)

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

	<u>Fair Value</u>	<u>Unfunded</u> <u>Commitments</u>	<u>Redemption</u> <u>Frequency</u> <u>(If Currently</u> <u>Eligible)</u>	<u>Redemption</u> <u>Notice Period</u>
Real Estate:				
UBS Trumbull Property Fund	\$ 1,661,369	\$ --	Quarterly	60 Days Prior to Quarter End Daily, but Subject to Deferment
Principal U.S. Property Account	<u>2,091,118</u>	--	Monthly	
Total investments measured at NAV	<u>\$ 3,752,487</u>			

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

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Receivables

Receivables and allowances for uncollectible accounts as of September 30, 2022 totals \$3,462,096 for the City at the fund level as shown below:

	<u>Governmental Funds</u>					<u>Fiduciary Funds</u>
	<u>General</u>	<u>CRA</u>	<u>Road & Bridge</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Pension Trust</u>
Accounts receivable	\$ 192,867	\$ 541,559	\$ 72,989	\$ --	\$ 807,415	\$ 59,285
Lease receivable	723,133	--	--	--	723,133	--
Special assessments	40,145	--	22,832	--	62,977	--
Intergovernmental	121,082	--	--	--	121,082	--
Interest and dividends	15,476	6,277	2,835	--	24,588	63,660
Grants	--	--	--	49,775	49,775	--
Gross Receivables	1,092,703	547,836	98,656	49,775	1,788,970	122,945
Less: Allowances for Uncollectible	--	--	--	--	--	--
Net Total Receivables	\$ 1,092,703	\$ 547,836	\$ 98,656	\$ 49,775	\$ 1,788,970	\$ 122,945

	<u>Enterprise Funds</u>				
	<u>Solid Waste Fund</u>	<u>Water and Sewer Fund</u>	<u>Stormwater Fund</u>	<u>Reuse Fund</u>	<u>Total</u>
Accounts receivable	\$ 332,716	\$ 1,443,571	\$ 138,158	\$ 82,657	\$ 1,997,102
Special assessments	--	826	--	--	826
Interest and dividends receivable	1,247	12,906	1,019	1,522	16,694
Gross Receivables	333,963	1,457,303	139,177	84,179	2,014,622
Less: Allowances for Uncollectible	(98,483)	(302,324)	(40,316)	(23,318)	(464,441)
Net Total Receivables	\$ 235,480	\$ 1,154,979	\$ 98,861	\$ 60,861	\$ 1,550,181

D. Inter-fund Receivables, Payables and Transfers

1. Advances To/From Other Funds

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

During fiscal year 2014, the Trailer Park Trust fund advanced the Reuse fund \$500,000 to provide funding for the ASR Well project. This advance is being repaid to the Trailer Park Trust fund over ten years with 3% interest. The outstanding balance of the advance as of September 30, 2022 is \$56,908 and is reported with the General Fund in the financial statements.

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General Fund/Trailer Park Trust	Reuse	\$ 56,908

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

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

2. Interfund Transfers

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

The composition of interfund transfers as of September 30, 2022, is as follows:

	<u>Transfers Out</u>	<u>Transfers In</u>			<u>Total Transfers</u>
		<u>General Fund (1)</u>	<u>CRA Fund (2)</u>	<u>Capital Projects Fund (2)</u>	
General Fund	\$ --	\$ --	\$ 106,650	\$ --	\$ 106,650
CRA Fund	61,315	--	--	--	61,315
Road and Bridge Fund	166,265	--	384,209	133,046	683,520
Capital Projects Fund	--	290,557	--	--	290,557
Solid Waste Fund	74,311	--	--	--	74,311
Water and Sewer Fund	518,704	--	--	--	518,704
Stormwater Fund	126,414	--	--	--	126,414
Reuse Fund	66,248	--	--	--	66,248
Total	\$ 1,013,257	\$ 290,557	\$ 490,859	\$ 133,046	\$ 1,927,719

Transfers are used for the following purposes:

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

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Restricted Assets

The balances of the restricted asset accounts are as follows:

	<u>Governmental Funds</u>		
	<u>General</u>	<u>Road and Bridge</u>	<u>Total</u>
Building department reserve	\$ 3,234,301	\$ --	\$ 3,234,301
Financed purchase agreement	410,272	41,539	451,811
Law enforcement	98,865	--	98,865
Impact fees	1,670,100	786,872	2,456,972
Customer deposits	1,849	--	1,849
Contributions - capital improvements	5,911,245	6,501	5,917,746
Total Governmental Restricted Assets	\$ 11,326,632	\$ 834,912	\$ 12,161,544

	<u>Proprietary Funds</u>				<u>Total</u>
	<u>Solid Waste</u>	<u>Water and Sewer</u>	<u>Stormwater</u>	<u>Reuse</u>	
Cash - capital projects	\$ 32,500	\$ 3,637,989	\$ 642,046	\$ 350,999	\$ 4,663,534
Loan proceeds	61,539	119,614	11,539	81,539	274,231
Loan covenant accounts	--	169,655	--	1,292	170,947
Impact fees	--	1,323,456	--	--	1,323,456
Customer deposits	--	741,972	--	--	741,972
Total Proprietary Restricted Assets	\$ 94,039	\$ 5,992,686	\$ 653,585	\$ 433,830	\$ 7,174,140
Total Restricted Assets					\$ 19,335,684

F. Capital Assets

Governments possess many different types of assets that may be considered intangible assets, including easements and right of ways. GASB 51 requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. The City has certain easements and right of ways that meet these requirements and have classified these assets as land in the governmental activities. These assets were not increased in fiscal year 2022 and total \$108,721.

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Capital Assets (Continued)

Capital asset activity, for the year ended September 30, 2022, was as follows:

Primary Government	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 10,888,456	\$ 1,622	\$ (110,414)	\$ 10,779,664
Construction in progress	<u>647,501</u>	<u>6,626,104</u>	<u>(56,614)</u>	<u>7,216,991</u>
Total capital assets, not being depreciated:	<u>11,535,957</u>	<u>6,627,726</u>	<u>(167,028)</u>	<u>17,996,655</u>
Capital assets, being depreciated:				
Buildings	3,875,300	408,935	--	4,284,235
Machinery and equipment	9,098,832	1,554,608	(286,006)	10,367,434
Infrastructure	<u>47,296,244</u>	<u>394,258</u>	<u>--</u>	<u>47,690,502</u>
Total capital assets, being depreciated:	<u>60,270,376</u>	<u>2,357,801</u>	<u>(286,006)</u>	<u>62,342,171</u>
Less accumulated depreciation for:				
Buildings	(2,452,055)	(124,737)	--	(2,576,792)
Machinery and equipment	(7,235,858)	(571,691)	286,006	(7,521,543)
Infrastructure	<u>(17,330,979)</u>	<u>(1,051,836)</u>	<u>--</u>	<u>(18,382,815)</u>
Total accumulated depreciation	<u>(27,018,892)</u>	<u>(1,748,264)</u>	<u>286,006</u>	<u>(28,481,150)</u>
Total capital assets, being depreciated, net	<u>33,251,484</u>	<u>609,537</u>	<u>--</u>	<u>33,861,021</u>
Governmental activities capital assets, net	<u>\$ 44,787,441</u>	<u>\$ 7,237,263</u>	<u>\$ (167,028)</u>	<u>\$ 51,857,676</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 279,415	\$ 31,610	\$ --	\$ 311,025
Construction in progress	<u>7,637,696</u>	<u>40,959</u>	<u>(555,174)</u>	<u>7,123,481</u>
Total capital assets, not being depreciated:	<u>7,917,111</u>	<u>72,569</u>	<u>(555,174)</u>	<u>7,434,506</u>
Capital assets being depreciated:				
Buildings	871,223	3,970	--	875,193
Improvements other than buildings	52,348,625	907,426	--	53,256,051
Machinery and equipment	<u>5,967,360</u>	<u>531,218</u>	<u>(56,688)</u>	<u>6,441,890</u>
Total capital assets, being depreciated:	<u>59,187,208</u>	<u>1,442,614</u>	<u>(56,688)</u>	<u>60,573,134</u>
Less accumulated depreciation for:				
Buildings	(432,587)	(21,968)	--	(454,555)
Improvements other than buildings	(21,215,924)	(961,583)	--	(22,177,507)
Machinery and equipment	<u>(3,604,751)</u>	<u>(379,185)</u>	<u>56,688</u>	<u>(3,927,248)</u>
Total accumulated depreciation	<u>(25,253,262)</u>	<u>(1,362,735)</u>	<u>56,688</u>	<u>(26,559,310)</u>
Total capital assets being, depreciated, net	<u>33,933,946</u>	<u>79,879</u>	<u>--</u>	<u>34,013,824</u>
Business-type activities capital assets, net	<u>\$ 41,851,057</u>	<u>\$ 152,448</u>	<u>\$ (555,174)</u>	<u>\$ 41,448,330</u>

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Capital Assets (Continued)

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

Governmental activities:	
General government	\$ 444,545
Public safety	265,477
Streets and roads	541,336
Intergovernmental services	375,895
Recreation	<u>121,011</u>
Total depreciation for governmental activities	<u>\$ 1,748,264</u>
Business-type activities:	
Solid waste	\$ 12,381
Water and sewer	928,183
Stormwater	236,470
Reuse	<u>185,701</u>
Total depreciation expense for business-type activities	<u>\$ 1,362,735</u>

Construction Commitments

The City has various active construction projects. At September 30, 2022, the City's commitments with contractors, with the CRA listed separately for illustration purposes, are as follows:

Capital Projects	Spent-to- Date	Remaining Commitment
Equalization Basin	\$ 7,013,588	\$ 19,078
Police Department Building	4,960,711	5,713,514
Ward I Phase III	137,929	45,610
Chloramine Project	107,644	4,500
Recreational Trail	<u>14,996</u>	<u>--</u>
Total capital projects	<u>\$ 12,234,868</u>	<u>\$ 5,782,702</u>
CRA Projects	Spent-to- Date	Remaining Commitment
Connor Park	\$ 1,943,890	\$ 2,370,716
Palmetto Women's Club	117,383	78,255
MLK Park Restrooms	38,141	--
Linear Park Trail	4,685	--
Palmetto Bay Oyster Restoration	800	--
CRA Parking Projects	<u>705</u>	<u>832,692</u>
Total CRA projects	<u>\$ 2,105,604</u>	<u>\$ 3,281,663</u>

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Financed Purchase Agreements

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

The assets acquired through these agreements as of September 30, 2022, are as follows:

	Year Ended September 30, 2022		
	<u>Governmental</u>	<u>Business -type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	
Asset:			
Machinery & Equipment by Type			
Police Vehicles & Equipment	\$ 796,722	\$ --	\$ 796,722
Light Duty & Equipment	534,185	1,572,740	2,106,925
Heavy Duty & Equipment	157,976	966,221	1,124,197
Office Systems	28,309	--	28,309
Total Assets	1,517,192	2,538,961	4,056,153
Less Accumulated Depreciation	(144,208)	(154,266)	(298,473)
Total Assets, net	<u>\$ 1,372,985</u>	<u>\$ 2,384,695</u>	<u>\$ 3,757,680</u>

During the fiscal year ending September 30, 2022, payments were made totaling \$990,779 which includes principal payments of \$957,948 and \$32,831 in interest. Annual installments remaining as of September 30, 2022, were as follows:

<u>Year</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>City-Wide</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2023	\$ 419,739	\$ 14,022	\$ 371,749	\$ 11,464	\$ 791,488	\$ 25,487	\$ 816,975
2024	327,219	8,915	266,039	7,330	593,258	16,245	609,503
2025	157,148	4,828	110,209	4,306	267,357	9,134	276,491
2026	66,048	2,284	44,749	2,516	110,797	4,800	115,597
2027	8,232	1,645	9,965	1,991	18,197	3,635	21,832
2028 - 2032	47,515	4,250	57,520	5,145	105,035	9,395	114,430
Total	<u>\$ 1,025,901</u>	<u>\$ 35,944</u>	<u>\$ 860,231</u>	<u>\$ 32,752</u>	<u>\$ 1,886,132</u>	<u>\$ 68,696</u>	<u>\$ 1,954,828</u>

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Long Term Liabilities

1. State Revolving Fund Loans

Reuse Loan

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

As of September 30, 2022, the City had drawn down loan funds totaling \$134,200 representing the administrative and planning allowances. The loan balance at year end was \$2,525. Pledged revenues include water and sewer fund operating revenues, installation and connection fees, impact fees, and any local option sales tax revenues. The original amortization of the loan was to be repaid in forty semiannual payments of \$14,100 including interest which accrued semiannually at 3.18% (annual rate) of the unpaid balance. Payments began June 15, 2003 with the final maturity date of December 15, 2022. During fiscal year 2007, it was determined that no additional funding was necessary from the loan and it was finalized and the outstanding balance re-amortized. The interest rate and repayment term of the loan was not changed; however, the semiannual payment amount was changed to \$2,565.

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

During the fiscal year ending September 30, 2022, loan payments were made totaling \$5,130 which includes principal payments of \$4,932 and \$198 in interest. Annual installments for the fiscal years ending September 30, are as follows:

Year	Business-Type Activities		
	Principal	Interest	Total
2023	\$ 2,525	\$ 40	\$ 2,565
Total	\$ 2,525	\$ 40	\$ 2,565

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Long Term Liabilities (Continued)

Water/Sewer Loan - Design

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

As of September 30, 2022, the City had drawn down loan funds totaling \$369,094. The loan balance at the end of the year was \$305,313. Pledged revenues for the repayment of the loan are net water and sewer system revenues after payment of debt on the City's prior liens. The original amortization of the loan was to be repaid in forty semiannual payments of \$11,220 including interest which accrued semiannually at 1.13% (annual rate) of the unpaid balance. Payments began December 15, 2018 with the final maturity date of June 15, 2038. During fiscal year 2020, it was determined that the design phase of the project was finalized and the outstanding balance re-amortized. The interest rate and repayment term of the loan was not changed; however the semiannual payment amount was changed to \$10,456. The loan requires the City to make monthly loan deposits in a debt service account equal to the semiannual loan payment.

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

During the fiscal year ending September 30, 2022, loan payments were made totaling \$20,913 which includes principal payments of \$17,316 and \$3,597 in interest.

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

	<u>Business-Type Activities</u>		
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 17,512	\$ 3,401	\$ 20,913
2024	17,710	3,203	20,913
2025	17,911	3,002	20,913
2026	18,114	2,799	20,913
2027	18,319	2,594	20,913
2028 - 2032	94,758	9,807	104,565
2033 - 2037	100,251	4,314	104,565
2038	20,738	175	20,913
Total	<u>\$ 305,313</u>	<u>\$ 29,295</u>	<u>\$ 334,608</u>

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Long Term Liabilities (Continued)

Water/Sewer Loan - Construction

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

As of September 30, 2022, the City had drawn down loan funds totaling \$6,582,603. The loan balance at the end of the year was \$5,902,853. Pledged revenues for the repayment of the loan are net water and sewer system revenues after payment of debt on the City's prior liens. The original amortization of the loan was to be repaid in forty semiannual payments of \$119,810 including interest which accrued semiannually at 0.75% (annual rate) of the unpaid balance.

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

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

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

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Long Term Liabilities (Continued)

During the fiscal year ending September 30, 2022, loan payments were made totaling \$380,056 which includes principal payments of \$338,497 and \$41,559 in interest.

Annual installments for the fiscal years ending September 30, are estimated based on the amount outstanding as of September 30, 2022 as follows:

<u>Year</u>	<u>Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 338,792	\$ 41,264	\$ 380,056
2024	341,197	38,859	380,056
2025	343,619	36,437	380,056
2026	346,059	33,997	380,056
2027	348,516	31,540	380,056
2028 - 2032	1,780,049	120,231	1,900,280
2033 - 2037	1,844,143	56,137	1,900,280
2038 - 2039	560,478	3,998	564,476
Total	<u>\$ 5,902,853</u>	<u>\$ 362,463</u>	<u>\$ 6,265,316</u>

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Long Term Liabilities (Continued)

2. Capital Improvement Revenue Loans

2014 Water/Sewer Loan

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

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

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

During the fiscal year ending September 30, 2022, loan payments were made totaling \$103,920 which includes principal payments of \$82,432 and \$21,488 in interest. Annual estimated installments for the fiscal years ending September 30, are as follows:

<u>Year</u>	<u>Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
2023	\$ 84,975	\$ 18,945	\$ 103,920
2024	87,597	16,323	103,920
2025	90,299	13,621	103,920
2026	93,085	10,835	103,920
2027	95,957	7,963	103,920
2028 - 2029	200,885	6,955	207,840
Total	<u>\$ 652,798</u>	<u>\$ 74,642</u>	<u>\$ 727,440</u>

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Long Term Liabilities (Continued)

Refunding Revenue Note, Series 2019

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

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

The refunding of the 2004, 2005, and 2007 loans resulted in a loss on refunding of \$504,015. The loss on refunding is the difference between the reacquisition price and the net carrying amount of the old debt. The loss on refunding is recognized on the statement of net position as a deferred outflow and amortized using a straight-line approach over the shorter of the remaining life of the old debt or the life of the new debt. Amortization of the deferred outflow is recognized as interest expense and totaled \$74,581 during the year ended September 30, 2022.

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

The allocation at September 30, 2022, was 18.88% to governmental activities and 81.12% to business-type activities.

During the fiscal year ending September 30, 2022 loan payments were made totaling \$1,127,745 which includes principal payments of \$1,032,299 and \$95,446 in interest. Annual estimated installments for the fiscal years ending September 30, are as follows:

Year	Governmental Activities		Business-Type Activities		City-Wide		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2023	\$ 198,473	\$ 14,739	\$ 852,527	\$ 63,306	\$ 1,051,000	\$ 78,045	\$ 1,129,045
2024	181,911	10,404	781,389	44,692	963,300	55,096	1,018,396
2025	164,708	6,443	707,491	27,678	872,199	34,121	906,320
2026	72,855	3,284	312,944	14,102	385,799	17,386	403,185
2027	74,102	1,652	318,298	7,094	392,400	8,746	401,146
2028	18,469	206	79,332	885	97,801	1,091	98,892
Total	\$ 710,518	\$ 36,728	\$ 3,051,981	\$ 157,757	\$ 3,762,499	\$ 194,485	\$ 3,956,984

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Long Term Liabilities (Continued)

Police Department Note - Series 2021

On October 18, 2021, the City adopted Resolution No. 2021-33 accepting the proposal of Sterling National Bank to provide the City with a term loan in the principal amount not to exceed \$6,000,000 in order to finance certain costs of the construction and equipping of a new police department building. The final agreement for the issuance of the Series 2021 Note (note) was signed on October 20, 2021 in the amount of \$5,636,000. The City covenants and agrees to budget and appropriate in its annual budget for each Fiscal Year in which any amounts due with respect to the note from legally available non-ad valorem revenues in an amount sufficient to make principal and interest payments.

The interest rate for the note shall be a fixed rate equal to 1.21% per annum. Interest shall be calculated on the basis of a 30-day month and 360-day year, payable on January 1 and July 1 of each year, commencing January 1, 2022. Principal shall be payable on each January 1, commencing January 1, 2022. The final maturity of the note shall be January 1, 2032.

This note may be prepaid on January 1, 2025, and any interest payment date thereafter, at the option of the City by paying the noteholder such principal amount of the note to be prepaid together with the unpaid interest accrued on such principal. If repayment is made on the January 1 or July 1, 2025 prepayment dates the price shall be reflected at 101% of the principal and interest amounts. From January 1, 2026 and thereafter the price shall be at 100%

The note requires that non-ad valorem revenues shall cover the projected aggregate maximum annual debt service on the note and on all other debt by at least 1.5x. Additionally, the projected aggregate maximum annual debt service on all debt shall not exceed 20% of the governmental and proprietary fund revenues exclusive of ad valorem tax revenues restricted to payment of debt service on any debt and any proceeds from debt.

During the fiscal year ending September 30, 2022, loan payments were made totaling \$524,374 which includes principal payments of \$473,000 and \$51,374 in interest.

<u>Governmental Activities</u>			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 489,000	\$ 59,514	\$ 548,514
2024	494,000	53,567	547,567
2025	501,000	47,547	548,547
2026	507,000	41,449	548,449
2027	513,000	35,278	548,278
2028 - 2032	<u>2,659,000</u>	<u>81,221</u>	<u>2,740,221</u>
Total	<u>\$5,163,000</u>	<u>\$ 318,576</u>	<u>\$ 5,481,576</u>

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Long Term Liabilities (Continued)

CRA Loan Agreement 2006

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

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

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

During the fiscal year ending September 30, 2022, loan payments were made totaling \$234,703 which includes principal payments of \$219,750 and \$14,953 in interest. Annual estimated installments for the fiscal years ending September 30, are as follows:

Year	Governmental Activities		
	Principal	Interest	Total
2023	\$ 219,750	\$ 39,830	\$ 259,580
2024	219,750	28,842	248,592
2025	219,750	17,855	237,605
2026	200,098	6,867	206,965
Total	\$ 859,348	\$ 93,394	\$ 952,742

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Long Term Liabilities (Continued)

3. Conduit Debt

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

As of September 30, 2022, there were two series of Industrial Revenue Bonds outstanding with an aggregate principal amount payable of \$17,399,124.

4. Other Information

In accordance with loan covenants and Section 148 of the Internal Revenue Code, the City is required to rebate to the U.S. Treasury, every five years, earnings on loan proceeds in excess of bond yield. For the year ended September 30, 2022, no amounts were earned that are required to be rebated to the U.S. Treasury for 2022.

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

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

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Long Term Liabilities (Continued)

The following is a summary of changes in long-term liabilities for the year ended September 30, 2022:

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities:					
Long-term direct borrowings					
2019 Loan	\$ 905,460	\$ --	\$ 194,942	\$ 710,518	\$ 198,473
CRA Loan	1,079,098	--	219,750	859,348	219,750
Half Cent Loan	--	5,636,000	473,000	5,163,000	489,000
Total Long-term direct borrowings	<u>1,984,558</u>	<u>5,636,000</u>	<u>887,692</u>	<u>6,732,866</u>	<u>907,223</u>
Other post-employment benefits	418,510	42,713	--	461,223	--
Net pension liability (asset)	(1,848,234)	7,996,163	54,386	6,093,543	--
Financed purchase agreements	1,089,730	451,769	515,598	1,025,901	417,568
Compensated absences	705,174	396,449	412,267	689,356	172,338
Governmental activities long-term liabilities	<u>\$ 2,349,738</u>	<u>\$ 14,523,094</u>	<u>\$ 1,869,943</u>	<u>\$ 15,002,889</u>	<u>\$ 1,497,129</u>
	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Business-type activities:					
Long-term direct borrowings					
2014 Loan	\$ 735,230	\$ --	\$ 82,432	\$ 652,798	\$ 84,975
2019 Loan	3,889,340	--	837,359	3,051,981	852,527
Total long-term direct borrowings	<u>4,624,570</u>	<u>--</u>	<u>919,791</u>	<u>3,704,779</u>	<u>937,502</u>
State revolving loans					
Reuse	7,457	--	4,932	2,525	2,525
Water - Design	322,629	--	17,316	305,313	17,512
Water - Construction	6,241,350	--	338,497	5,902,853	338,792
Total state revolving loans	<u>6,571,436</u>	<u>--</u>	<u>360,745</u>	<u>6,210,691</u>	<u>358,829</u>
Total loans payable	<u>11,196,006</u>	<u>--</u>	<u>1,280,536</u>	<u>9,915,470</u>	<u>1,296,331</u>
Other post-employment benefits	78,802	6,554	--	85,356	--
Net pension liability (asset)	(435,884)	1,061,645	16,167	609,594	--
Financed purchase agreements	1,028,348	274,233	442,350	860,231	373,920
Compensated absences	51,436	43,814	44,328	50,922	12,731
Total business-type activities long-term liabilities	<u>\$ 11,918,708</u>	<u>\$ 1,386,246</u>	<u>\$ 1,783,381</u>	<u>\$ 11,521,573</u>	<u>\$ 1,682,982</u>

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

I. Fund Balances

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

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

General Fund

Nonspendable - Inventory	<u>\$ 284,036</u>
--------------------------	-------------------

- **Restricted** - The following fund balances are restricted for:

General Fund

Building Department - used to fund operations	\$ 3,234,301
Infrastructure half-cent sales tax - voter approved to be used for capital improvements	4,812,221
Impact fees - used to fund growth in general government, law enforcement and parks and recreation	580,751
Proceeds from the Hazel Smith Estate for the beautification and maintenance of the City's cemetery	3,685
Special law enforcement reserve	98,865
Financed purchase agreement proceeds - for capital assets	<u>410,272</u>
General Fund subtotal	<u>9,140,095</u>

Community Redevelopment Agency Fund

Used to alleviate slum and blight in the City per Florida Statute 163	<u>6,418,061</u>
Community Redevelopment Agency Fund subtotal	<u>6,418,061</u>

Road and Bridge Fund

Per Florida Statutes, this fund is restricted to the operations, maintenance and capital improvement of the City's roadways.

Capital improvements	754,612
Impact fees - for the growth in transportation	786,872
Bocage legal settlement	6,501
Financed purchase agreement proceeds - for capital assets	41,539
General operating expenses	<u>765,968</u>
Road and Bridge Fund subtotal	<u>2,355,492</u>

Total Restricted Fund Balances	<u>\$ 17,913,648</u>
---------------------------------------	----------------------

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

I. Fund Balances (Continued)

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

General Fund

Trailer Park Trust - City Commission approval required	\$ 2,341,101
General Fund subtotal	<u>2,341,101</u>

Capital Projects Fund

Capital Projects	<u>876,865</u>
Capital Projects Fund subtotal	<u>876,865</u>
Total Committed Fund Balances	<u><u>\$ 3,217,966</u></u>

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

General Fund

Funding for Capital Improvements Program	\$ 239,333
Tree reserve - used to replant trees in the City	25,479
One-time operating expenses	<u>2,353,082</u>
Total Assigned Fund Balance	<u><u>\$ 2,617,894</u></u>

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

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

J. Encumbered Commitments

The following table lists the outstanding encumbrances at September 30, 2022. These encumbrances are reported in the financial statements based on the specific purpose of the resources that have been provided.

	Governmental Activities				Total
	General	CRA Fund	Road and	Capital	
	Fund		Bridge Fund	Projects	
	Fund	Fund	Fund	Fund	Fund
Operating Encumbrances	\$ 2,282,611	\$ 500,800	\$ 16,951	\$ --	\$ 2,800,362
Operating Capital Projects	16,971	3,380,223	2,500	--	3,399,694
Capital Improvement Projects (CIP)	4,689,219	--	--	33,307	4,722,526
Total Encumbrances Outstanding	\$ 6,988,801	\$ 3,881,023	\$ 19,451	\$ 33,307	\$ 10,922,582
Business-Type Activities					
	Solid Waste	Water and	Stormwater	Reuse Fund	Total
	Fund	Sewer Fund	Fund		
Operating Encumbrances	\$ 46,896	\$ 162,715	\$ 19,881	\$ 63,399	\$ 292,891
Capital Improvement Projects (CIP)	--	870,354	--	--	870,354
Total Encumbrances Outstanding	\$ 46,896	\$ 1,033,069	\$ 19,881	\$ 63,399	\$ 1,163,245
Total Outstanding Encumbrances					\$ 12,085,827

V - OTHER INFORMATION

A. Risk Management

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

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

Risks retained by the City include risks of vehicle accidents for collision and comprehensive coverage, liability claims below the deductible or in excess of insured amounts, crime below a deductible of \$25,000, inland marine and property exposures less than \$10,000, and all unemployment insurance risks.

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

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

V - OTHER INFORMATION (CONTINUED)

A. Risk Management (Continued)

1. Unemployment Insurance

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

2. Worker's Compensation

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

B. Employee Pension Plans

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

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

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

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

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

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

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

V - OTHER INFORMATION (CONTINUED)

C. Palmetto General Employees' Pension Plan

Plan Administration

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

Plan Membership

	<u>Valuation</u> <u>as of</u> <u>October 1, 2021</u>	<u>Valuation</u> <u>as of</u> <u>October 1, 2022</u>
Retirees, beneficiaries, and DROP participants benefits	52	58
Terminated employees entitled to, but not yet receiving benefits	10	14
Active plan members	73	66
Total	135	138

Normal Retirement and Vesting

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

Early Retirement

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

Disability

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

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

V - OTHER INFORMATION (CONTINUED)

C. Palmetto General Employees' Pension Plan (Continued)

Termination of Employment

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

Death Benefits

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

Contributions

Participants are required to contribute 5% of their annual salary to the Plan. The City contributes an amount to make the fund actuarially sound. The City's contribution rate for fiscal year 2022 was 15.03%.

Deferred Retirement Option Program (DROP)

Effective October 18, 2004, the City approved an ordinance creating a deferred retirement option plan (DROP). In lieu of terminating employment, any member may elect to defer receipt of such service retirement pension and to participate in the DROP. A member's participation in the DROP may not exceed sixty months beginning at the time the member becomes eligible for Normal Retirement. A member may participate only once. An account is established for each member participating in the DROP. The member's DROP account consists of the monthly retirement benefit the member would have received had they terminated their employment and the earnings on those amounts. DROP accounts earn interest as elected by the plan member at an effective rate of 6.5% per annum, compounded monthly, or at the actual net rate of investment return realized by the plan. As of September 30, 2022, three employees are participating in the DROP program with a balance of \$197,037.

Net Pension Liability (Asset) of the City

The City's net pension liability was measured as of September 30, 2022. The total pension liability used to calculate the net pension liability was determined as of that date. The components of the net pension liability of the City at September 30, 2022, were as follows:

Total pension liability	\$ 18,152,269
Plan fiduciary net position	<u>(15,203,003)</u>
City's net pension liability (asset)	<u>\$ 2,949,266</u>
Plan fiduciary net position as a percentage of the total pension liability	83.75 %

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

V - OTHER INFORMATION (CONTINUED)

C. Palmetto General Employees' Pension Plan (Continued)

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

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of October 1, 2021, updated to September 30, 2022 using the following actuarial assumptions:

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

Mortality rates were based as follows:

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

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

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

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

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

Changes in Actuarial Assumptions

For measurement date September 30, 2022, as mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in the July 1, 2021 actuarial valuation for non-special-risk lives, with appropriate risk and collar adjustments made based on plan demographics.

Investment Policy Assumptions

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. For 2022 the inflation rate assumption of the investment advisor was 2.26%. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

V - OTHER INFORMATION (CONTINUED)

C. Palmetto General Employees' Pension Plan (Continued)

Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic equity	50.00 %	5.87 %
International equity	10.00 %	4.65 %
Fixed income	15.00 %	1.31 %
Global fixed income	5.00 %	1.27 %
Hedge funds	7.50 %	2.60 %
Real estate	12.50 %	4.65 %
Total	<u>100.00 %</u>	

Concentrations

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

Rate of Return

For the year ended September 30, 2022 the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was -16.06%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate that the City's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

V - OTHER INFORMATION (CONTINUED)

C. Palmetto General Employees' Pension Plan (Continued)

CHANGES IN NET PENSION LIABILITY (ASSET)

	<u>Total Pension Liability</u> (a)	<u>Plan Fiduciary Net Position</u> (b)	<u>Net Pension Liability (Asset)</u> (a) - (b)
Reporting Period Ending September 30, 2021	\$ 16,706,155	\$ 18,678,941	\$ (1,972,786)
Changes for a Year:			
Service cost	312,483	--	312,483
Interest	1,154,978	--	1,154,978
Differences between expected and actual experience	418,459	--	418,459
Changes of assumptions	--	--	--
Changes of benefit terms	624,091	--	624,091
Contributions - Employer	--	486,388	(486,388)
Contributions - Employee	--	161,806	(161,806)
Net investment income	--	(3,020,122)	3,020,122
Benefit payments, including refunds of employee contributions	(1,063,897)	(1,063,897)	--
Administrative expense	--	(40,113)	40,113
Net changes	<u>1,446,114</u>	<u>(3,475,938)</u>	<u>4,922,052</u>
Reporting Period Ending September 30, 2022	<u>\$ 18,152,269</u>	<u>\$ 15,203,003</u>	<u>\$ 2,949,266</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1.0% lower (5.75%) or 1.0% higher (7.75%) than the current rate:

	<u>1.0% Decrease</u> 5.75%	<u>Current Discount Rate</u> 6.75%	<u>1.0% Increase</u> 7.75%
City's net pension liability	\$ 4,928,774	\$ 2,949,266	\$ 1,290,725

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

V - OTHER INFORMATION (CONTINUED)

C. Palmetto General Employees' Pension Plan (Continued)

Pension Expense and Deferred Inflows/Outflows of Resources Related to Pension

For the year ended September 30, 2022, the City recognized pension expense of \$1,263,565. On September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between expected and actual expense	\$ 313,845	\$ 197,160
Changes of assumptions	92,230	66,251
Net difference between projected and actual earnings on pension plan investments	<u>2,381,118</u>	<u>--</u>
Total	<u>\$ 2,787,193</u>	<u>\$ 263,411</u>

The outcome of the deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the applicable year. There were no subsequent contributions for the year ended September 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30:	
2023	\$ (548,581)
2024	(558,206)
2025	(578,946)
2026	(838,049)
Thereafter	<u>--</u>
Total	<u>\$ (2,523,782)</u>

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

V - OTHER INFORMATION (CONTINUED)

D. Palmetto Police Pension Plan

Plan Administration

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

Plan Membership

	<u>Valuation</u> <u>As of</u> <u>October 1, 2021</u>	<u>Valuation</u> <u>As of</u> <u>October 1, 2022</u>
Retirees, beneficiaries, and DROP participants receiving benefits	35	36
Terminated employees entitled to, but not yet receiving benefits	15	14
Active plan members	28	29
Total	78	79

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

V - OTHER INFORMATION (CONTINUED)

D. Palmetto Police Pension Plan (Continued)

Normal Retirement and Vesting

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

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

Early Retirement

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

Disability

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

Termination of Employment

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

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

V - OTHER INFORMATION (CONTINUED)

D. Palmetto Police Pension Plan (Continued)

Death Benefits

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

Contributions

Participants are required to contribute 5% of their annual salary to the Plan. Other contributions are received from the State of Florida and the City. The State of Florida contribution results from the City's share of insurance tax. The City contributes an amount to make the fund actuarially sound. The City's contribution rate was 17.93% for fiscal year 2022.

Deferred Retirement Option Program (DROP)

Effective October 7, 2002, the City approved an Ordinance No. 02-759 creating a deferred retirement option plan (DROP). In lieu of terminating employment, any member may elect to defer receipt of such service retirement pension and to participate in the DROP. A member's participation in the DROP may not exceed sixty months beginning at the time the election becomes effective. A member may participate only once. An account is established for each member participating in the DROP. The member's DROP account consists of the monthly retirement benefit the member would have received had they terminated their employment and the earnings on those amounts. DROP accounts earn interest as elected by the plan member at an effective rate of 6.5% per annum, compounded monthly, or at the actual net rate of investment return realized by the plan. As of September 30, 2022, three employees are participating in the DROP program with a balance of \$364,288.

Net Pension Liability (Asset) of the City

The City's net pension liability was measured as of September 30, 2022. The total pension liability used to calculate the net pension liability was determined as of that date. The components of the net pension liability of the City at September 30, 2022, and reported for fiscal year 2022, were as follows:

Total pension liability	\$ 17,607,267
Plan fiduciary net position	<u>(13,853,395)</u>
City's net pension liability (asset)	<u>\$ 3,753,872</u>
Plan fiduciary net position as a percentage of the total pension liability	78.68 %

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

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

V - OTHER INFORMATION (CONTINUED)

D. Palmetto Police Pension Plan (Continued)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of October 1, 2021, updated to September 30, 2022 using the following actuarial assumptions:

Inflation	2.50%
Salary increases	Service Based
Discount rate	6.75%
Investment rate of return	6.75%

Mortality rates were based on as follows:

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

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

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

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

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

Changes in Actuarial Assumptions

For measurement date September 30, 2022, as mandated by Chapter 2015-157, Laws of Florida, This law mandates the use of the assumption used in either of the two more recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Millman's July 1, 2021 FRS valuation report for special-risk lives, with appropriate adjustments made based on plan demographics.

Investment Policy Assumptions

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. For 2022, the inflation rate assumption of the investment advisor was 2.50%.

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

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

V - OTHER INFORMATION (CONTINUED)

D. Palmetto Police Pension Plan (Continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic equity	45.00 %	7.50 %
International equity	15.00 %	8.50 %
Fixed income (Core)	10.00 %	2.50 %
Fixed income (Non-Core)	10.00 %	2.50 %
Real estate	10.00 %	4.50 %
Alternative	10.00 %	6.22 %
Total	<u>100.00 %</u>	

Concentrations

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

Rate of Return

For the year ended September 30, 2022, the annual money-weighted rate of return on Pension Plan investments, net of Pension Plan investment expense, was -16.10%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate that the City's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

V - OTHER INFORMATION (CONTINUED)

D. Palmetto Police Pension Plan (Continued)

CHANGES IN NET PENSION LIABILITY (ASSET)

	<u>Total Pension Liability</u> (a)	<u>Plan Fiduciary Net Position</u> (b)	<u>Net Position Liability (Asset)</u> (a) - (b)
Reporting Period Ending September 30, 2021	\$ 16,616,594	\$ 16,927,926	\$ (311,332)
Changes for a Year:			
Service cost	328,906	--	328,906
Interest	1,151,960	--	1,151,960
Differences between expected and actual experience	(142,726)	--	(142,726)
Changes of assumptions	--	--	--
Changes of benefits terms	588,624	--	588,624
Contributions - Employer	--	348,905	(348,905)
Contributions - State	--	139,825	(139,825)
Contributions - Employee	--	91,827	(91,827)
Net investment income	--	(2,682,721)	2,682,721
Benefit payments, including refunds of employee contributions	(936,091)	(936,091)	--
Administrative expense	--	(36,276)	36,276
Net changes	<u>990,673</u>	<u>(3,074,531)</u>	<u>4,065,204</u>
Reporting Period Ending September 30, 2022	<u>\$ 17,607,267</u>	<u>\$ 13,853,395</u>	<u>\$ 3,753,872</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1.0% lower (5.75%) or 1.0% higher (7.75%) than the current rate:

	<u>1.0% Decrease</u> 5.75%	<u>Current Discount Rate</u> 6.75%	<u>1.0% Increase</u> 7.75%
City's net pension liability	\$ 5,729,079	\$ 3,753,872	\$ 2,102,106

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

V - OTHER INFORMATION (CONTINUED)

D. Palmetto Police Pension Plan (Continued)

Pension Expense and Deferred Inflows/Outflows of Resources Related to Pensions

For the year ended September 30, 2022, the City recognizes pension expense of \$1,171,265 and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 109,786	\$ 161,662
Changes of assumptions	116,193	79,220
Net difference between projected and actual earnings on pension plan investments	<u>2,122,743</u>	<u>--</u>
	<u>\$ 2,348,722</u>	<u>\$ 240,882</u>

The outcome of the deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date is recognized as a reduction of the pension expense in the applicable year. There were no subsequent contributions for the year ended September 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:

2023	\$ 543,066
2024	359,392
2025	442,955
2026	762,427
2027	--
Thereafter	<u>--</u>
	<u>\$ 2,107,840</u>

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

V - OTHER INFORMATION (CONTINUED)

E. Aggregate Information for City Pension Plans

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

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Net Pension</u> <u>Liability</u> <u>(Asset)</u>	<u>Deferred</u> <u>Inflows</u>	<u>Pension</u> <u>Expense</u>
Palmetto General Employees' Pension Plan	\$ 2,787,193	\$ 2,949,266	\$ 263,411	\$ 1,263,565
Palmetto Police Pension Plan	2,348,722	3,753,872	240,882	1,171,265
	<u>\$ 5,135,915</u>	<u>\$ 6,703,138</u>	<u>\$ 504,293</u>	<u>\$ 2,434,830</u>

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

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

	<u>Palmetto</u> <u>Police</u> <u>Officers'</u> <u>Pension Plan</u>	<u>Palmetto</u> <u>General</u> <u>Employees'</u> <u>Pension Plan</u>	<u>Total</u> <u>Fiduciary</u> <u>Funds</u>
Assets			
Accounts receivable	\$ 37,316	\$ 21,969	\$ 59,285
Interest and dividends receivable	7,695	55,965	63,660
Prepaid benefits	67,632	77,979	145,611
Investments			
Money market funds	109,247	358,027	467,274
U. S. government securities	951,188	2,291,635	3,242,823
Corporate bonds	546,160	960,470	1,506,630
Corporate stocks	--	7,462,885	7,462,885
Mutual funds	10,043,039	2,312,704	12,355,743
Alternative investments	2,091,118	1,661,369	3,752,487
Total Investments	<u>13,740,752</u>	<u>15,047,090</u>	<u>28,787,842</u>
Total Assets	<u>13,853,395</u>	<u>15,203,003</u>	<u>29,056,398</u>
Liabilities			
Total liabilities	<u>--</u>	<u>--</u>	<u>--</u>
Net Position			
Restricted for pension benefits	<u>\$ 13,853,395</u>	<u>\$ 15,203,003</u>	<u>\$ 29,056,398</u>

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

V - OTHER INFORMATION (CONTINUED)

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

	<u>Palmetto Police Officers' Pension Plan</u>	<u>Palmetto General Employees' Pension Plan</u>	<u>Total Fiduciary Funds</u>
Additions			
Contributions			
Employer	\$ 329,291	\$ 485,962	\$ 815,253
Plan members	91,827	161,665	253,492
State (from the General Fund)	139,825	--	139,825
Miscellaneous	2	(88)	(86)
Total contributions	<u>560,945</u>	<u>647,539</u>	<u>1,208,484</u>
Investment earnings			
Interest	34,769	51,106	85,875
Dividends	574,101	225,974	800,075
Net decrease in the fair value of investments	<u>(3,221,687)</u>	<u>(3,183,281)</u>	<u>(6,404,968)</u>
Total investment earnings	<u>(2,612,817)</u>	<u>(2,906,201)</u>	<u>(5,519,018)</u>
Investment expense	<u>(44,967)</u>	<u>(113,266)</u>	<u>(158,233)</u>
Net investment earnings	<u>(2,657,784)</u>	<u>(3,019,467)</u>	<u>(5,677,251)</u>
Total additions	<u>(2,096,839)</u>	<u>(2,371,928)</u>	<u>(4,468,767)</u>
Deductions			
Benefits	911,715	1,063,897	1,975,612
Refunds of contributions	24,376	--	24,376
Administrative expenses	<u>41,601</u>	<u>40,113</u>	<u>81,714</u>
Total deductions	<u>977,692</u>	<u>1,104,010</u>	<u>2,081,702</u>
Change in net position	<u>(3,074,531)</u>	<u>(3,475,938)</u>	<u>(6,550,469)</u>
Net position, beginning of year	<u>16,927,926</u>	<u>18,678,941</u>	<u>35,606,867</u>
Net position, end of year	<u>\$ 13,853,395</u>	<u>\$ 15,203,003</u>	<u>\$ 29,056,398</u>

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

V - OTHER INFORMATION (CONTINUED)

G. Other Post-Employment Benefits

Plan Administration

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

Employees covered by benefit terms: At September 30, 2021 the date of the actuarial valuation, the following employees were covered by the benefit terms:

	<u>Measurement period</u> <u>As of</u> <u>September 30, 2022</u>
Inactive employees or beneficiaries currently receiving benefit payments	5
Active employees	103
	<u>108</u>

Benefits Provided

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

Total OPEB Liability

The City's total OPEB liability, as of September 30, 2022, was measured using a discount rate of 4.77%. The measurement for the OPEB expense was October 1, 2021 to September 30, 2022. The City's total OPEB liability was measured as of September 30, 2022.

Actuarial assumptions. The total OPEB liability in the September 30, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation rate	2.50%
Salary increase rate	Varies by Service
Discount rate	4.77%
Initial healthcare cost trend rate	7.50%
Ultimate trend rate	4.00%
Years to ultimate	53

All mortality rates were based on the Pub-2010 mortality tables. All mortality rates are those outlined in Milliman's July 1, 2021 Florida Retirement System (FRS) valuation report. All tables include fully generational adjustments for mortality improvements using gender-specific improvement scale MP-2018.

Mortality Rate Healthy Active Lives:

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

V - OTHER INFORMATION (CONTINUED)

G. Other Post-Employment Benefits (Continued)

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

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

Mortality Rate Healthy Inactive Lives:

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

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

Mortality Rate Disabled Lives:

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

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

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

V - OTHER INFORMATION (CONTINUED)

G. Other Post-Employment Benefits (Continued)

Discount Rate:

Given the City's decision not to fund the program, all future benefit payments were discounted using a high-quality municipal bond rate of 4.77%. The high-quality municipal bond rate was based on the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices nearest the measurement date. The S&P Municipal 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor's Ratings Services, Aa2 by Moody's or AA by Fitch. If there are multiple ratings, the lowest rating is used.

Changes in the Total OPEB Liability

	<u>Increase (Decrease)</u>
Beginning balance	\$ 497,311
Changes for the year:	
Service cost	24,143
Interest	11,209
Differences between expected and actual experience	(47,944)
Changes of assumptions	86,532
Benefit payments	(24,673)
Net changes	49,267
Ending balance	\$ 546,578

Changes in assumptions reflect a change in the discount rate from 2.43% for the reporting period ending September 30, 2021, to 4.77% for the reporting period ending September 30, 2022.

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

V - OTHER INFORMATION (CONTINUED)

G. Other Post-Employment Benefits (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower (3.77%) or one percentage-point higher (5.77%) than the current discount rate:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	<u>3.77%</u>	<u>4.77%</u>	<u>5.77%</u>
Total OPEB liability	\$ 597,026	\$ 546,578	\$ 502,266

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates.

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

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
	<u>3.00%- 6.50%</u>	<u>4.00%- 7.50%</u>	<u>5.00%- 8.50%</u>
Total OPEB liability	\$ 491,950	\$ 546,578	\$ 610,271

For the year ended September 30, 2022, the City recognized OPEB expense of \$69,403. At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 42,059	\$ 41,095
Changes of assumptions	140,050	13,334
Total	\$ 182,109	\$ 54,429

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

Year ended: September 30,	
2023	\$ 29,261
2024	29,258
2025	31,115
2026	28,948
2027	3,588
Thereafter	5,510
Total	\$ 127,680

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

V - OTHER INFORMATION (CONTINUED)

H. Contingent Liabilities

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

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

I. Deferred Compensation Plan

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

J. Subsequent Events

Subsequent to September 30, 2022, the City does not have any subsequent events materially affected the financial statements.

This page intentionally left blank





REQUIRED SUPPLEMENTARY INFORMATION

PAGE

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

Budget (GAAP Basis) and Actual

Schedule of Revenues, Expenditures, and Changes in Fund Balance - General Fund	105
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Community Redevelopment Agency	106
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Road and Bridge Fund	107

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

Pension Trust Funds

Palmetto General Employees' Pension Plan

Schedule of Changes in the City's Net Pension Liability and Related Ratios	108
Schedule of Contributions	111
Schedule of Investment Returns	115

Palmetto Police Officers' Pension Plan

Schedule of Changes in the City's Net Pension Liability and Related Ratios	117
Schedule of Contributions	120
Schedule of Investment Returns	124

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

Schedule of Changes in the City's OPEB Liability and Related Ratios	127
--	------------

CITY OF PALMETTO, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET
(GAAP BASIS) AND ACTUAL
GENERAL FUND
For the Year Ended September 30, 2022

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes				
Property	\$ 5,950,545	\$ 6,008,181	\$ 6,008,174	\$ (7)
Sales	1,083,611	2,803,369	2,803,367	(2)
Utility	1,227,000	1,325,563	1,325,561	(2)
Motor fuel	11,500	8,072	8,071	(1)
Other	909,932	1,018,733	1,026,087	7,354
Permits, fees, and special assessments	1,540,344	2,785,966	2,785,964	(2)
Intergovernmental revenues	6,000	1,076,239	406,621	(669,618)
Fines and forfeitures	39,000	59,453	65,020	5,567
Charges for services	846,286	834,450	805,570	(28,880)
Interest earnings (loss)	22,000	50,433	(161,122)	(211,555)
Miscellaneous	242,389	395,029	362,061	(32,968)
Impact fees	--	216,538	216,536	(2)
Total revenues	<u>11,878,607</u>	<u>16,582,026</u>	<u>15,651,910</u>	<u>(930,116)</u>
EXPENDITURES				
Current				
General government				
Commission	281,889	281,889	266,726	15,163
City Clerk	2,614,812	2,630,307	2,572,963	57,344
City Attorney	296,760	296,760	279,934	16,826
Finance	733,378	740,281	674,963	65,318
Human resources	261,316	261,316	233,685	27,631
Total general government	<u>4,188,155</u>	<u>4,210,553</u>	<u>4,028,271</u>	<u>182,282</u>
Public Safety				
Police	5,011,723	5,047,129	4,740,261	306,868
Code enforcement	159,123	160,343	117,777	42,566
Planning and zoning	190,465	192,029	106,847	85,182
Building department	499,863	536,083	429,018	107,065
Total public safety	<u>5,861,174</u>	<u>5,935,584</u>	<u>5,393,903</u>	<u>541,681</u>
Recreation				
Parks and recreation	705,043	723,964	537,138	186,826
Events and facilities	180,723	188,921	172,027	16,894
Total recreation	<u>885,766</u>	<u>912,885</u>	<u>709,165</u>	<u>203,720</u>
Economic and physical environment				
Information technology	581,757	834,124	669,630	164,494
Public works administration	617,110	620,338	559,617	60,721
Fleet management	245,157	245,157	190,827	54,330
Total economic and physical environment	<u>1,444,024</u>	<u>1,699,619</u>	<u>1,420,074</u>	<u>279,545</u>
Capital outlay	616,321	13,686,575	6,630,572	7,056,003
Debt service principal and interest	380,154	904,528	957,528	(53,000)
Total expenditures	<u>13,375,594</u>	<u>27,349,744</u>	<u>19,139,513</u>	<u>8,210,231</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,496,987)</u>	<u>(10,767,718)</u>	<u>(3,487,603)</u>	<u>7,280,115</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,013,257	1,013,257	1,013,257	--
Transfers out	--	(106,650)	(106,650)	--
Financed purchases	410,230	410,230	410,230	--
Issuance of debt	--	5,636,000	5,636,000	--
Total other financing sources (uses)	<u>1,423,487</u>	<u>6,952,837</u>	<u>6,952,837</u>	<u>--</u>
Net change in fund sources (uses)	<u>(73,500)</u>	<u>(3,814,881)</u>	<u>3,465,234</u>	<u>7,280,115</u>
Fund balances - beginning	<u>16,837,475</u>	<u>16,837,475</u>	<u>16,837,475</u>	<u>--</u>
Fund balances - ending	<u>\$ 16,763,975</u>	<u>\$ 13,022,594</u>	<u>\$ 20,302,709</u>	<u>\$ 7,280,115</u>

CITY OF PALMETTO, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET
(GAAP BASIS) AND ACTUAL
COMMUNITY REDEVELOPMENT AGENCY (CRA) FUND
For the Year Ended September 30, 2022

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes				
Property	\$ 4,533,503	\$ 4,511,887	\$ 4,511,887	\$ --
Intergovernmental revenues	--	600,000	537,852	(62,148)
Interest earnings (loss)	10,000	21,420	25,386	3,966
Miscellaneous	6,000	431,965	433,290	1,325
Total revenues	<u>4,549,503</u>	<u>5,565,272</u>	<u>5,508,415</u>	<u>(56,857)</u>
EXPENDITURES				
Economic and physical environment	2,334,391	3,109,007	2,376,285	732,722
Capital outlay				
Streets	100,000	924,962	--	924,962
Other	2,165,000	6,257,623	1,665,572	4,592,051
Debt service principal and interest	459,886	459,886	234,703	225,183
Total expenditures	<u>5,059,277</u>	<u>10,751,478</u>	<u>4,276,560</u>	<u>6,474,918</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(509,774)</u>	<u>(5,186,206)</u>	<u>1,231,855</u>	<u>6,418,061</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	--	290,557	290,557	--
Transfers out	(61,315)	(61,315)	(61,315)	--
Total other financing sources (uses)	<u>(61,315)</u>	<u>229,242</u>	<u>229,242</u>	<u>--</u>
Net change in fund sources (uses)	(571,089)	(4,956,964)	1,461,097	6,418,061
Fund balances - beginning	4,956,964	4,956,964	4,956,964	--
Fund balances - ending	<u>\$ 4,385,875</u>	<u>\$ --</u>	<u>\$ 6,418,061</u>	<u>\$ 6,418,061</u>

CITY OF PALMETTO, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET
(GAAP BASIS) AND ACTUAL
ROAD AND BRIDGE FUND
For the Year Ended September 30, 2022

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes				
Motor fuel	\$ 1,521,972	\$ 1,688,861	\$ 1,688,857	\$ (4)
Charges for services	147,598	144,188	144,834	646
Interest earnings (loss)	5,000	9,853	11,271	1,418
Miscellaneous	--	73,550	74,001	451
Impact fees	--	560,837	560,837	--
Total revenues	<u>1,674,570</u>	<u>2,477,289</u>	<u>2,479,800</u>	<u>2,511</u>
EXPENDITURES				
Highways and streets	1,210,056	1,240,147	1,576,396	(336,249)
Capital outlay				
Streets	52,439	211,635	164,714	46,921
Debt service principal and interest	292,349	292,349	313,175	(20,826)
Total expenditures	<u>1,554,844</u>	<u>1,744,131</u>	<u>2,054,285</u>	<u>(310,154)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>119,726</u>	<u>733,158</u>	<u>425,515</u>	<u>(307,643)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(166,265)	(1,683,520)	(683,520)	1,000,000
Financed purchases	41,539	41,539	41,539	--
Total other financing sources (uses)	<u>(124,726)</u>	<u>(1,641,981)</u>	<u>(641,981)</u>	<u>1,000,000</u>
Net change in fund sources (uses)	(5,000)	(908,823)	(216,466)	692,357
Fund balances - beginning	2,571,958	2,571,958	2,571,958	--
Fund balances - ending	<u>\$ 2,566,958</u>	<u>\$ 1,663,135</u>	<u>\$ 2,355,492</u>	<u>\$ 692,357</u>

This page intentionally left blank



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

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

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

	2019	2020	2021	2022
Total pension liability				
Service cost	\$ 376,299	\$ 391,459	\$ 364,575	\$ 312,483
Interest	1,126,047	1,136,455	1,129,819	1,154,978
Changes of benefit terms	--	--	--	624,091
Differences between expected and actual experience	(357,867)	(276,753)	(255,942)	418,459
Changes of assumptions	--	(265,003)	184,458	--
Benefit payments, including refunds of employee contributions	<u>(898,657)</u>	<u>(1,123,245)</u>	<u>(984,909)</u>	<u>(1,063,897)</u>
Net change in total pension liability	245,822	(137,087)	438,001	1,446,114
Total pension liability - beginning	<u>16,159,419</u>	<u>16,405,241</u>	<u>16,268,154</u>	<u>16,706,155</u>
Total pension liability - ending (a)	<u>\$ 16,405,241</u>	<u>\$ 16,268,154</u>	<u>\$ 16,706,155</u>	<u>\$ 18,152,269</u>
Plan fiduciary net position				
Contributions - employer	\$ 721,806	\$ 626,893	\$ 496,359	\$ 486,388
Contributions - employee	160,975	169,707	164,884	161,806
Net investment income	416,451	1,074,774	2,999,120	(3,020,122)
Benefit payments, including refunds of employee contributions	(898,657)	(1,123,245)	(984,909)	(1,063,897)
Administrative expense	<u>(34,635)</u>	<u>(29,818)</u>	<u>(42,035)</u>	<u>(40,113)</u>
Net change in plan fiduciary net position	365,940	718,311	2,633,419	(3,475,938)
Plan fiduciary net position - beginning	<u>14,961,271</u>	<u>15,327,211</u>	<u>16,045,522</u>	<u>18,678,941</u>
Plan fiduciary net position - ending (b)	<u>\$ 15,327,211</u>	<u>\$ 16,045,522</u>	<u>\$ 18,678,941</u>	<u>\$ 15,203,003</u>
City's net pension liability (asset)- ending (a - b)	<u>\$ 1,078,030</u>	<u>\$ 222,632</u>	<u>\$ (1,972,786)</u>	<u>\$ 2,949,266</u>
Plan fiduciary net position as a percentage of the total pension liability (asset)	93.43 %	98.63 %	111.81 %	83.75 %
Covered payroll (2)	\$ 3,219,489	\$ 3,394,133	\$ 3,297,706	\$ 3,236,111
City's net pension liability as a percentage of covered payroll	33.48 %	6.56 %	(59.82)%	91.14 %

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

Notes to the Schedule:

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

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

Changes of benefit terms:

For measurement date 9/30/2022, amounts reported as changes in benefit terms, resulted from Ordinance 2022-08. This ordinance provided a one-time increase in monthly benefits for all participants in pay status (including DROP Retirees) equal to 2% for each full year of retirement as of October 1, 2016, up to a maximum increase of 10%.

Changes of assumptions:

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

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

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

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

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

This page intentionally left blank



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

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

Notes to the Schedule:

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

Valuation date	October 1, 2021
Funding method	Entry age normal actuarial cost method (level percent of pay).
Amortization method	New UAAL amortization bases are amortized over 15 years.
Remaining amortization period	15 years (as of October 1, 2020)
Mortality	Mortality Rate Healthy Active Lives: Female: PubG.H-2010 for Employees. Male: PubG.H-2010 (Below Median) for Employees, set back one year. Mortality Rate Healthy Retiree Lives: Female: PubG.H-2010 (Below Median) for Healthy Retirees. Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year. Mortality Rate Beneficiary Lives: Female: PubG.H-2010 (Below Median) for Healthy Retirees. Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year. Mortality Rate Disabled Lives: PubG.H-2010 for Disabled Retirees, set forward three years. All rates are projected generationally with Mortality Improvement Scale MP-2018.
Interest rate	6.75% per year compounded annually, net of investment related expenses.
Inflation	2.30% per year
Cost of living adjustments	None
Payroll increases	None
Actuarial value of assets	The Actuarial Value of Assets utilize four-year smoothing methodology. The annual difference between expected and actual investment earnings (market value, net of investment-related expenses), is phased-in over a four-year period.

Normal retirement age (3):

Years of Service	Age	Probability of Retirement
10-30	60-66	40%
10-30	67-69	60%
10-30	70+	100%

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

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Actuarially determined contribution	\$ 721,809	\$ 626,896	\$ 492,018	\$ 486,388
Contributions in relation to the actuarially determined contributions	<u>721,806</u>	<u>626,893</u>	<u>496,359</u>	<u>486,388</u>
Contribution deficiency (excess)	<u>\$ 3</u>	<u>\$ 3</u>	<u>\$ (4,341)</u>	<u>\$ --</u>
Covered payroll (2)	\$ 3,219,489	\$ 3,394,133	\$ 3,297,706	\$ 3,236,111
Contributions as a percentage of covered payroll	22.42 %	18.47 %	15.05 %	15.03 %

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

Early retirement age:

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

0 - 2 years	15.5%
3 - 14 years	10.5%
15 - 19 years	5.5%
20 or more years	0%

Salary increases:

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

Disability Rates:

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

Termination rates:

Sample Age	Years of service	% of Active Members Separating Within Next Year
All	0-2	15.50%
	3-14	10.50%
	15-19	5.50%
	20 or more	0.00%

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

Terminal leave pay:

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

Notes to the Schedule:

- (1) GASB 68 was implemented in fiscal year 2015. Information necessary for this table will accumulate until 10 years of data is available.
- (2) The covered payroll numbers shown are in compliance with GASB 82, except for the September 30, 2015 measurement period which includes DROP payroll.
- (3) The rates above were previously adopted by the Board as the result of an Experience Study for the period of October 1, 2000 through September 30, 2007.

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

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

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

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

Notes to the Schedule

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

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

	September 30, 2019	September 30, 2020	September 30, 2021	September 30, 2022
Annual money-weighted rate of return net of investment expense	2.81 %	7.09 %	18.49 %	(16.06)%

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

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

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

	2019	2020	2021	2022
Total pension liability				
Service cost	\$ 340,650	\$ 396,835	\$ 307,206	\$ 328,906
Interest	1,068,270	1,062,027	1,105,469	1,151,960
Changes of benefit terms	--	--	--	588,624
Differences between expected and actual experience	(713,554)	439,144	(199,535)	(142,726)
Changes of assumptions	--	(316,881)	348,580	--
Benefit payments, including refunds of employee contributions	<u>(800,334)</u>	<u>(881,144)</u>	<u>(860,659)</u>	<u>(936,091)</u>
Net change in total pension liability	(104,968)	699,981	701,061	990,673
Total pension liability - beginning	<u>15,320,520</u>	<u>15,215,552</u>	<u>15,915,533</u>	<u>16,616,594</u>
Total pension liability - ending (a)	<u>\$ 15,215,552</u>	<u>\$ 15,915,533</u>	<u>\$ 16,616,594</u>	<u>\$ 17,607,267</u>
Plan fiduciary net position				
Contributions - employer	\$ 480,634	\$ 406,200	\$ 351,060	\$ 348,905
Contributions - state	131,486	133,879	144,799	139,825
Contributions - employee	89,571	90,800	82,768	91,827
Net investment income	422,898	1,134,529	2,610,556	(2,682,721)
Benefit payments, including refunds of employee contributions	(800,334)	(881,144)	(860,659)	(936,091)
Administrative expense	<u>(50,391)</u>	<u>(30,590)</u>	<u>(31,703)</u>	<u>(36,276)</u>
Net change in plan fiduciary net position	273,864	853,674	2,296,821	(3,074,531)
Plan fiduciary net position - beginning	<u>13,503,567</u>	<u>13,777,431</u>	<u>14,631,105</u>	<u>16,927,926</u>
Plan fiduciary net position - ending (b)	<u>\$ 13,777,431</u>	<u>14,631,105</u>	<u>16,927,926</u>	<u>13,853,395</u>
City's net pension liability (asset) - ending (a - b)	<u>\$ 1,438,121</u>	<u>\$ 1,284,428</u>	<u>\$ (311,332)</u>	<u>\$ 3,753,872</u>
Plan fiduciary net position as a percentage of the total pension liability (asset)	90.55 %	91.93 %	101.87 %	78.68 %
Covered payroll (2)	\$ 1,791,416	\$ 1,816,002	\$ 1,655,365	\$ 1,836,536
City's net pension liability as a percentage of covered payroll	80.28 %	70.73 %	(18.81)%	204.40 %

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

Notes to the Schedule:

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

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

Changes in benefit terms:

For measurement date 9/30/2022, amounts reported as changes of benefit terms, resulted from Ordinance 2022-12. This ordinance provided a one-time increase in monthly benefits for all participants in pay status (include DROP retirees) equal to 2% for each full year of retirement as of October 1, 2016, up to a maximum increase of 10%.

Changes of assumptions:

Changes of assumptions made August 24, 2021: Investment return, Reduced salary increases, Normal retirement rates, Assumed rates of termination less than 15 years of credited service.

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

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

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

The investment return assumption will be lowered from the current 7.50% rate by the following schedule: September 30, 2016 - 7.25%; October 1, 2017- 7.10%; October 1, 2018 - 7.00%, October 1, 2021 - 6.75%

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

This page intentionally left blank



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

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

Notes to the Schedule:

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

Valuation date	October 1, 2021
Funding method	Entry age normal actuarial cost method.
Amortization method	New UAAL amortization bases are established according to the following amortization periods; Experience: 10 years, assumption method changes: 20 years and benefit change: 30 years.
Remaining amortization period	15 years (as of October 1, 2022)
Mortality	Mortality Rate Healthy Active Lives: Female: PubS.H-2010 (Below Median) for Employees, set forward one year. Male: PubS.H-2010 (Below Median) for Employees, set forward one year. Mortality Rate Healthy Retiree Lives: Female: PubS.H-2010 (Below Median) for Healthy Retirees, set forward one year. Male: PubS.H-2010 (Below Median) for Healthy Retirees, set forward one year. Mortality Rate Beneficiary Lives: Female: PubG.H-2010 (Below Median) for Healthy Retirees. Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year. Mortality Rates Disabled Lives: 80% PubG.H-2010 for Disabled Retirees/ 20% PubS.H-2010 for Disabled Retirees. All rates are projected generationally with Mortality Improvement Scale MP-2018.
Interest rate	6.75% per year compounded annually, net of investment related expenses.
Inflation	2.50% per year
Cost of living adjustments	None
Payroll increases	None
Actuarial value of assets	The Actuarial Value of Assets utilize four-year smoothing methodology. The annual difference between expected and actual investment earnings (market value, net of investment-related expenses), is phased-in over a four-year period.

Normal retirement age:

Number of Years after First Eligibility for Normal Retirement	Probability of Retirement
0-3	40%
4+	100%

Early retirement age: 5% for each eligible year. This assumption was approved by the Board as the result of an Experience Study dated August 24, 2021.

Salary increases:

Years of Service	Rates
Less than 5	6.00%

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

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Actuarially determined contribution	\$ 610,335	\$ 540,079	\$ 461,185	\$ 488,702
Contributions in relation to the actuarially determined contributions	<u>612,120</u>	<u>540,079</u>	<u>482,227</u>	<u>488,730</u>
Contribution deficiency (excess)	<u>\$ (1,785)</u>	<u>\$ --</u>	<u>\$ (21,042)</u>	<u>\$ (28)</u>
Covered payroll (2)	\$ 1,791,416	\$ 1,816,002	\$ 1,655,365	\$ 1,836,536
Contributions as a percentage of covered payroll	34.17 %	29.74 %	29.13 %	26.61 %

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

	Years of Service	Rates
	5-14	4.75%
	15 or more	4.50%
Disability rates:	Age	Probability of Disability
	25	0.15%
	30	0.18%
	35	0.23%
	40	0.30%
	45	0.51%
	50	1.00%
	55	1.55%
	60	0.97%
	65	1.19%

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

Termination rates:

Years of Service	% of Active Members Separating within Next Year
0-4	10.00%
5-9	7.50%
15 or more	0.00%

Terminal leave pay:

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

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

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

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

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

Changes in benefit terms:

For measurement date 9/30/2022, amounts reported as changes of benefit terms, resulted from Ordinance 2022-12. This ordinance provided a one-time increase in monthly benefits for all participants in pay status (include DROP retirees) equal to 2% for each full year of retirement as of October 1, 2016, up to a maximum increase of 10%.

Changes of assumptions:

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

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

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

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

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

	September 30, 2019	September 30, 2020	September 30, 2021	September 30, 2022
Annual money-weighted rate of return net of investment expense	3.17 %	8.37 %	18.15 %	(16.10)%

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

Notes to the Schedule

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

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

	Last Ten Fiscal Years (1)				
	2018	2019	2020	2021	2022
Total OPEB liability					
Service cost	\$ 15,911	\$ 15,026	\$ 18,238	\$ 27,909	\$ 24,143
Interest	10,898	12,290	14,017	10,967	11,209
Differences between expected and actual experience	--	--	73,604	--	(47,944)
Changes of assumptions	(12,960)	15,158	103,917	(13,481)	86,532
Benefit payment	(17,581)	(19,075)	(24,510)	(25,203)	(24,673)
Net change in total OPEB liability	(3,732)	23,399	185,266	192	49,267
Total OPEB liability - beginning	292,186	288,454	311,853	497,119	497,311
Total OPEB liability - ending	<u>\$ 288,454</u>	<u>\$ 311,853</u>	<u>\$ 497,119</u>	<u>\$ 497,311</u>	<u>\$ 546,578</u>
Covered-employee payroll	\$ 5,312,728	\$ 5,859,514	\$ 5,856,860	\$ 6,153,803	\$ 5,570,069
Total OPEB liability as a percentage of covered payroll	5.43 %	5.00 %	8.49 %	8.08 %	9.81 %

Notes to the Schedule:

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

Covered-employee payroll was projected one year forward from the valuation date for the reporting period ending September 30, 2021.

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

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

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

Also reflected as assumption changes are:

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

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

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

No assets are being accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the OPEB plan.

This page intentionally left blank





COMBINING FUND STATEMENTS AND SCHEDULES

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

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

PAGE

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual - Capital Projects Fund	129
Combining Statement of Fiduciary Net Position - Fiduciary Funds	130
Combining Statement of Changes in Fiduciary Net Position - Fiduciary Funds	131

This page intentionally left blank



CITY OF PALMETTO, FLORIDA
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET
(GAAP BASIS) AND ACTUAL
CAPITAL PROJECTS FUND
For the Year Ended September 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental revenues	\$ --	\$ 2,648,008	\$ 49,775	\$ (2,598,233)
Total revenues	--	2,648,008	49,775	(2,598,233)
EXPENDITURES				
Capital outlay				
Streets	--	4,400,472	233,593	4,166,879
Other	--	475,744	234,462	241,282
Total expenditures	--	4,876,216	468,055	4,408,161
Excess (deficiency) of revenues over (under) expenditures	--	(2,228,208)	(418,280)	1,809,928
OTHER FINANCING SOURCES (USES)				
Transfers in	--	1,490,859	490,859	(1,000,000)
Transfers out	--	(290,557)	(290,557)	--
Total other financing sources (uses)	--	1,200,302	200,302	(1,000,000)
Net change in fund sources (uses)	--	(1,027,906)	(217,978)	809,928
Fund balances - beginning	1,094,843	1,094,843	1,094,843	--
Fund balances - ending	\$ 1,094,843	\$ 66,937	\$ 876,865	\$ 809,928

Notes to the Schedule:

For the Fiscal Year ending September 30, 2022 the Capital Projects fund is classified as a major fund. Historically, this fund has been considered a non-major fund and it is anticipated that it will be classified as such in future years.

CITY OF PALMETTO, FLORIDA
OTHER SUPPLEMENTARY INFORMATION
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
September 30, 2022

	Palmetto Police Officers' Pension Plan	Palmetto General Employees' Pension Plan	Total Fiduciary Funds
ASSETS			
Accounts receivable	\$ 37,316	\$ 21,969	\$ 59,285
Interest and dividends receivable	7,695	55,965	63,660
Prepaid benefits	67,632	77,979	145,611
Investments			
Money market funds	109,247	358,027	467,274
U. S. government securities	951,188	2,291,635	3,242,823
Corporate bonds	546,160	960,470	1,506,630
Corporate stocks	--	7,462,885	7,462,885
Mutual funds	10,043,039	2,312,704	12,355,743
Alternative investments	2,091,118	1,661,369	3,752,487
Total investments	<u>13,740,752</u>	<u>15,047,090</u>	<u>28,787,842</u>
Total assets	<u>13,853,395</u>	<u>15,203,003</u>	<u>29,056,398</u>
NET POSITION			
Restricted for pension benefits	<u>\$ 13,853,395</u>	<u>\$ 15,203,003</u>	<u>\$ 29,056,398</u>

CITY OF PALMETTO, FLORIDA
OTHER SUPPLEMENTARY INFORMATION
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended September 30, 2022

	Palmetto Police Officers' Pension Plan	Palmetto General Employees' Pension Plan	Total Fiduciary Funds
ADDITIONS			
Contributions:			
Employer	\$ 329,291	\$ 485,962	\$ 815,253
Plan members	91,827	161,665	253,492
State (from the General Fund)	139,825	--	139,825
Miscellaneous	2	(88)	(86)
Total contributions:	<u>560,945</u>	<u>647,539</u>	<u>1,208,484</u>
Investment earnings (loss)			
Interest	34,769	51,106	85,875
Dividends	574,101	225,974	800,075
Net decrease in the fair value of investments	<u>(3,221,687)</u>	<u>(3,183,281)</u>	<u>(6,404,968)</u>
Total investment earnings (loss)	<u>(2,612,817)</u>	<u>(2,906,201)</u>	<u>(5,519,018)</u>
Less investment expense	<u>(44,967)</u>	<u>(113,266)</u>	<u>(158,233)</u>
Net investment earnings (loss)	<u>(2,657,784)</u>	<u>(3,019,467)</u>	<u>(5,677,251)</u>
Total additions	<u>(2,096,839)</u>	<u>(2,371,928)</u>	<u>(4,468,767)</u>
DEDUCTIONS			
Benefits	911,715	1,063,897	1,975,612
Refunds of contributions	24,376	--	24,376
Administrative expenses	41,601	40,113	81,714
Total deductions	<u>977,692</u>	<u>1,104,010</u>	<u>2,081,702</u>
Change in net position	<u>(3,074,531)</u>	<u>(3,475,938)</u>	<u>(6,550,469)</u>
Net position, beginning of year	<u>16,927,926</u>	<u>18,678,941</u>	<u>35,606,867</u>
Net position, end of year	<u>\$ 13,853,395</u>	<u>\$ 15,203,003</u>	<u>\$ 29,056,398</u>

This page intentionally left blank





STATISTICAL SECTION

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

	PAGE
Financial Trends	
Net Position by Component	133
Changes in Net Position	135
Fund Balances, Governmental Funds	139
Changes in Fund Balances of Governmental Funds	141
Revenue Capacity	
Governmental Activities Tax Revenues by Source	143
Assessed and Estimated Actual Value of Taxable Property	144
Property Tax Rates, Direct and Overlapping Governments	146
Principal Property Tax Payers	147
Property Tax Levies and Collections	148
Debt Capacity	
Ratios of Outstanding Debt by Type	149
Ratio of General Bonded Debt Outstanding	150
Computation of Direct and Overlapping Debt	151
Demographic and Economic Information	
Demographic Statistics	152
Principal Employers in Manatee County	153
Operating Information	
Full-time Equivalent City Government Employees by Function	154
Operating Indicators by Function	155
Capital Asset Statistics by Function	157

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

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

	Fiscal Year			
	2013 (1)	2014	2015 (2)	2016
Governmental Activities				
Net investment in capital assets	\$ 31,673,980	\$ 32,241,516	\$ 33,319,038	\$ 33,506,241
Restricted	4,217,646	3,193,316	3,567,422	4,378,810
Unrestricted	<u>7,257,727</u>	<u>6,679,783</u>	<u>3,030,809</u>	<u>3,140,557</u>
Governmental Activities net position	<u>\$ 43,149,353</u>	<u>\$ 42,114,615</u>	<u>\$ 39,917,269</u>	<u>\$ 41,025,608</u>
Business-type Activities				
Net investment in capital assets	19,190,117	21,989,061	21,533,620	22,947,006
Restricted	488,908	245,743	906,723	1,012,806
Unrestricted	<u>2,564,049</u>	<u>2,929,840</u>	<u>3,731,428</u>	<u>3,937,734</u>
Total business-type activities net position	<u>\$ 22,243,074</u>	<u>\$ 25,164,644</u>	<u>\$ 26,171,771</u>	<u>\$ 27,897,546</u>
Primary Government				
Net investment in capital assets	\$ 50,864,097	\$ 54,230,577	\$ 54,852,658	\$ 56,453,247
Restricted	4,706,554	3,439,059	4,474,145	5,391,616
Unrestricted	<u>9,821,776</u>	<u>9,609,623</u>	<u>6,762,237</u>	<u>7,078,291</u>
Total primary government net position	<u>\$ 65,392,427</u>	<u>\$ 67,279,259</u>	<u>\$ 66,089,040</u>	<u>\$ 68,923,154</u>

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

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

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 34,364,152	\$ 35,933,864	\$ 38,025,148	\$ 42,038,825	\$ 42,336,583	\$ 46,051,743
5,751,126	8,872,485	9,505,182	9,963,795	13,856,493	17,913,648
4,160,584	3,620,287	5,111,856	6,461,109	9,391,757	7,077,299
<u>\$ 44,275,862</u>	<u>\$ 48,426,636</u>	<u>\$ 52,642,186</u>	<u>\$ 58,463,729</u>	<u>\$ 65,584,833</u>	<u>\$ 71,042,690</u>
24,414,011	24,524,166	26,379,526	29,161,052	30,001,681	31,154,040
1,120,585	1,121,064	653,354	1,269,654	1,233,042	1,494,400
4,927,292	7,184,686	9,128,614	9,191,740	10,954,989	12,507,274
<u>\$ 30,461,888</u>	<u>\$ 32,829,916</u>	<u>\$ 36,161,494</u>	<u>\$ 39,622,446</u>	<u>\$ 42,189,712</u>	<u>\$ 45,155,714</u>
\$ 58,778,163	\$ 60,458,030	\$ 64,404,674	\$ 71,199,877	\$ 72,338,264	\$ 77,205,783
6,871,711	9,993,549	10,158,536	11,233,449	15,089,535	19,408,048
9,087,876	10,804,973	14,240,470	15,652,849	20,346,746	19,584,573
<u>\$ 74,737,750</u>	<u>\$ 81,256,552</u>	<u>\$ 88,803,680</u>	<u>\$ 98,086,175</u>	<u>\$ 107,774,545</u>	<u>\$ 116,198,404</u>

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

	Fiscal Year			
	2013 (1)	2014	2015 (2)	2016
Expenses				
Governmental activities:				
General government	\$ 3,382,557	\$ 3,434,529	\$ 2,761,333	\$ 3,063,567
Public Safety (net of indirect allocations)	4,353,495	4,489,409	4,447,435	4,773,190
Highways and streets	894,480	1,332,919	1,030,938	1,163,107
Recreation	729,485	636,947	648,017	632,666
Intergovernmental (net of indirect allocation)	2,582,701	2,634,057	2,713,354	2,699,069
Interest on long-term debt	151,233	129,675	120,874	116,363
Total governmental activities expenses	<u>12,093,951</u>	<u>12,657,536</u>	<u>11,721,951</u>	<u>12,447,962</u>
Business-type activities:				
Solid waste	2,075,468	2,200,590	2,180,098	2,001,620
Water and sewer	4,524,200	4,744,118	4,919,816	5,255,761
Stormwater	656,269	612,953	574,894	593,910
Reuse	88,650	113,245	130,437	158,216
Total business-type activities expenses	<u>7,344,587</u>	<u>7,670,906</u>	<u>7,805,245</u>	<u>8,009,507</u>
Total primary government expenses	<u>19,438,538</u>	<u>20,328,442</u>	<u>19,527,196</u>	<u>20,457,469</u>
Program revenues				
Governmental activities:				
Charges for services				
General government	312,316	163,793	480,864	521,631
Public safety	270,709	375,222	146,175	188,432
Highways and streets	109,443	139,397	113,236	88,597
Recreation	--	600	35,139	33,706
Operating grants and contributions	--	--	29,693	5,470
Capital grants and contributions	144,407	334,025	554,283	220,296
Total governmental activities program revenues	<u>836,875</u>	<u>1,013,037</u>	<u>1,359,390</u>	<u>1,058,132</u>
Business-type activities:				
Charges for services				
Solid waste	2,136,874	2,177,967	2,272,215	2,170,087
Water and sewer	4,897,027	5,615,854	6,638,840	6,935,577
Stormwater	785,132	785,144	781,649	786,912
Reuse	189,698	282,522	389,078	397,958
Capital grants and contributions	513,359	960,091	67,137	41,303
Total business-type activities program revenues	<u>8,522,090</u>	<u>9,821,578</u>	<u>10,148,919</u>	<u>10,331,837</u>
Total primary government program revenues	<u>9,358,965</u>	<u>10,834,615</u>	<u>11,508,309</u>	<u>11,389,969</u>
Net (Expense)/Revenue				
Government activities	(11,257,076)	(11,644,499)	(10,362,561)	(11,389,830)
Business-type activities	1,177,503	2,150,672	2,343,674	2,322,330
Total primary government net expense	<u>(10,079,573)</u>	<u>(9,493,827)</u>	<u>(8,018,887)</u>	<u>(9,067,500)</u>

		Fiscal Year					
		2017	2018	2019	2020	2021	2022
\$	3,202,580	\$ 3,389,085	\$ 4,029,064	\$ 4,029,897	\$ 4,248,135	\$ 4,850,158	
	4,712,040	4,922,734	4,450,463	4,248,695	3,798,610	5,959,349	
	1,004,315	1,455,875	1,529,769	1,355,491	967,761	2,133,957	
	650,416	691,519	679,524	684,068	631,505	882,654	
	2,993,731	3,087,537	3,134,261	3,185,980	3,168,983	4,301,339	
	112,689	123,283	205,543	72,095	69,635	116,201	
	12,675,771	13,670,033	14,028,624	13,576,226	12,884,629	18,243,658	
	2,001,143	2,324,223	2,067,018	2,180,346	2,215,866	2,354,169	
	5,136,548	5,272,179	5,500,925	5,543,719	5,799,859	5,919,901	
	559,892	497,092	686,512	517,802	473,322	681,327	
	143,347	165,525	169,525	281,797	309,877	247,170	
	7,840,930	8,259,019	8,423,980	8,523,664	8,798,924	9,202,567	
	20,516,701	21,929,052	22,452,604	22,099,890	21,683,553	27,446,225	
	429,653	881,869	843,384	1,174,634	1,111,828	1,816,716	
	197,235	244,484	314,232	345,746	204,808	204,157	
	248,239	203,537	186,468	397,761	134,868	144,834	
	40,285	143,064	116,625	89,499	26,666	--	
	1,952	6,000	110,862	62,720	28,158	406,621	
	224,402	506,276	82,790	101,093	353,228	1,308,432	
	1,141,766	1,985,230	1,654,361	2,171,453	1,859,556	3,880,760	
	2,151,687	2,166,408	2,220,651	2,313,825	2,424,494	2,492,021	
	7,213,578	7,595,756	7,625,127	7,902,819	8,086,956	8,420,776	
	778,978	798,498	810,387	880,405	921,755	971,049	
	409,888	436,377	444,348	495,506	544,465	573,033	
	394,126	134,437	834,777	1,011,727	142,664	300,371	
	10,948,257	11,131,476	11,935,290	12,604,282	12,120,334	12,757,250	
	12,090,023	13,116,706	13,589,651	14,775,735	13,979,890	16,638,010	
	(11,534,005)	(11,684,803)	(12,374,263)	(11,404,773)	(11,025,073)	(14,362,898)	
	3,107,327	2,872,457	3,511,310	4,080,618	3,321,410	3,554,683	
	(8,426,678)	(8,812,346)	(8,862,953)	(7,324,155)	(7,703,663)	(10,808,215)	

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

	Fiscal Year			
	2013 (1)	2014	2015 (2)	2016
Net (Expense)/Revenue				
Government activities	\$ (11,257,076)	\$ (11,644,499)	\$ (10,362,561)	\$ (11,389,830)
Business-type activities	1,177,503	2,150,672	2,343,674	2,322,330
Total primary government net expense	<u>(10,079,573)</u>	<u>(9,493,827)</u>	<u>(8,018,887)</u>	<u>(9,067,500)</u>
General Revenues and Other Changes in Net Position				
Government activities:				
Taxes				
Property taxes	5,802,343	6,252,171	6,557,041	7,261,107
Sales taxes	848,863	912,455	950,806	987,991
Utility taxes	986,029	1,088,481	1,096,095	1,107,225
Motor fuel taxes	1,194,620	1,298,344	1,428,522	1,528,050
Other taxes	864,389	853,806	781,298	813,066
Franchise fees	811,682	856,531	904,809	848,579
Interest and investment earnings	26,515	107,545	111,708	123,720
Other general revenues	--	--	244,338	192,608
Transfers	454,044	(759,572)	406,595	458,963
Total government activities	<u>10,988,485</u>	<u>10,609,761</u>	<u>12,481,212</u>	<u>13,321,309</u>
Business-type activities:				
Investment earnings	25,671	11,326	23,362	36,754
Transfers	(454,044)	759,572	(406,595)	(458,963)
Total business-type activities	<u>(428,373)</u>	<u>770,898</u>	<u>(383,233)</u>	<u>(422,209)</u>
Total primary government	<u>10,560,112</u>	<u>11,380,659</u>	<u>12,097,979</u>	<u>12,899,100</u>
Change in Net Position				
Government activities	(268,591)	(1,034,738)	2,118,651	1,931,479
Business-type activities	749,130	2,921,570	1,960,441	1,900,121
Total primary government	<u>\$ 480,539</u>	<u>\$ 1,886,832</u>	<u>\$ 4,079,092</u>	<u>\$ 3,831,600</u>

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

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

		Fiscal Year					
		2017	2018	2019	2020	2021	2022
\$	(11,534,005)	\$ (11,684,803)	(12,374,263)	(11,404,773)	(11,025,073)	\$ (14,362,898)	
	3,107,327	2,872,457	3,511,310	4,080,618	3,321,410	3,554,683	
	(8,426,678)	(8,812,346)	(8,862,953)	(7,324,155)	(7,703,663)	(10,808,215)	
	7,744,097	8,277,283	8,716,041	9,379,278	9,977,632	10,520,061	
	1,648,177	2,030,235	2,022,593	2,024,823	2,405,574	2,803,367	
	1,143,031	1,187,993	1,249,304	1,227,589	1,242,277	1,325,561	
	1,591,988	1,590,376	1,603,218	1,529,630	1,597,359	1,696,928	
	844,339	858,059	873,901	870,176	899,926	1,026,087	
	882,834	906,516	927,890	882,651	921,440	1,060,551	
	138,093	199,260	505,239	425,435	63,568	(124,465)	
	179,765	167,382	297,954	112,643	237,028	859,972	
	611,935	643,814	393,673	774,091	801,373	652,631	
	14,784,259	15,860,918	16,589,813	17,226,316	18,146,177	19,820,693	
	68,950	144,230	213,941	154,425	47,229	63,950	
	(611,935)	(643,814)	(393,673)	(774,091)	(801,373)	(652,631)	
	(542,985)	(499,584)	(179,732)	(619,666)	(754,144)	(588,681)	
	14,241,274	15,361,334	16,410,081	16,606,650	17,392,033	19,232,012	
	3,250,254	4,176,115	4,215,550	5,821,543	7,121,104	5,457,795	
	2,564,342	2,372,873	3,331,578	3,460,952	2,567,266	2,966,002	
\$	5,814,596	\$ 6,548,988	\$ 7,547,128	\$ 9,282,495	\$ 9,688,370	\$ 8,423,797	

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

	Fiscal Year			
	2013	2014	2015	2016
General fund				
Nonspendable - Inventory	\$ 277,823	\$ 319,834	\$ 318,269	\$ 275,926
Restricted	654,934	477,674	615,227	844,837
Committed	1,964,498	1,983,593	2,003,079	2,039,206
Assigned	804,869	343,795	199,142	393,991
Unassigned	3,867,975	4,077,272	4,586,884	4,652,720
Total general fund	<u>\$ 7,570,099</u>	<u>\$ 7,202,168</u>	<u>\$ 7,722,601</u>	<u>\$ 8,206,680</u>
All other governmental funds				
Unreserved, reported in:				
Restricted	4,509,519	3,320,385	3,556,542	3,670,011
Committed	583,906	281,583	262,856	846,341
Total all other governmental funds	<u>\$ 5,093,425</u>	<u>\$ 3,601,968</u>	<u>\$ 3,819,398</u>	<u>\$ 4,516,352</u>

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 278,290	\$ 263,417	\$ 292,142	\$ 281,992	\$ 294,675	\$ 284,036
1,563,003	3,052,271	3,885,242	4,989,482	6,730,065	9,140,095
2,075,406	2,020,887	2,057,086	2,079,406	2,171,852	2,341,101
350,837	316,356	393,205	294,066	589,999	2,617,894
5,101,766	4,246,647	5,167,811	6,110,072	7,050,884	5,919,583
<u>\$ 9,369,302</u>	<u>\$ 9,899,578</u>	<u>\$ 11,795,486</u>	<u>\$ 13,755,018</u>	<u>\$ 16,837,475</u>	<u>\$ 20,302,709</u>
4,301,268	5,820,214	5,663,246	5,019,719	7,528,922	8,773,553
975,801	707,814	641,096	662,457	1,094,842	876,865
<u>\$ 5,277,069</u>	<u>\$ 6,528,028</u>	<u>\$ 6,304,342</u>	<u>\$ 5,682,176</u>	<u>\$ 8,623,764</u>	<u>\$ 9,650,418</u>

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

	Fiscal Year			
	2013	2014	2015	2016
Revenues				
Taxes	\$ 9,696,244	\$ 10,405,257	\$ 10,813,762	\$ 11,697,439
Permits, fees, and special assessments	964,238	1,135,631	1,312,655	1,314,226
Intergovernmental revenues	102,941	334,025	511,887	229,447
Charges for services	846,821	783,332	874,483	716,463
Fines and forfeitures	61,545	58,255	53,414	47,122
Interest earnings (loss)	26,515	107,545	111,708	123,720
Impact fees	21,292	65,417	34,422	64,528
Miscellaneous	168,543	255,752	279,535	215,230
Total revenues	11,888,139	13,145,214	13,991,866	14,408,175
Expenditures				
General government	3,378,574	2,767,181	2,896,947	3,111,603
Public safety	4,159,702	4,264,229	4,337,159	4,456,172
Highways and streets	609,082	757,656	635,317	740,798
Economic and physical environment	2,421,266	2,483,372	2,587,428	2,522,372
Recreation	672,960	598,012	637,539	617,505
Capital outlay	1,679,365	2,636,068	2,323,322	1,724,190
Debt service				
Principal retirement	151,233	339,802	629,785	663,096
Interest	526,340	347,493	120,954	116,369
Total expenditures	13,598,522	14,193,813	14,168,451	13,952,105
Excess of revenues over (under) expenditures	(1,710,383)	(1,048,599)	(176,585)	456,070
Other financing sources (uses)				
Transfers in	2,081,969	1,358,442	1,146,055	3,207,657
Transfers out	(1,627,925)	(2,118,014)	(739,460)	(2,748,694)
Financed purchases	104,730	291,500	507,853	266,000
Reallocation of loan	--	(342,717)	--	--
Proceeds from issuance of debt	--	--	--	--
Payments from issuance of debt	--	--	--	--
Total other financing sources (uses)	558,774	(810,789)	914,448	724,963
Net change in fund balances	\$ (1,151,609)	\$ (1,859,388)	\$ 737,863	\$ 1,181,033
Debt service as a percentage of non-capital expenditures	5.68 %	5.95 %	6.34 %	6.37 %

Fiscal Year						
	2017	2018	2019	2020	2021	2022
\$	12,971,632	\$ 13,943,946	\$ 14,465,057	\$ 15,031,496	\$ 16,122,768	\$ 17,372,004
	1,293,917	1,678,070	1,663,967	1,977,998	1,986,017	2,785,964
	226,354	109,597	311,108	493,261	346,865	994,248
	894,464	859,465	959,227	956,080	951,309	950,404
	38,955	96,605	61,499	47,005	49,541	65,020
	138,093	199,260	505,239	425,435	61,869	(124,465)
	108,684	266,009	189,529	471,655	290,679	777,373
	200,756	192,710	318,499	158,830	257,172	869,352
	<u>15,872,855</u>	<u>17,345,662</u>	<u>18,474,125</u>	<u>19,561,760</u>	<u>20,066,220</u>	<u>23,689,900</u>
	3,299,997	3,492,141	3,640,161	3,826,284	3,956,487	4,028,271
	4,653,229	4,786,308	4,971,856	5,048,610	4,972,870	5,393,903
	664,664	990,841	1,114,485	859,195	456,533	1,576,396
	2,807,943	2,927,091	3,000,909	2,904,712	3,227,296	3,796,359
	650,987	678,255	660,240	658,915	632,357	709,165
	2,008,448	2,923,392	3,301,217	5,218,525	1,353,914	8,928,913
	681,294	790,830	749,019	749,813	806,297	1,403,287
	112,689	123,283	205,546	72,097	55,552	102,119
	<u>14,879,251</u>	<u>16,712,141</u>	<u>17,643,433</u>	<u>19,338,151</u>	<u>15,461,306</u>	<u>25,938,413</u>
	993,604	633,521	830,692	223,609	4,604,914	(2,248,513)
	1,379,591	1,284,956	1,507,744	1,456,261	1,278,666	1,794,673
	(767,656)	(641,142)	(1,114,071)	(682,170)	(583,487)	(1,142,042)
	317,800	503,900	337,105	339,666	723,953	451,769
	--	--	--	--	--	--
	--	--	1,350,466	--	--	5,636,000
	--	--	(1,239,714)	--	--	--
	<u>929,735</u>	<u>1,147,714</u>	<u>841,530</u>	<u>1,113,757</u>	<u>1,419,132</u>	<u>6,740,400</u>
\$	<u>1,923,339</u>	<u>\$ 1,781,235</u>	<u>\$ 1,672,222</u>	<u>\$ 1,337,366</u>	<u>\$ 6,024,046</u>	<u>\$ 4,491,887</u>
	6.17 %	6.63 %	6.66 %	5.82 %	6.11 %	8.85 %

This page intentionally left blank



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

Fiscal year	Tax Year	Property Tax (1)	Sales Tax (2)	Utility Tax	Motor Fuel Tax	Other Taxes	Total
2013	2012	\$ 5,802,343	\$ 848,863	\$ 986,029	\$ 1,194,620	\$ 864,389	\$ 9,696,244
2014 (1)	2013	6,252,171	912,455	1,088,481	1,298,344	853,806	10,405,257
2015	2014	6,557,041	950,806	1,096,095	1,428,522	781,298	10,813,762
2016	2015	7,261,107	987,991	1,107,225	1,528,050	813,066	11,697,439
2017	2016	7,744,097	1,648,177	1,143,031	1,591,988	844,339	12,971,632
2018	2017	8,277,283	2,030,235	1,187,993	1,590,376	858,059	13,943,946
2019	2018	8,716,041	2,022,593	1,249,304	1,603,218	873,901	14,465,057
2020	2019	9,379,278	2,024,823	1,227,589	1,529,630	870,176	15,031,496
2021	2020	9,977,632	2,405,574	1,242,277	1,597,359	899,926	16,122,768
2022	2021	8,716,040	2,022,593	1,249,304	1,603,218	873,901	14,465,056

Change:

2013 - 2022	50.22 %	138.27 %	26.70 %	34.20 %	1.10 %	-	%
-------------	---------	----------	---------	---------	--------	---	---

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

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

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

Fiscal year	Tax Year	Real Property (1)			
		Residential Property	Commercial Property (2)	Other Property	Personal Property (2)
2014	2013	\$ 542,474,465	\$ 170,679,337	\$ 120,027,477	\$ 56,942,237
2015	2014	546,047,253	173,714,875	130,736,017	54,537,589
2016	2015	575,879,259	183,047,888	148,321,535	54,046,711
2017	2016	604,560,649	204,843,261	153,101,726	51,876,829
2018	2017	649,526,269	209,755,805	154,950,980	53,628,021
2019	2018	694,988,610	217,548,089	157,583,187	53,995,762
2020	2019	733,426,973	241,055,351	156,333,325	58,497,253
2021	2020	779,548,181	263,434,706	173,296,636	60,558,341
2022	2021	831,766,351	275,493,246	193,251,599	66,278,907
2023	2022	961,729,500	301,674,826	205,829,674	70,800,839

Source: Manatee County Property Appraiser's Office

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

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

(3) Adopted Millage Rate

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

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

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

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

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

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

Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate (3)	Estimated Actual Taxable Value (4)	Assessed Value as a Percent of Actual Value
\$ 233,788,946	\$ 656,334,570	5.7171	\$ 656,334,570	100.0 %
225,659,674	679,376,060	5.7171	679,376,060	100.0 %
244,350,184	716,945,209	5.9671	716,945,209	100.0 %
249,085,938	765,296,527	5.9671	765,296,527	100.0 %
258,248,553	809,612,522	5.9671	809,612,522	100.0 %
272,163,608	851,952,040	5.9671	851,952,040	100.0 %
275,174,735	914,138,167	5.9671	914,138,167	100.0 %
297,899,571	978,938,293	5.9671	978,938,293	100.0 %
325,794,699	1,040,995,404	5.9671	1,040,995,404	100.0 %
354,304,570	1,185,730,269	5.9671	1,185,730,269	100.0 %

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

Fiscal year	Tax Year	City Direct Rates		Overlapping Rates	
		General Fund (1)	School District (2)	County (2)	Total
2013	2012	5.2171	7.5890	6.9900	19.7671
2014	2013	5.7171	7.5720	6.9900	19.4071
2015	2014	5.7171	7.3760	6.9800	19.9271
2016	2015	5.9671	7.2670	6.3100	19.8271
2017	2016	5.9671	6.9200	6.9400	19.4871
2018	2017	5.9671	6.6080	9.9400	20.2256
2019	2018	5.9671	7.3310	6.9100	20.0142
2020	2019	5.9671	7.1350	6.9275	19.8380
2021	2020	5.9671	6.9720	6.9121	19.7183
2022	2021	5.9671	6.8760	6.6977	19.5408

Sources:

(1) Office of the City Clerk

(2) Manatee County Tax Collector's Office

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

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

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

Taxpayer	2022			2013		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Florida Power & Light Co	\$ 20,113,067	1	1.70 %	\$ 7,270,750	2	1.11 %
Wal-Mart Stores East LP	14,337,195	2	1.21 %	13,967,765	1	2.14 %
Palm Bay MHC Holdings LLC	12,516,805	3	1.06 %			
Colonial Manor MHC Holdings LLC	11,483,879	4	0.97 %	4,108,293	10	0.74 %
Palmetto Mobile Home Club Inc.	10,424,523	5	0.88 %			
SS Palmetto LLC	10,169,582	6	0.86 %			
Palmetto, City of	8,973,247	7	0.76 %			
Pacific Tomato Growers LTD	7,576,429	8	0.64 %	5,263,890	7	0.81 %
Riverside Investment Property LLC	7,536,582	9	0.64 %			
Publix Super Markets, Inc	7,402,171	10	0.62 %	4,287,683	9	0.66 %
Space Box LLC				6,835,539	3	1.05 %
39368 LLC				6,835,539	4	1.05 %
Sanctuary Cove				6,365,635	5	0.98 %
Palmetto Dunes LTD				5,999,353	6	0.92 %
Tropical Isles Co-Op Inc				4,809,698	8	0.63 %
	<u>\$ 110,533,480</u>		<u>9.34 %</u>	<u>\$ 65,744,145</u>		<u>10.09 %</u>

Note

Total taxable assessed value \$1,185,730,269 \$ 652,758,340

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

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

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

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

Fiscal Year	Tax Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy (1)		Collections in Subsequent Years	Total Collections to Date	
			Amount (1)	Percentage of Levy		Amount	Percentage of Levy
2013	2012	\$ 3,415,249	\$ 3,292,442	96.4 %	\$ 9,395	\$ 3,301,837	96.7 %
2014	2013	3,752,330	3,623,920	96.6 %	6,500	3,630,420	96.8 %
2015	2014	3,889,099	3,755,416	96.6 %	8,657	3,764,073	96.8 %
2016	2015	4,278,064	4,134,271	96.6 %	4,386	4,138,657	96.7 %
2017	2016	4,557,792	4,383,765	96.2 %	5,265	4,389,030	96.3 %
2018	2017	4,842,830	4,668,081	96.4 %	1,688	4,669,769	96.4 %
2019	2018	5,081,681	4,892,753	96.3 %	3,237	4,895,990	96.3 %
2020	2019	5,450,432	5,264,945	96.6 %	8,126	5,273,071	96.7 %
2021	2020	5,836,193	5,631,120	96.5 %	1,132	5,632,252	96.5 %
2022	2021	6,198,484	5,995,133	96.7 %	-	5,995,133	96.7 %

Notes:

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

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

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

Fiscal Year	Governmental Activities		Business-type activities			Total Primary Government (1)	Percentage of Personal Income	Per Capita
	Bank Qualified Loans	Financed Purchase Agreement	Bank Qualified Loans	State Revolving Loan Funds	Financed Purchase Agreement			
2013	\$5,238,163	\$408,161	\$8,319,269	\$1,362,376	\$1,464,786	\$16,792,755	3.43 %	\$ 1,317
2014	4,547,953	489,532	9,388,019	1,210,313	1,632,738	17,268,555	3.06 %	1,349
2015	4,196,661	718,812	8,768,536	1,053,602	1,277,667	16,015,278	3.06 %	1,224
2016	3,839,607	678,764	8,125,454	892,106	1,161,853	14,697,784	2.71 %	1,124
2017	3,476,242	678,635	7,453,918	725,667	1,096,954	13,431,416	2.55 %	1,021
2018	3,086,339	781,608	6,751,582	922,887	941,748	12,484,164	2.24 %	942
2019	2,803,460	763,322	6,411,804	2,017,512	714,365	12,710,463	1.97 %	951
2020	2,395,737	760,896	5,526,806	6,783,397	819,202	16,286,038	1.74 %	1,192
2021	1,984,558	1,089,730	4,624,571	6,571,435	1,028,348	15,298,642	1.69 %	1,146
2022	6,732,866	1,025,901	3,704,779	6,210,691	860,231	18,534,468	2.22 %	1,375

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

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Net Bonded Debt (3)	Percentage of Actual Taxable Value of Property (3)	Per Capita (3)
2013	12,755	\$ 656,334,570	\$ --	\$ --	0 %	\$ --
2014	12,799	679,376,060	-	-	0 %	-
2015	13,082	716,945,209	-	-	0 %	-
2016	13,082	765,296,527	-	-	0 %	-
2017	13,156	809,612,522	-	-	0 %	-
2018	13,259	851,952,040	-	-	0 %	-
2019	13,360	914,138,167	-	-	0 %	-
2020	13,661	978,938,293	-	-	0 %	-
2021	13,348	1,040,995,404	-	-	0 %	-
2022	13,480	1,185,730,269	-	-	0 %	-

Source:

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

(2) Manatee County Property Appraiser's Office

(3) Office of the City Clerk

CITY OF PALMETTO, FLORIDA
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
AS OF SEPTEMBER 30, 2022

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Direct:			
City of Palmetto	\$ 11,256,543	100.00 %	<u>\$ 11,256,543</u>
Subtotal direct debt			<u>11,256,543</u>
Overlapping (2):			
Manatee County	111,994,000	3.45 %	3,858,652
Manatee County School Board	124,355,347	5.79 %	<u>7,194,840</u>
Subtotal overlapping debt			<u>11,053,492</u>
Total direct and overlapping debt			<u><u>\$ 22,310,035</u></u>

Source: Manatee County Government

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

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

CITY OF PALMETTO, FLORIDA
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

<u>Fiscal year</u>	<u>City Population</u>	<u>Personal Income thousand \$(2)</u>	<u>Personal Income Per Capita (2)</u>	<u>Median Age (3)</u>	<u>School Enrollment (4)</u>	<u>Manatee County Unemployment Rate (5)</u>
2013	12,755	\$ 549,447	\$ 43,077	46	45,800	7.50%
2014	12,799	638,197	49,863	46	46,800	6.10%
2015	13,082	626,903	47,921	46	47,700	5.10%
2016	13,082	655,918	50,139	46	48,600	4.70%
2017	13,156	683,204	51,931	46	48,867	3.50%
2018	13,259	716,357	54,028	48	49,152	2.90%
2019	13,360	751,735	56,268	46	48,853	2.90%
2020	13,661	793,445	58,081	43	49,436	5.20%
2021	13,348	827,416	61,988	49	48,826	3.70%
2022	13,480	835,598	61,988	49	52,000	3.70%

Source:

- (1) University of Florida, Bureau of Economic and Business Research. Florida Estimates of Population 2021
- (2) U.S. Bureau of Economic Analysis. Personal income is a calculated amount based on population and per capita income utilizing North Port-Sarasota-Bradenton.
- (3) United States Census Bureau
- (4) Manatee County School Board. School enrollment exceeds the City population because the school system serves the entire county via Manatee County. FY2020-2021 Manatee County School Board Annual Comprehensive Financial Report page 171.
- (5) U.S. Bureau of Labor Statistics as of September 2021.

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

Employer	2022			2013		
	Employees	Rank	Percentage of Total County Employment (1)	Employees	Rank	Percentage of Total County Employment (1)
Manatee County School Board	5,626	1	3.01 %	5,500	1	4.20 %
Manatee Healthcare System	2,489	2	1.33 %	1,445	4	1.10 %
Publix	2,381	3	1.27 %	875	8	0.67 %
Manatee County Government	2,155	4	1.15 %	1,727	3	1.32 %
Beall's Inc.	1,996	5	1.07 %	1,924	2	1.47 %
Blake Medical Center	1,471	6	0.79 %	1,100	6	0.84 %
Manatee County Sheriff's Department	1,239	7	0.66 %	1,092	7	0.83 %
Tropicana Products, Inc.	988	8	0.53 %	1,200	5	0.92 %
IMG Academies	862	9	0.46 %	564	9	0.43 %
State College of Florida, Manatee-Sarasota	710	10	0.38 %	472	10	0.36 %
Total	19,917		10.65 %	15,899		12.14 %

Note

Total Manatee County	186,933	131,080
----------------------	---------	---------

Source:

(1) Data was unavailable specifically for the City of Palmetto. The above information is based on the county in which the City resides. Manatee County 2022 Annual Comprehensive Financial Report.

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

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

Full-time Equivalent Employees as of September 30,										
Function	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General government	21.0	20.0	19.0	19.0	19.5	19.0	19.0	18.6	16.7	18.0
Intergovernmental	13.3	13.5	12.5	12.0	12.0	12.0	12.0	15.0	15.0	14.0
Public safety										
Police										
Officers	35.8	36.0	35.5	35.0	35.0	35.0	35.0	30.1	32.8	34.5
Civilians	20.8	22.0	22.0	22.0	22.0	22.0	22.0	22.0	20.5	23.8
Highways and streets										
Maintenance	5.0	5.0	10.0	10.0	10.0	10.0	10.0	7.0	7.0	9.5
Sanitation	2.0	2.0	2.0	2.0	3.0	2.0	2.0	3.0	2.0	2.6
Culture and recreation	9.0	8.0	8.0	8.0	9.0	8.0	8.0	8.0	5.0	9.4
Water	11.0	11.0	6.0	6.0	6.0	6.0	6.0	10.0	10.0	14.5
Sewer	7.0	6.0	7.0	7.0	7.0	7.0	7.0	6.0	7.0	9.0
Total	124.9	123.5	122.0	121.0	123.5	121.0	121.0	119.7	116.0	135.3

Source: Payroll Reports: Cost Center Analysis

This page intentionally left blank



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

Function	Fiscal Year			
	2013	2014	2015	2016
Police (1)				
Total calls/incidents (2)	20,911	19,819	17,930	15,092
Adult arrests	547	986	884	732
Juvenile arrests	74	149	193	156
Traffic violations	1,882	1,950	1,754	1,414
Traffic crash reports (2)	448	551	651	687
Water				
New connections (3)	32	11	14	14
Average daily consumption (4) (million of gallons)	1	1	1	1
Average daily capacity (4) (million of gallons)	2	2	2	2
Wastewater				
New connections (3)	15	11	11	9
Average daily sewage treatment (4) (million of gallons)	1	1	1	1
Average daily capacity (4) (million of gallons)	2	2	2	2
Reuse				
New connections (4)	315	-	25	30
Average daily consumption (4) (million of gallons)	1	1	1	1
Average daily capacity (4) (million of gallons)	3	3	3	3

N/A Information is not available

Source: (1) Palmetto PD

(2) Data available from FY2020

(3) Palmetto Customer Service

(4) Palmetto Public Works

Fiscal Year					
2017	2018	2019	2020	2021	2022
18,713	18,948	23,109	21,662	19,885	11,361
709	961	735	598	542	392
132	125	100	73	71	41
1,424	1,891	1,793	1,471	1,363	843
678	689	733	569	677	372
20	51	45	64	310	20
1	1	1	1	1	1
2	2	2	2	2	2
12	47	48	63	310	2
1	1	1	1	2	2
2	2	2	2	2	2
38	149	63	49	18	19
1	1	1	1	1	1
3	3	3	3	6	6

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

Function	Fiscal Year			
	2013	2014	2015	2016
Public Safety (1)				
Police				
Stations	1	1	1	1
Patrol units	41	44	46	45
K-9 units	3	3	3	-
Highway and Streets (2)				
Streets (miles)	42	42	42	42
Traffic signals	12	12	12	12
Streetlights	1,111	1,111	928	928
Culture and Recreation (3)				
Parks acreage	95	95	101	101
Parks	12	12	13	13
Tennis courts	1	1	1	1
Utility Infrastructure (3)				
Water mains (miles)	67	67	74	74
Sewer (miles)	49	49	68	68
Storm sewers (miles)	12	12	27	27
Reclaimed water (miles)	23	24	33	33

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

Fiscal Year						
2017	2018	2019	2020	2021	2022	
1	1	1	1	1	1	1
44	48	48	42	48	44	
-	--	--	--	--	--	--
42	42	42	47	49	49	
12	12	12	12	12	12	
928	706	928	928	748	808	
101	91	101	77	77	77	
13	13	13	13	13	13	
1	1	1	1	1	1	
74	74	74	76	77	77	
69	57	69	67	68	68	
64	64	64	65	66	66	
33	32	33	47	48	48	

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Palmetto, Florida (the "City"), as of and for the year ended September 30, 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 March 29, 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The signature is written in a cursive, flowing style.

Bradenton, Florida
March 29, 2023

CITY OF PALMETTO, FLORIDA

**SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

**SECTION I
SUMMARY OF AUDIT RESULTS**

Financial Statements

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

Unmodified

Internal control over financial reporting:
Material weaknesses identified?

___ yes X no

Significant deficiencies identified not considered to be material weaknesses?

___ yes X none reported

Noncompliance material to financial statements noted?

___ yes X no

Federal Programs and State Financial Assistance Projects

There was not an audit of major federal award programs or state award programs as of September 30, 2022, due to the total amount expended being less than \$750,000.

**SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES**

None.

**SECTION III
FEDERAL PROGRAMS FINDINGS AND QUESTIONED COSTS**

Not applicable.

**SECTION IV
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

None.



INDEPENDENT AUDITOR'S MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the City of Palmetto, Florida (the "City"), as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated March 29, 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 On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated March 29, 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. There were no findings or recommendations in the preceding annual financial report requiring correction.

Official Title and Legal Authority

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

Financial Condition and Management

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

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

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

Special District Component Units

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

Additional Matters

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

Purpose of this Letter

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

Bradenton, Florida
March 29, 2023

Mauldin & Jenkins, LLC



INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the City of Palmetto, Florida's (the "City") compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2022. Management of the City is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

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

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

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

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2022.

This report is intended solely for the information and use of the City and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

Bradenton, Florida
March 29, 2023

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