

CITY OF MULBERRY, FLORIDA

FINANCIAL STATEMENTS

September 30, 2023

Prepared by: Department of Finance

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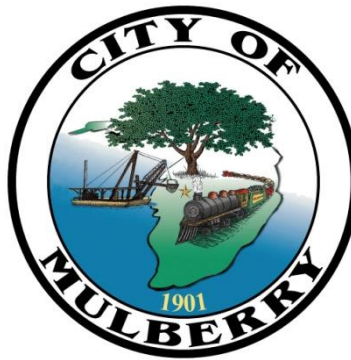
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FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor
And Members of the City Commission
City of Mulberry, Florida

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Mulberry, Florida, ("The City") as of and for the year ended September 30, 2023, 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, and each major fund of the City as of September 30, 2023, 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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 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, 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 schedules, and the schedule of changes in the total OPEB liability and related ratios be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in cursive script, appearing to read "Powell & Jones", is written in dark ink on a light background.

POWELL & JONES CPA
Lake City, Florida
February 19, 2024

CITY OF MULBERRY

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2023

As management of the City of Mulberry, 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, 2023. We encourage readers to consider the information presented here in conjunction with the basic financial statements that can be found by referencing the table of contents of this report.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities at the close of the most recent fiscal year by \$20,491,626 (net position) compared to \$18,641,135 at the end of the prior year. Of the September 30, 2023 balance, \$2,281,828 is reported as unrestricted net position compared to a \$1,734,397 reported in the prior year.
- The government's total net position increased by \$1,901,408 during the year ended September 30, 2023 compared to an increase of \$7,706,365 in the prior year.
- As of the close of the current fiscal year, the City's general fund (governmental fund level) reported ending fund balance of \$4,361,542 compared to \$4,272,771 at the end of the prior year. Of this total amount, \$3,274,870 is available for spending at the government's discretion (unassigned fund balance) compared to \$2,731,122 in the prior year.

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 comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets, liabilities, and deferred inflows and outflows of resources with the residual measure 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 information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported in a manner similar to the approach used by private-sector business in that revenue is 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 year, and expenses are reported even though they may not have used cash during the current fiscal year.

Both of 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, maintenance, law enforcement, community redevelopment and culture and recreation. The business-type activities of the City include the water, sewer, sanitation and the stormwater management departments.

The government-wide financial statements can be found by referencing the table of contents of this report.

Fund financial statements: Funds are a group of self-balancing accounts. Funds are used to account for specific activities of the City, rather than reporting on the City as a whole. 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 two categories: governmental funds and proprietary funds.

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

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

The City maintains two separate governmental funds, the general fund and the community redevelopment agency (CRA) special revenue fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the community redevelopment agency special revenue fund.

The basic governmental fund financial statements can be found by referencing the table of contents of this report.

Proprietary funds: The City utilizes one type of proprietary fund, an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City used an enterprise fund to account for its water, sewer, sanitation and stormwater management department. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

Fiduciary funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reported 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 maintains one fiduciary fund type; a custodial fund. The custodial fund reports resources, not in a trust, held by the City for parties outside the City's reporting entity.

The basic proprietary fund financial statements can be found by referencing the table of contents of this report.

All of the City's funds are considered major funds.

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 by referencing the table of contents of this report.

CITY OF MULBERRY
MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2023

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's general fund and community redevelopment agency special revenue funds' budgetary comparisons and the schedule of changes in the total other post-employment benefits (OPEB) liability and related ratios. Required supplementary information can be found by referencing the table of contents of this report.

Government-wide Financial Analysis

The following is a summary of the information presented in the Statement of Net Position on page 11 of this report.

Statement of Net Position (Summary)						
as of September 30,						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Assets						
Current and other assets	\$ 5,662,918	\$ 6,042,014	\$ 3,597,459	\$ 3,279,491	\$ 9,260,377	\$ 9,321,505
Capital assets	6,009,032	4,848,631	16,710,173	16,923,886	22,719,205	21,772,517
Total assets	11,671,950	10,890,645	20,307,632	20,203,377	31,979,582	31,094,022
Deferred outflows	159,460	214,328	74,170	96,369	233,630	310,697
Liabilities						
Long-term liabilities	2,807,402	2,971,288	6,427,233	6,718,335	9,234,635	9,689,623
Other liabilities	289,652	1,047,566	920,250	557,723	1,209,902	1,605,289
Total liabilities	3,097,054	4,018,854	7,347,483	7,276,058	10,444,537	11,294,912
Deferred inflows	871,625	1,013,132	405,424	455,540	1,277,049	1,468,672
Net position						
Net investment in capital assets	4,802,666	3,393,261	10,732,721	10,737,114	15,535,387	14,130,375
Restricted	1,712,212	1,809,293	962,199	967,070	2,674,411	2,776,363
Unrestricted	1,347,853	870,433	933,975	863,964	2,281,828	1,734,397
Total net position	\$ 7,862,731	\$ 6,072,987	\$ 12,628,895	\$ 12,568,148	\$ 20,491,626	\$ 18,641,135

The largest portion of the City's net position, \$15,535,387 reflects its investment in capital assets (e.g., land, buildings, sewer and water system, machinery, 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 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.

An additional portion of the City's net position, \$2,674,411 represents resources that are subject to external restrictions on how they may be used and are reported as restricted net position.

At the end of the current fiscal year, the City reported unrestricted net position in the governmental activities of \$1,347,853 and unrestricted net position of \$933,975 for the business-type activities for a total unrestricted net position of the primary government of \$2,281,828 compared to a combined balance of \$1,734,397 in the prior year.

CITY OF MULBERRY
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2023

Government-wide Analysis

	Statement of Activities (Summary) For the year ended September 30,					
	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenues:						
<i>Program Revenues:</i>						
Charges for services	\$ 762,010	\$ 961,935	\$ 4,050,861	\$ 3,935,155	\$ 4,812,871	\$ 4,897,090
Operating grants and contributions	949,238	1,282,522	-	14,587	949,238	1,297,109
Capital grants and contributions	199,132	479,911	607,626	5,298,930	806,758	5,778,841
<i>General revenues:</i>						
Taxes	4,153,302	3,577,825	-	-	4,153,302	3,577,825
Intergovernmental	557,207	567,157	-	-	557,207	567,157
Other	48,602	134,446	31,410	-	80,012	134,446
Total revenues	<u>6,669,491</u>	<u>7,003,796</u>	<u>4,689,897</u>	<u>9,248,672</u>	<u>11,359,388</u>	<u>16,252,468</u>
Expenses:						
General government	1,836,235	1,540,551	-	-	1,836,235	1,540,551
Building and zoning	477,754	315,964	-	-	477,754	315,964
Law enforcement	1,338,837	1,294,883	-	-	1,338,837	1,294,883
Maintenance	770,006	681,706	-	-	770,006	681,706
Culture/recreation	1,102,595	950,674	-	-	1,102,595	950,674
Community redevelopment	60,220	221,940	-	-	60,220	221,940
Interest on long-term debt	44,100	63,821	-	-	44,100	63,821
Water	-	-	911,904	859,957	911,904	859,957
Sewer	-	-	1,696,449	1,517,064	1,696,449	1,517,064
Sanitation	-	-	937,502	847,818	937,502	847,818
Stormwater	-	-	282,378	251,725	282,378	251,725
Total expenses	<u>5,629,747</u>	<u>5,069,539</u>	<u>3,828,233</u>	<u>3,476,564</u>	<u>9,457,980</u>	<u>8,546,103</u>
Transfers in (out)	<u>750,000</u>	<u>750,000</u>	<u>(750,000)</u>	<u>(750,000)</u>	<u>-</u>	<u>-</u>
Change in Net Position	1,789,744	2,684,257	111,664	5,022,108	1,901,408	7,706,365
Net position - October 1	6,072,987	3,388,730	12,568,148	7,546,040	18,641,135	10,934,770
Restatement	-	-	(50,917)	-	(50,917)	-
Net position - September 30	<u>\$ 7,862,731</u>	<u>\$ 6,072,987</u>	<u>\$ 12,628,895</u>	<u>\$ 12,568,148</u>	<u>\$ 20,491,626</u>	<u>\$ 18,641,135</u>

Governmental activities: Governmental activities' change in net position for 2023 was an increase of \$1,789,744 as compared to an increase of \$2,684,257 for the prior year. The main reasons for the current year changes are as follows:

- Total revenue decreased by \$334,305 or 5 percent mainly due to the following:
 - Total tax revenue increased by \$575,477 or 16% generally due to increased economic activity within the City and the State and includes a \$396,579 increase in property taxes due to increased property values, both from appreciation and from new construction within the City.

- Capital grants and contributions decreased by \$280,779 or 59% mainly due to an approximate \$234,000 decrease in governmental impact fees due to a decline in new construction within the City compared to the prior year. While residential construction increased in the current year, there were several large impact fees received in 2022 that did not recur in 2023 resulting in a net decrease in impact fee revenue.
- Operating grants and contributions decreased by \$333,284 or 26% mainly due to the recognition of approximately \$827,700 of American Rescue Plan Act - Coronavirus State and Local Fiscal Recovery Funds (ARPA-SLFRF) in the current year while \$1,250,000 were recognized in the prior year, a decline of \$422,300. All the City's ARPA-SLFRF grant revenue has been recognized as of September 30, 2023.
- Charges for services revenue decreased by \$199,925 or 21% mainly due to decreased building permit fees and plan review charges related to a decline in new construction within the City compared to the prior year.
- Total expenses increased by \$560,208 or 11% mainly due to the following:
 - Community redevelopment expenses decreased by \$161,720 or 73% due to \$168,120 of impact fee assistance grants awarded in 2022 compared to zero in 2023.
 - General government functional expenses increased by \$295,684 or 19% mainly due to the following:
 - Personnel-related costs increased by \$145,964 or 19%.
 - Hurricane Ian response and restoration costs increased by \$112,700.
 - Building and zoning functional expenses increased by \$161,790 or 51% mainly due to increased personnel-related costs which increased by \$110,800 or 44%.
 - Culture/recreation functional expenses increased by \$151,921 or 16% mainly due to the following:
 - Personnel-related costs increased by \$59,700 or 10%.
 - The City's barbeque event was previously reported as a component of the general government function and in 2023 was moved to the culture/recreation function resulting in an increase in functional expenses of \$64,785 while the cost of the event increased by \$8,400 or 15% year-over-year.
 - The other functional categories experienced an aggregate net increase of \$112,533 or 6% due to a myriad of changes across a broad range of expense categories.
- Transfer from the business-type activities was \$750,000 in 2023 and 2022.

Business-type activities: Business-type activities' change in net position for 2023 was an increase of \$111,664 as compared to an increase of \$5,022,108 for the prior year. The main reasons for the current year changes are as follows:

- Total revenue decreased by \$4,558,785 or 49%.
 - Charges for services program revenue increased by \$115,706 or 3% mainly due to increases in new customers connecting to these utility systems compared to the prior year.

- Capital grants and contributions decreased by \$4,691,304 or 89% mainly due to decreased impact fee revenue of approximately \$941,251 and due to a principal forgiveness grant of \$3,703,085 applied to the City's long-term debt in the prior year while only \$92,689 of principal forgiveness was recognized in the current year. While residential construction increased in the current year, there were several large impact fees received in 2022 that did not recur in 2023 resulting in a net decrease in impact fee revenue.
- Total expenses increased by \$351,669 or 10% mainly due to a \$179,385 or 12% increase in sewer department expenses driven by an increase in general operating expenses such as materials, supplies and repair and maintenance expenses.
- The transfer to the governmental activities was \$750,000 in 2022 and 2021.

Financial Analysis of the Government's Funds

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

As of the end of the current fiscal year, the City's general fund reported ending fund balances of \$4,361,542 an increase of \$88,771 in comparison with the previously reported balance in the prior year. Of this total, \$3,274,870 constitutes unassigned fund balance, which is available for spending at the government's discretion and which represents 50% of the 2023 general fund expenditures, a decrease from a 57% balance at the end of the prior year. The City reports \$63,780 as non-spendable fund balance which represents prepaid expenditures at the end of the year. The remainder of fund balance is reported as restricted by enabling legislation or contract and can only be spent on the purposes for which it is intended.

Activity during the current fiscal year included the following key components:

- Total general fund revenues decreased by \$463,529 or 7% mainly due to a \$228,502 (19%) decrease in intergovernmental revenue due to a decrease in the recognition of ARPA-SLFRF revenue in the current year compared to the prior year. Licenses and permit revenue decreased \$548,608 or 52% related to a decline in impact fees received in the current year compared to the prior year. Tax revenue increased by \$301,821 or 10% due to increased property values, both from appreciation and from new construction, and from increased economic activity within the City and the State.
- Total general fund expenditures increased by approximately \$1,763,000 or 37% mainly due to increased capital outlay expenditures of \$1,069,000 (6%) due to the purchase of land for a new City Hall complex. The remainder of the increase is caused by a myriad of changes across a broad range of expense categories.

This was the sixth year of operation of the City's community redevelopment agency special revenue fund. More information on the community redevelopment special revenue fund can be found by referencing the table of contents of this report.

Proprietary funds: The City's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. The major changes between 2023 and 2022 are discussed above under the "business-type activities" heading.

General Fund Budgetary Highlights

Actual resources were less than budgeted resources by \$521,026 due to lower grant revenue than originally anticipated and lower than anticipated impact fee revenue caused by less construction within the City than originally expected. Actual charges to appropriations were \$147,242 less than budgeted and ,when combined with the resources variance above, resulted in an overall unfavorable budget variance of \$373,784. The general fund budget was amended to increase budgeted resources by \$197,000 or 3% and budgeted outflows were increased by \$216,000 or 3%. Budgeted resources were increased to reflect greater than anticipated revenue and budgeted outflows were increased to report expenditures that were greater than estimated in the original budget.

Capital Assets and Debt Administration

Capital assets: The City's investment in capital assets for its governmental and business-type activities as of September 30, 2023, amounts to \$22,719,205 (net of accumulated depreciation) which is an increase 4%. This increase is the result of current year additions in excess of depreciation expense.

Information on the City's capital assets is summarized in the following table.

Additional information on the City's capital assets can be found in note 6 of the notes to the financial statements which can be found by referencing the table of contents of this report.

Capital Assets Activity

(net of depreciation)

as of September 30,

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Land	\$ 1,409,612	\$ 392,426	\$ 183,073	\$ 183,073	\$ 1,592,685	\$ 575,499
Buildings and improvements	3,981,775	4,084,190	-	-	3,981,775	4,084,190
Artifacts	54,000	54,000	-	-	54,000	54,000
Water and sewer system	-	-	14,917,455	15,671,568	14,917,455	15,671,568
Stormwater system	-	-	92,523	32,970	92,523	32,970
Machinery and equipment	437,119	281,458	1,000,982	755,980	1,438,101	1,037,438
Leased equipment	16,373	27,932	-	-	16,373	27,932
Construction in progress	110,153	8,625	516,140	280,295	626,293	288,920
Total	<u>\$ 6,009,032</u>	<u>\$ 4,848,631</u>	<u>\$ 16,710,173</u>	<u>\$ 16,923,886</u>	<u>\$ 22,719,205</u>	<u>\$ 21,772,517</u>

CITY OF MULBERRY**MANAGEMENT'S DISCUSSION AND ANALYSIS**September 30, 2023

Long-Term Debt: As shown in the table below, the City had total long-term debt outstanding of \$7,362,969 which represents an decrease of approximately 8% over the prior year. The decrease was due to normally scheduled principal payments made during the current year.

Revenue Notes and Notes Payable

as of September 30,

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenue notes	\$ 1,522,066	\$ 1,760,000	\$ 5,840,903	\$ 6,237,689	\$ 7,362,969	\$ 7,997,689
Total	<u>\$ 1,522,066</u>	<u>\$ 1,760,000</u>	<u>\$ 5,840,903</u>	<u>\$ 6,237,689</u>	<u>\$ 7,362,969</u>	<u>\$ 7,997,689</u>

Additional information on the City's long-term obligations can be found in note 7 of the notes to the financial statements which can be found by referencing the table of contents of this report.

Economic Factors and Next Year's Budgets and Rates

It is anticipated that the following significant item will affect the 2024 fiscal year:

- The approved budget for the fiscal year 2023-24 provides for an increase in fund balance of the general fund and an increase in net position of the enterprise fund.
- The City's millage rate in effect for the fiscal year ended September 30, 2023 remains consistent at 6.44 but because of increased property values, the expected ad valorem tax revenue is expected to increase by 29% (general fund and community redevelopment special revenue fund).

These significant items were considered in preparing the City's budget for the 2024 fiscal year and is expected to influence the City's fiscal year 2024 financial results.

Requests for information

This financial report is designed to provide a general overview of the City of Mulberry, Florida, finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Mulberry, 104 S. Church Street, Mulberry, Florida 33860.

CITY OF MULBERRY, FLORIDA
Statement of Net Position
September 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 3,329,180	\$ 1,613,205	\$ 4,942,385
Receivables, current:			
Customer accounts, net	-	473,803	473,803
Intergovernmental	84,112	-	84,112
Other	132,733	-	132,733
Internal balances	1,499	(1,499)	-
Inventory	-	5,807	5,807
Prepaid expenses	63,780	13,253	77,033
Restricted assets:			
Cash and cash equivalents	2,051,614	1,492,890	3,544,504
Capital Assets:			
Non-depreciable	1,573,765	699,213	2,272,978
Depreciable, net	4,435,267	16,010,960	20,446,227
TOTAL ASSETS	11,671,950	20,307,632	31,979,582
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to OPEB	159,460	74,170	233,630
LIABILITIES			
Accounts payable	211,822	214,248	426,070
Accrued payroll	61,244	22,541	83,785
Construction payable	-	136,549	136,549
Due to other governments	2,699	12,694	15,393
Accrued interest payable	10,654	13,940	24,594
Customer deposits	3,233	520,278	523,511
Long-term obligations:			
Due within one year	232,100	480,351	712,451
Due in more than one year	2,575,302	5,946,882	8,522,184
TOTAL LIABILITIES	3,097,054	7,347,483	10,444,537
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to OPEB	871,625	405,424	1,277,049
NET POSITION			
Net investment in capital assets	4,802,666	10,732,721	15,535,387
Restricted for:			
Debt service	-	314,007	314,007
Water system improvements	-	176,273	176,273
Sewer system improvements	-	393,637	393,637
Stormwater management	-	78,282	78,282
Building code enforcement	368,190	-	368,190
Law enforcement training	4,107	-	4,107
Transportation expenses	650,595	-	650,595
Community redevelopment	689,320	-	689,320
Unrestricted	1,347,853	933,975	2,281,828
TOTAL NET POSITION	\$ 7,862,731	\$ 12,628,895	\$ 20,491,626

The accompanying notes are an integral part of these financial statements

CITY OF MULBERRY, FLORIDA

Statement of Activities

for the year ended September 30, 2023

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grant and Contributions	Capital Grant and Contributions	Governmental Activities	Business-Type Activities	Total
PRIMARY GOVERNMENT							
Governmental activities:							
General government	\$ 1,836,235	\$ 88,393	\$ 96,300	\$ 105,752	\$ (1,545,790)	\$ -	\$ (1,545,790)
Building and zoning	477,754	365,606	-	-	(112,148)	-	(112,148)
Law enforcement	1,338,837	16,277	827,690	-	(494,870)	-	(494,870)
Maintenance	770,006	50,621	-	-	(719,385)	-	(719,385)
Culture/recreation	1,102,595	241,113	25,248	93,380	(742,854)	-	(742,854)
Community redevelopment	60,220	-	-	-	(60,220)	-	(60,220)
Interest on long-term debt	44,100	-	-	-	(44,100)	-	(44,100)
Total governmental activities	5,629,747	762,010	949,238	199,132	(3,719,367)	-	(3,719,367)
Business-type activities							
Water utility	911,904	1,183,417	-	136,938	-	408,451	408,451
Sewer utility	1,696,449	1,487,086	-	470,688	-	261,325	261,325
Sanitation utility	937,502	1,062,145	-	-	-	124,643	124,643
Stormwater utility	282,378	318,213	-	-	-	35,835	35,835
Total business-type activities	3,828,233	4,050,861	-	607,626	-	830,254	830,254
TOTAL PRIMARY GOVERNMENT	\$ 9,457,980	\$ 4,812,871	\$ 949,238	\$ 806,758	(3,719,367)	830,254	(2,889,113)
GENERAL REVENUES							
Taxes:							
Property taxes, levied for general purposes					1,398,652	-	1,398,652
Property taxes, levied for community redevelopment					872,843	-	872,843
Franchise taxes					590,536	-	590,536
Public service taxes					860,144	-	860,144
Fuel taxes for transportation purposes					431,127	-	431,127
State shared revenue					557,207	-	557,207
Other revenues					48,602	31,410	80,012
TRANSFERS					750,000	(750,000)	-
Total general revenues and transfers					5,509,111	(718,590)	4,790,521
Change in net position					1,789,744	111,664	1,901,408
NET POSITION, beginning - previously reported					6,072,987	12,568,148	18,641,135
Restatement (Note 15)					-	(50,917)	(50,917)
NET POSITION, beginning - as restated					6,072,987	12,517,231	18,590,218
NET POSITION, end of year					\$ 7,862,731	\$ 12,628,895	\$ 20,491,626

The accompanying notes are an integral part of these financial statements

CITY OF MULBERRY, FLORIDA
Balance Sheet – Governmental Funds
September 30, 2023

	General Fund	Community Redevelopment Fund	Total
ASSETS			
Cash and cash equivalents	\$ 3,329,180	\$ 695,664	\$ 4,024,844
Receivables, current:			
Intergovernmental	84,112	-	84,112
Other	132,733	-	132,733
Prepaid expenditures	63,780	-	63,780
Due from enterprise fund	1,499	-	1,499
Restricted assets:			
Cash and cash equivalents	1,022,892	333,058	1,355,950
TOTAL ASSETS	\$ 4,634,196	\$ 1,028,722	\$ 5,662,918
LIABILITIES			
Accounts payable	205,478	6,344	211,822
Accrued payroll	61,244	-	61,244
Due to other governments	2,699	-	2,699
Deposits	3,233	-	3,233
TOTAL LIABILITIES	272,654	6,344	278,998
FUND BALANCE			
Nonspendable:			
Prepaid expenditures	63,780	-	63,780
Restricted:			
Law enforcement training	4,107	-	4,107
Building code enforcement	368,190	-	368,190
Transportation expenditures	650,595	-	650,595
Community redevelopment	-	1,022,378	1,022,378
Unassigned	3,274,870	-	3,274,870
TOTAL FUND BALANCE	4,361,542	1,022,378	5,383,920
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,634,196	\$ 1,028,722	\$ 5,662,918

The accompanying notes are an integral part of these financial statements

CITY OF MULBERRY, FLORIDAReconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position
September 30, 2023

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

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 5,383,920
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	6,009,032
Deferred outflows of resources represent a decrease in net position or fund balance that applies to a future period(s) and, therefore, are not reported in the governmental funds.	159,460
Deferred inflows of resources represent an increase in net position or fund balance that applies to a future period(s) and, therefore, are not reported in the governmental funds.	(871,625)
Interest payable on long-term debt does not require current financial resources and therefore, is not reported as a liability in governmental funds.	(10,654)
Long-term liabilities, including bonds and notes payable, compensated absences and the total other postemployment liability are not due and payable in the current period and, therefore, are not reported in the funds.	(2,807,402)
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 7,862,731</u></u>

The accompanying notes are an integral part of these financial statements

CITY OF MULBERRY, FLORIDAStatement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
for the year ended September 30, 2023

	General Fund	Community Redevelopment Fund	Total
REVENUES:			
Taxes	\$ 3,297,254	\$ 872,843	\$ 4,170,097
Licenses and permits	515,621	-	515,621
Intergovernmental revenue	1,484,896	-	1,484,896
Charges for services	332,346	-	332,346
Fines and forfeitures	60,957	-	60,957
Other	202,261	-	202,261
Total revenues	5,893,335	872,843	6,766,178
EXPENDITURES:			
Current:			
General government	1,755,283	-	1,755,283
Public safety	1,760,688	-	1,760,688
Maintenance	701,739	-	701,739
Culture/recreation	931,428	-	931,428
Economic environment	-	56,620	56,620
Capital outlay	1,392,614	148,868	1,541,482
Debt service			
Principal	11,397	237,934	249,331
Interest	1,415	44,350	45,765
Total expenditures	6,554,564	487,772	7,042,336
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(661,229)	385,071	(276,158)
OTHER FINANCING SOURCES (USES)			
Transfers in	750,000	-	750,000
Total other financing sources (uses)	750,000	-	750,000
NET CHANGE IN FUND BALANCE	88,771	385,071	473,842
FUND BALANCE, beginning of year	4,272,771	637,307	4,910,078
FUND BALANCE, end of year	\$ 4,361,542	\$ 1,022,378	\$ 5,383,920

The accompanying notes are an integral part of these financial statements

CITY OF MULBERRY, FLORIDA**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
to the Statement of Activities
for the year ended September 30, 2023**

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS **\$ 473,842**

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation/amortization expense.

This is the amount of capital assets recorded in the current period	1,430,121
This is the amount of depreciation/amortization recorded in the current period	(269,720)

Revenues not received within the "availability" period are not reported as revenues at the fund level and are recognized as revenue in the statement of activities.

This represents the change caused by the "availability" criterion.	(96,690)
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds while repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

This is the repayment of bond principal reported as an expenditure in governmental funds	237,934
This is the principal paid on leases payable.	11,397
This is the change in accrued interest payable on long-term debt.	1,666

Other postemployment benefit (OPEB) expense is reported in the statement of activities which differs from OPEB expenditures as report in the governmental funds:

This amount represents the change in deferred outflows related to OPEB	(54,868)
This amount represents the change in deferred inflows related to OPEB	141,507
This amount represents the change in the total OPEB liability	(64,362)

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 the governmental funds.

This is the change in accrued compensated absences during the year	(21,083)
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 1,789,744</u>
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The accompanying notes are an integral part of these financial statements

CITY OF MULBERRY, FLORIDA

Statement of Net Position – Proprietary Fund

September 30, 2023

	Enterprise Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,613,205
Customer accounts receivable, net	473,803
Inventory	5,807
Prepaid expenses	13,253
Total current assets	<u>2,106,068</u>
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents	1,492,890
Capital assets:	
Non-depreciable	699,213
Depreciable, net	16,010,960
Total noncurrent assets	<u>18,203,063</u>
TOTAL ASSETS	<u>20,309,131</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to OPEB	<u>74,170</u>
LIABILITIES	
Current liabilities:	
Accounts payable	214,248
Construction payable	136,549
Accrued payroll	22,541
Due to general fund	1,499
Due to other governments	12,694
Bonds and notes payable, current	480,351
Total current liabilities	<u>867,882</u>
Noncurrent liabilities:	
Compensated absences	62,619
Liabilities payable from restricted assets:	
Accrued interest payable	13,940
Customer deposits	520,278
OPEB liability payable	523,711
Bonds and notes payable, noncurrent portion	5,360,552
Total noncurrent liabilities	<u>6,481,100</u>
TOTAL LIABILITIES	<u>7,348,982</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to OPEB	<u>405,424</u>
NET POSITION	
Net investment in capital assets	10,732,721
Restricted for:	
Debt service	314,007
Water system improvements	176,273
Sewer system improvements	393,637
Stormwater management	78,282
Unrestricted	<u>933,975</u>
TOTAL NET POSITION	<u>\$ 12,628,895</u>

The accompanying notes are an integral part of these financial statements

CITY OF MULBERRY, FLORIDAStatement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Fund
for the year ended September 30, 2023

	Enterprise Fund
OPERATING REVENUES:	
Charges for services	
Water charges	\$ 1,183,417
Sewer charges	1,487,086
Sanitation charges	1,062,145
Stormwater charges	318,213
Total operating revenues	<u>4,050,861</u>
OPERATING EXPENSES:	
Personnel services	1,022,878
Operating expenses	1,707,368
Depreciation	911,652
Total operating expenses	<u>3,641,898</u>
OPERATING INCOME	<u>408,963</u>
NONOPERATING REVENUE (EXPENSE)	
Interest expense	(186,335)
Other nonoperating revenue, net	31,410
Total nonoperating revenues (expense)	<u>(154,925)</u>
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	<u>254,038</u>
CAPITAL CONTRIBUTIONS	
Capital grants and contributions	243,972
Capacity fees	363,654
Total capital contributions	<u>607,626</u>
TRANSFERS IN (OUT)	
Transfer to general fund	(750,000)
Total transfers	<u>(750,000)</u>
CHANGE IN NET POSITION	111,664
NET POSITION, beginning - as previously reported	12,568,148
Restatement (Note 15)	(50,917)
NET POSITION, beginning - as restated	<u>12,517,231</u>
NET POSITION, end of year	<u><u>\$ 12,628,895</u></u>

The accompanying notes are an integral part of these financial statements

CITY OF MULBERRY, FLORIDAStatement of Cash Flows – Proprietary Fund
for the year ended September 30, 2023

	Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 4,013,110
Payments to suppliers	(1,898,482)
Payments for salaries and benefits	(1,000,807)
Other payments	31,410
Net cash flows from operating activities	1,145,231
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfers to other funds	(750,000)
Net cash flows from noncapital financing activities	(750,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition and construction of capital assets, net of related payables	(561,390)
Loan proceeds	115,861
Principal paid on long-term debt	(419,958)
Interest paid on borrowings	(190,202)
Impact fees received	363,654
Capital grants received, net of change in related receivable	151,283
Net cash flows from capital and related financing activities	(540,752)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(145,521)
CASH AND CASH EQUIVALENTS, beginning of year	3,251,616
CASH AND CASH EQUIVALENTS, end of year	\$ 3,106,095
As shown in the Accompanying Financial Statements	
Cash and cash equivalents	\$ 1,613,205
Restricted cash and cash equivalents	1,492,890
Total cash and cash equivalents	\$ 3,106,095
Noncash financing and investing activities:	
Loan forgiveness grant	\$ 92,689
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ 408,963
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	911,652
Nonoperating payments reported as operating cash flows	31,410
(Increase) decrease in accounts receivable	(59,208)
(Increase) decrease in due from general fund	(392,256)
(Increase) decrease in deferred outflows related to OPEB	22,199
Increase (decrease) in deferred outflows related to OPEB	(50,116)
(Increase) decrease in prepaid expenses	(12,025)
Increase (decrease) in amounts due to other governments	(5,817)
Increase (decrease) in customer deposits	21,457
Increase (decrease) in accounts payable	206,959
Increase (decrease) in OPEB liability	46,392
Increase (decrease) in accrued wages and comp absences	15,621
Net cash flows from operating activities	\$ 1,145,231

The accompanying notes are an integral part of these financial statements

CITY OF MULBERRY, FLORIDA

Statement of Fiduciary Net Position – Fiduciary Fund

September 30, 2023

	Custodial Fund
ASSETS	
Cash and cash equivalents	\$ 95,544
TOTAL ASSETS	95,544
LIABILITIES	
Due to other governments	95,544
TOTAL LIABILITIES	95,544
NET POSITION	
TOTAL NET POSITION	\$ -

The accompanying notes are an integral part of these financial statements

CITY OF MULBERRY, FLORIDA**Statement of Changes in Fiduciary Net Position – Fiduciary Fund
for the year ended September 30, 2023**

	Custodial Fund
ADDITIONS:	
Fees collected on behalf of other governments	\$ 554,657
Total additions	554,657
DEDUCTIONS:	
Remittances of fees to other governments	554,657
Total deductions	554,657
NET INCREASE (DECREASE)	-
NET POSITION - beginning of year	-
NET POSITION - end of year	\$ -

The accompanying notes are an integral part of these financial statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing U.S. GAAP for state and local governments through its statements (GASBS) and Interpretations (GASBI). The more significant accounting policies established by GAAP and used by the City are discussed below.

A. REPORTING ENTITY

The City of Mulberry, Florida (the "City") is a Municipal Corporation incorporated in 1901 under the laws of Florida, Chapter 63-1665. The Charter was amended most recently by referendum on April 3, 2007. The City operates under a commission-city manager form of government. These financial statements include all of the funds, organizations, agencies, and departments of the City (the "primary government") and any legally separate entities ("component units") required by U.S. GAAP to be included in the reporting entity.

The accompanying financial statements present the City's primary government and component units over which the City exercises significant influence. Criteria for determining if other entities are potential component units of the City which should be reported with the City's basic financial statements are identified and described in the GASB *Codification of Governmental Accounting and Financial Reporting Standards*, Section 2100. The application of these criteria provides for identification of any entities for which the City is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's basic financial statements to be misleading or incomplete. A blended component unit, although legally separate, is in substance part of the City's operations and presented in the financial statements as "blended" components. Blending refers to the fact that the component unit's funds are combined with those of the primary government for financial reporting purposes.

Based on these criteria, the financial reporting entity does not include or exclude any component units.

The financial reporting entity does not include the assets of the employee defined contribution pension plan, which were determined not to be assets of the City.

B. BASIS OF PRESENTATION

The basic financial statements consist of the government-wide financial statements and fund financial statements.

Government-wide Financial Statements - The required government-wide financial statements are the Statement of Net Position and the Statement of Activities, which report information on all of the nonfiduciary activities of the City. The effects of interfund activity have been removed from these statements. The City's fiduciary fund is excluded from the government-wide financial statements since by definition these assets are being held for the benefit of a third party and cannot be used to fund activities or obligations of the government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *Business-type activities*, which rely to a significant extent on fees and charges for support.

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment, including depreciation. The City does not allocate the interest expense of governmental fund debt or indirect costs such as finance, personnel, legal, etc. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund Financial Statements - The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, deferred inflows and outflows of resources, fund equity, revenues and expenditures/expenses. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. GASB Cod. Sec 2200 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. Non-major funds by category are summarized into a single column. Due to the City's fund structure, there were no non-major funds. The various funds are reported by type within the financial statements.

The following fund types and funds are used and reported by the City:

Governmental Funds - The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the City:

- **General Fund** is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.
- **Community Redevelopment Agency** (the "CRA") was created by City Ordinance 5-2015 pursuant to Florida Statutes chapter 163. In order to comply with the audit requirements of Section 163.387(8), Florida Statutes, the City electively added the CRA as a major fund. The purpose of the CRA is to eliminate and prevent the spread of blight throughout the redevelopment area. The CRA receives the incremental ad valorem taxes generated in future years by the increase in property values in the redevelopment area. The CRA's property taxes are levied under the taxing authority of the City and are included as part of the City's total tax levy. The CRA's Board members consist of the City Commission.

Proprietary Funds - The focus of proprietary fund measurement is upon determination of operating income, changes in net position, overall financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the City:

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

- **Enterprise funds** are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges, or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. The City has one *Enterprise Fund* which accounts for the activities associated with providing sanitation, potable water, stormwater management and, sewer collection, treatment and disposal to area residents.

Fiduciary Fund – The City also reports one fiduciary fund type; a custodial fund, which is used to account for impact fees collected on behalf of Polk County, Florida (the “County”). These funds are collected on behalf of the County as new construction takes place within the City and remitted to the County monthly.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide financial statements and the proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses recorded when a liability is incurred, regardless of the timing of related cash flows. 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 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

Property taxes, franchise and public service taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual as revenue of the current period. Grant revenues are considered earned and are accrued simultaneously with the grant expenditure. In applying the susceptibility-to-accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and substantially irrevocable; i.e. revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if they meet the availability criteria. All other revenue items are considered to be measurable and available only when cash is received by the government.

Imposed nonexchange resources (property taxes, fines) are reported as deferred inflows if received before the tax is levied or before the date when use is first permitted. Government mandated nonexchange transactions and voluntary nonexchange transactions are reported as liabilities until the eligibility requirements (excluding time requirements) are met and as deferred inflows if received before time requirements are met and all other eligibility requirements have been satisfied.

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

The proprietary fund is reported using the *economic measurement* focus and the *accrual basis of accounting*. Proprietary fund operating revenues generally result from producing and providing sanitation, potable water, stormwater management and, sewer collection, treatment and disposal services to area residents. Operating expenses for these operations include all costs related to providing the service or product. These costs include billing and collection, personnel and purchased services, repairs and maintenance, depreciation, materials and supplies, and other expenses directly related to costs of services. All other revenue and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE

CASH AND CASH EQUIVALENTS – Includes all bank demand deposits, certificates of deposit, money-market and savings accounts and all short-term highly liquid investment securities with a maturity of three months or less when purchased. On September 30, 2023, all of the City's cash and investments met this definition.

RECEIVABLES - The City accrues the unbilled service of its enterprise fund which represents the estimated value of service from the last billing date to year end and totaled \$129,012 on September 30, 2023. A reserve for doubtful accounts is maintained in the enterprise fund equal to the value of the utility customer receivables that are not expected to be collected. As of September 30, 2023, the reserve for uncollectible accounts totaled \$222,259.

INTERFUND BALANCES - To the extent any current interfund balances exist, management anticipates that they will be settled in cash as opposed to a permanent transfer.

INVENTORY - Enterprise fund inventories are valued at the lower of cost or market determined on a first-in, first-out basis.

CAPITAL ASSETS - In the government-wide financial statements capital assets include land, buildings, improvements, utility plant, infrastructure, and furniture and equipment. Governmental fund infrastructure assets (e.g., roads, bridges, sidewalks, streets, drainage systems and lighting system) acquired prior to October 1, 2003, have not been reported. Capital assets are defined by City policy as personal or real property or improvements with an individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost, if purchased and at acquisition value at date of gift, if donated. Major additions are capitalized while maintenance and repairs which do not improve or extend the life of the respective assets are charged to expense.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

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

Capital asset depreciation is recognized using the straight-line method over the estimated useful lives as follows:

	<u>Years</u>
Buildings and improvements	10-40
Machinery and equipment	5-15
Water and sewer system	10-40
Stormwater system	20

RESTRICTED ASSETS - Include cash and investments that are legally restricted to specific uses by external parties or enabling legislation. The City generally uses restricted resources first when an expenditure/expense is incurred for which both restricted and unrestricted resources are available.

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

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

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

The City has recognized deferred outflows and inflows of resources related to the City's other postemployment benefit plan based on the actuarial valuation that was performed. See Note 10 for additional information regarding the City's OPEB liability.

LONG-TERM OBLIGATIONS – In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the bonds outstanding method. Debt issuance costs are reported as an expense in the period incurred. Bond premiums and discounts are reported, net of amortization, in the related debt balances shown in the financial statements. For current refundings and advance refundings resulting in defeasance of debt reported by governmental activities, business-type activities, and proprietary funds, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is the shorter. Long-term debt for governmental funds is not reported as liabilities in the fund financial statements; rather the debt proceeds are reported as other financing sources and payments of principal and interest are reported as expenditures.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont...)

COMPENSATED ABSENCES – The City personnel policy provides for the payment of accrued vacation and sick pay upon separation of its employees. The liability for these compensated absences is recorded as long-term in the government wide statements and in the proprietary fund financial statements because the maturities are not determinable. In the fund financial statements, the governmental funds do not report the compensated absence liability because it is generally not payable from expendable available financial resources.

INTERFUND TRANSFERS – Interfund transactions are reflected as either loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either “due to/from other funds”. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances”.

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental and proprietary funds are netted as part of the reconciliation to the government-wide presentation.

CONNECTION FEES AND CAPACITY FEES – Water connection fees represent reimbursement of the costs incurred to perform the connection of the respective utilities and are recorded as operating revenue when received. Capacity fees, which are not considered connection fees since they substantially exceed the cost of connection, are recorded as capital contributions when received. Prepaid capacity fees received, which reserve capacity in the City’s future water facilities, are reported as capital contributions when the requirements of the Developer agreements are met by the City.

EQUITY CLASSIFICATIONS –

Government-wide Statements – The difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources is classified as net position and displayed in three components:

Net investment in capital assets – Consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – Consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position – Consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont...)

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

Fund Statements – The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor the constraints on the specific purposes for which amounts in those funds can be spent. Spendable resources are to be shown as restricted, committed, assigned and unassigned as considered appropriate in the City's circumstances. The following classifications describe the relative strength of the spending constraints:

Nonspendable — amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted — amounts that can be spent only for specific purposes stipulated by (a) external resource providers such as creditors (by debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed — amounts constrained to specific purposes by formal action (ordinance) of the City using its highest level of decision making authority (the City Commission). To be reported as committed, amounts cannot be used for any other purpose unless the City Commission takes the same highest level action (ordinance) to remove or change the constraint.

Assigned — amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Commission or through the City Commission delegating this responsibility to the City Manager through the budgetary process. The City Commission has not established a formal policy regarding authorization to assign fund balance amounts for a specific purpose.

Unassigned — all other spendable amounts.

The City uses restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

USE OF ESTIMATES – The preparation of the basic financial statements in conformity with generally accepted accounting principles, as applicable to government entities, requires management to make use of estimates that affect the reported amounts in the basic financial statements. Actual results could differ from estimates.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

LEASES - Lessee: The City is a lessee for a noncancellable lease of equipment and recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more. At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term, subsequently reduced by the principal portion of the lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Key estimates and judgements related to leases include the determination of the discount rate used to discount the lease payments to present value and determination of the lease term.

- 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 for a similar transaction 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 liability are composed of fixed payments and purchase price 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 assets and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

NOTE 2 – PROPERTY TAX CALENDAR

Under Florida Law, the assessment of all properties and the collection of all county, municipal, special districts and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The tax levy of the City is established by the City Commission prior to October 1 of each year and the Polk County Property Appraiser incorporates the millages into the total tax levy, which includes the municipalities, the County, independent districts and the County School Board tax requirements. State statutes permit cities to levy property taxes at a rate of up to 10 mills. The City's millage rate in effect for the fiscal year ended September 30, 2023 was 6.44.

All taxes are due and payable on November 1 (levy date) of each year and unpaid taxes become delinquent on April 1 following the year in which they are assessed. Discounts are allowed for early payment as follows: 4% in of November, 3% in December, 2% in January, 1% in February. The taxes paid in March are without discount. Delinquent taxes on real and personal property bear interest of 18% per year. On or prior to June 1 following the tax year, certificates are sold for all delinquent taxes on real property.

NOTE 4 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Compliance with Finance Related Legal and Contractual Provisions – the City had no material violations of finance legal and contractual provisions.

Deficit Fund Balance or Net Position of Individual Funds – as of September 30, 2023, no individual fund had a deficit fund balance or net position deficit.

Excess of Expenditures Over Budget Appropriations in Individual Funds – for the year ended September 30, 2023, no budgetary fund had an excess of expenditures over appropriations.

NOTE 5 – DEPOSITS AND INVESTMENTS

DEPOSITS IN FINANCIAL INSTITUTIONS – The City’s deposits are insured by the FDIC up to \$250,000 per financial institution. Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the Chief Financial Officer, State of Florida (the “CFO”) in such amounts required by the Florida Security for Public Deposits Act. In the event of a default or insolvency of a qualified public depositor, the CFO will implement procedures for payment of losses according to the validated claims of the City pursuant to Section 280.08, Florida Statutes.

INVESTMENTS – The types of investments in which the City may invest are governed by section 218.415, Florida Statutes. According to State Statutes, the City is authorized to invest in the following instruments: Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized through the Florida Interlocal Cooperation Act; S.E.C. registered money market funds with the highest credit quality rating from a nationally recognized rating company; interest-bearing time deposits and savings accounts in qualified public depositories; direct obligations of the U.S. Treasury and federal agencies and instrumentalities or repurchase agreements fully collateralized by such securities; and interest in an entity registered under the Investment Company Act of 1940 whose investments are limited to U.S. Governments.

The captions on the government-wide statement of net position for “cash and cash equivalents”, both restricted and unrestricted, are summarized below. There were no investment securities maintained during the year.

Cash and cash equivalents:	
Cash on hand	\$ 860
Deposits in financial institutions:	
Insured or fully collateralized bank deposits	<u>8,486,029</u>
Total cash and cash equivalents	<u>\$ 8,486,889</u>

The City has no policy regarding custodial credit risk, concentration of credit risk, interest rate risk or foreign currency risk.

CITY OF MULBERRY, FLORIDA
Notes to Financial Statements
for the year ended September 30, 2023

NOTE 6 – CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2023 was as follows:

	Balance October 1, 2022	Transfers	Increases	Decreases	Balance September 30, 2023
<u>Governmental Activities:</u>					
Capital assets, not being depreciated:					
Land	\$ 392,426	\$ -	\$ 1,017,186	\$ -	\$ 1,409,612
Artifacts	54,000	-	-	-	54,000
Construction-in-progress	8,625	-	101,528	-	110,153
Total capital assets, not being depreciated	455,051	-	1,118,714	-	1,573,765
Capital assets, being depreciated:					
Buildings & improvement	6,420,515	-	80,706	-	6,501,221
Machinery and equipment	842,270	-	230,701	-	1,072,971
Right to use leased equipment	39,490	-	-	-	39,490
Total capital assets, being depreciated	7,302,275	-	311,407	-	7,613,682
Less accumulated depreciation for:					
Buildings & improvement	(2,336,325)	-	(183,121)	-	(2,519,446)
Machinery and equipment	(560,812)	-	(75,040)	-	(635,852)
Right to use leased equipment	(11,558)	-	(11,559)	-	(23,117)
Total accumulated depreciation	(2,908,695)	-	(269,720)	-	(3,178,415)
Total capital assets being depreciated, net	4,393,580	-	41,687	-	4,435,267
Governmental activities capital assets, net	\$ 4,848,631	\$ -	\$ 1,160,401	\$ -	\$ 6,009,032
<u>Business-type activities:</u>					
Capital assets, not being depreciated:					
Land	\$ 183,073	\$ -	\$ -	\$ -	\$ 183,073
Construction-in-progress	280,295	-	235,845	-	516,140
Total capital assets, not being depreciated	463,368	-	235,845	-	699,213
Capital assets, being depreciated:					
Water and sewer system	25,254,384	-	-	-	25,254,384
Stormwater system	53,105	-	63,650	-	116,755
Equipment	2,639,098	-	398,444	-	3,037,542
Total capital assets, being depreciated	27,946,587	-	462,094	-	28,408,681
Less accumulated depreciation for:					
Water and sewer system	(9,582,816)	-	(754,113)	-	(10,336,929)
Stormwater system	(20,135)	-	(4,097)	-	(24,232)
Equipment	(1,883,118)	-	(153,442)	-	(2,036,560)
Total accumulated depreciation	(11,486,069)	-	(911,652)	-	(12,397,721)
Total capital assets being depreciated, net	16,460,518	-	(449,558)	-	16,010,960
Business-type activities capital assets, net	\$ 16,923,886	\$ -	\$ (213,713)	\$ -	\$ 16,710,173

NOTE 6 – CAPITAL ASSETS (concluded)

Depreciation/amortization expense was charged to the following programs and functions:

Governmental Activities:

General government	\$	49,955
Law enforcement		17,225
Building/Zoning		5,739
Maintenance		39,765
Culture/recreation		157,036
		<hr/>
Total depreciation expense - governmental activities	\$	269,720
		<hr/>

Business-type Activities:

Water	\$	281,147
Sewer		623,734
Stormwater		6,771
		<hr/>
Total depreciation expense - business-type activities	\$	911,652
		<hr/>

NOTE 7 – LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the year ended September 30, 2023:

	Balance October 1, 2022	Increases	Decreases	Balance September 30, 2023	Amounts Due within One Year
<u>Governmental Activities:</u>					
Long-term liabilities:					
Bonds and notes payable:					
Series 2020 Revenue Note	\$ 1,760,000	\$ -	\$ (237,934)	\$ 1,522,066	\$ 220,000
Total bonds and notes payable:	1,760,000	-	(237,934)	1,522,066	220,000
Other postemployment benefit obligation	1,061,569	64,362	-	1,125,931	-
Leases payable	28,755	-	(11,397)	17,358	12,100
Compensated absences	120,964	21,083	-	142,047	-
Total long-term liabilities	\$ 2,971,288	\$ 85,445	\$ (249,331)	2,807,402	\$ 232,100
Less amounts due in one year				(232,100)	
Net long-term liabilities in excess of one year				\$ 2,575,302	
<u>Business-type Activities:</u>					
Long-term liabilities:					
Bonds and notes payable:					
WW770050 installment note to FDEP	\$ 989,518	\$ -	\$ (88,245)	\$ 901,273	\$ 90,467
DW531200 installment note to FDEP	117,724	-	(4,189)	113,535	5,578
DW531210 installment note to FDEP	200,908	-	(11,224)	189,684	11,295
DW531211 installment note to FDEP	-	115,861	(92,689)	23,172	-
Revenue bonds, series 2015	3,340,329	-	(63,626)	3,276,703	65,534
Revenue refunding note, series 2013	479,000	-	(233,000)	246,000	246,000
WW770060 installment note to FDEP	184,439	-	(10,418)	174,021	10,564
WW770063 installment note to FDEP (*)	925,771	-	(9,256)	916,515	50,913
Total bonds and notes payable	6,237,689	115,861	(512,647)	5,840,903	480,351
Other postemployment benefit obligation	477,319	46,392	-	523,711	-
Compensated absences	54,244	8,375	-	62,619	-
Total long-term liabilities	\$ 6,769,252	\$ 170,628	\$ (512,647)	6,427,233	\$ 480,351
Less amounts due in one year				(480,351)	
Net long-term liabilities in excess of one year				\$ 5,946,882	

(*) – During 2023 the City identified an error in the previously reported balance of the WW770063 installment note to FDEP and as such the previously reported September 30, 2022 balance of this long-term debt has been restated by increasing the liability by \$50,917. See Note 15 for more information.

Notes to Long-Term Obligations Table

Long term liabilities, including accumulated compensated absences, leases payable and other postemployment benefit costs, are typically liquidated by the individual fund to which the liability is directly associated, in the governmental funds, such long-term obligations have been liquidated by the general fund.

All the City's long-term debt arose through direct borrowings or direct placements.

Interest included as Direct Expense:

None of the interest on governmental activities long-term debt has been included in the direct expenses of any of the various programs.

Governmental Activities:

- The Capital Improvement Revenue Note, Series 2020 (the "Series 2020 Revenue Note") is secured by a covenant to budget and appropriate non-ad valorem revenues to pay the annual debt service as it becomes due. The note bears interest at a rate of 2.80% and requires annual payments of principal and interest on July 1 of each year until final maturity on July 1, 2030. The note proceeds were used to fund the rehabilitation of the historic Gem Theatre building in downtown Mulberry. The Series 2020 Revenue Note was issued on July 2, 2020 for an initial principal amount of \$2,200,000. The City's Community Redevelopment Agency has committed to making the debt service payments of this debt through maturity on July 1, 2030.

In the event of default, the bond holder has the right to take whatever action necessary to collect the amounts due.

- Leases Payable – The City is the lessee of a right-to-use fleet of copiers and is required to make monthly principal and interest payments of \$1,068 with a maturity in February 2025. The lease agreement does not have an explicit interest rate and the City utilized an estimated incremental borrowing rate of 6% to determine the lease liability. The book value of this right-to-use asset at the end of the current fiscal year is \$16,373 and has an original five-year estimated useful life.

Business-Type Activities:

- The Water and Wastewater System Revenue Bonds, Series 2015 were issued to refund the Water and Wastewater System Revenue Bond Anticipation Note, Series 2013 and are held by the USDA Rural Utilities Service. The original principal amount of \$3,685,000 was used for financing the acquisition, construction and erecting of extensions and improvements to the water and wastewater system. The Series 2015 bonds are secured by the net revenues of the water and sewer system and bear interest at 3.0% with a final maturity of September 1, 2054.

In the event of default, the bond holder has the right to take whatever action necessary to collect the amounts due and may, at their option, declare the outstanding principal and accrued interest to be due and payable immediately and may take possession of the water and wastewater system to repair, maintain, operate or rent the facilities as may be necessary to cure the default.

Notes to Long-Term Obligations Table (continued...)

Business-Type Activities: (continued...)

- The Revenue Refunding Note, Series 2013 was issued to refinance the Revenue Refunding Note, Series 2006. The purpose of the refinancing was to take advantage of a lower interest rate. The Revenue Refunding Note, Series 2013 are secured by the net revenues of the water and sewer system. The note bears interest at 3.44% with a final maturity of May 1, 2024.
- The State of Florida Department of Environmental Protection (FDEP) Revolving Fund Water Loan Agreement WW770050 (the "WW770050 installment note to FDEP") is secured by the net revenues of the water and sewer system. The loan is payable semiannually with principal and interest payments due on August 15 and February 15. The original loan amount of \$646,701 was awarded on June 13, 2008 and was amended during 2011, 2012, and 2013 to provide a total of \$5,030,095. The loan bears interest at a weighted average rate of 2.55% with a final maturity of August 15, 2032. The loan agreement requires that funds be deposited into a sinking fund monthly at amounts which will fully fund the next succeeding principal and interest payments when due. The loan proceeds were used to upgrade and expand the City's wastewater treatment facilities.
- The State of Florida Department of Environmental Protection Revolving Fund Water Loan Agreement DW531200 (the "DW531200 installment note to FDEP") is secured by the net revenues of the water and sewer system. The loan is payable semiannually with principal and interest payments due on March 15 and September 15. The loan bears interest at a rate of 2.0% with a final maturity in 2040. The loan agreement requires that funds be deposited into a sinking fund monthly at amounts which will fully fund the next succeeding principal and interest payments when due. The loan proceeds were used for water distribution projects.
- The State of Florida Department of Environmental Protection Revolving Fund Water Loan Agreement WW770060 (the "WW770060 installment note to FDEP") is secured by the net revenues of the water and sewer system. The loan is payable semiannually with principal and interest payments due on July 15 and January 15. The loan bears interest at a rate of 2.24% with a final maturity in 2036. The loan agreement requires that funds be deposited into a sinking fund monthly at amounts which will fully fund the next succeeding principal and interest payments when due. The loan proceeds were used for planning and design activities for construction of wastewater transmission, collection, reuse and treatment facilities.
- The State of Florida Department of Environmental Protection Revolving Fund Water Loan Agreement WW770063 (the "WW770063 installment note to FDEP") is secured by the net revenues of the water and sewer system. The total amount of the loan is \$4,628,856 and included a grant to forgive 80% of the principal which was applied to the loan during 2022 in the amount of \$3,703,085. The loan is payable semiannually with principal and interest payments due on June 15 and December 15. The loan bears interest at a rate of 0.0% with a final maturity in 2059. The loan agreement requires that funds be deposited into a sinking fund monthly at amounts which will fully fund the next succeeding principal and interest payments when due. The loan proceeds are being used to fund a sanitary sewer rehabilitation project.

Notes to Long-Term Obligations Table (continued...)

Business-Type Activities: (concluded)

- The State of Florida Department of Environmental Protection Revolving Fund Water Loan Agreement DW531210 (the “DW531210 installment note to FDEP) is secured by the net revenues of the water and sewer system. The loan is payable semiannually with principal and interest payments due on March 15 and September 15. The loan bears interest at a rate of 0.64% with a final maturity in 2040. The loan agreement requires that funds be deposited into a sinking fund monthly at amounts which will fully fund the next succeeding principal and interest payments when due. The loan proceeds totaling \$231,648 were used for sewer system improvements design costs including a wastewater treatment facility headworks system and pump station improvements.
- The State of Florida Department of Environmental Protection Revolving Fund Water Loan Agreement DW531211 (the “DW531211 installment note to FDEP) is secured by the net revenues of the water and sewer system. The loan amount was established in two tranches, the first being \$3,734,700 and the second being \$1,189,950 for a total of \$4,924,650. The first tranche includes a principal forgiveness grant of 80% (\$2,987,760) of the original tranche loan amount. The principal forgiveness grant is being applied toward the principal of the loan as draws are made. As of September 30, 2023, \$115,861 has been drawn on this loan and \$92,689 principal forgiveness grant has been applied to the amount drawn for an obligation balance of \$23,172 at year-end. The loan is payable semiannually with principal and interest payments due on February 15 and August 15 commencing on February 15, 2025. The loan bears interest at a rate of 0.0% with a final maturity in 2044. The loan agreement requires that funds be deposited into a sinking fund monthly at amounts which will fully fund the next succeeding principal and interest payments when due. The loan proceeds are being used for sewer system improvements including a wastewater treatment facility headworks system and pump station improvements.

The State of Florida Department of Environmental Protection Revolving Fund loans above all contain provisions that in the In the event of default and subject to the rights of superior liens on the pledged revenues, the lender may request a court to appoint a receiver to management the water and sewer systems, intercept the delinquent amount from any unobligated funds due to the City under any revenue or tax sharing fund established by the State of Florida, impose a penalty in the amount not to exceed a rate of 18 percent per annum on the amount due, notify financial market credit rating agencies and potential creditors, sue for payment of amounts due and may accelerate the repayment schedule or increase the interest rate on the unpaid principal on the loan to as much as 1.667 times the loan interest rate.

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Notes to Long-Term Obligations Table (concluded)

Maturities: Annual requirements to repay all bonds and notes payable as of September 30, 2023, were as follows:

	Governmental Activities		Business-type Activities	
Fiscal Year Ending	Principal	Interest	Principal	Interest
2024	\$ 220,000	\$ 49,280	\$ 480,351	\$ 132,416
2025	220,000	43,120	262,098	121,476
2026	220,000	39,960	243,621	116,779
2027	220,000	30,800	248,441	111,957
2028	220,000	24,640	253,389	107,007
2029-2033	422,066	30,800	1,232,722	456,768
2034-2038	-	-	880,040	358,776
2039-2043	-	-	724,468	277,506
2044-2048	-	-	628,402	190,773
2049-2053	-	-	728,490	90,685
2054-2058	-	-	158,881	4,766
Total	<u>\$ 1,522,066</u>	<u>\$ 218,600</u>	<u>\$ 5,840,903</u>	<u>\$ 1,968,909</u>

Maturities: Annual requirements to repay all leases payable as of September 30, 2023, were as follows:

	Governmental Activities	
Fiscal Year Ending	Principal	Interest
2024	\$ 12,100	\$ 712
2025	5,258	79
Total	<u>\$ 17,358</u>	<u>\$ 791</u>

Pledged Revenues:

The City has pledged various future revenue sources for various debt issues. For the water and sewer system, the City has pledged future revenues, net of certain operating expenses. The following table provides a summary of the pledged revenues for the City's outstanding debt issues.

Pledged Revenue	Revenue Pledged Through	Total Principal and Interest Outstanding	Current Year Principal and Interest Paid	Current Year Revenue	% of Revenues to Principal and Interest Paid
Water and sewer net revenues	9/1/2054	\$ 7,809,812	\$ 610,160	\$ 1,184,776	194.17%

NOTE 8 – INTERFUND TRANSACTIONS

Interfund receivables represent expenditures paid by those funds on behalf of another fund that were not repaid until after year end. Interfund receivables and payables as of September 30, 2023 consisted of:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Enterprise Fund	\$ 1,499

Interfund transfers for the year ended September 30, 2023 consisted of:

<u>Receiving Fund</u>	<u>Paying Fund</u>	<u>Amount</u>
General Fund	Enterprise Fund	\$ 750,000

The transfer from the enterprise fund to the general fund is a budgeted annual operating transfer to finance services accounted for in the general fund.

NOTE 9 – DEFINED CONTRIBUTION PENSION PLAN

The City Commission has established by Ordinance 3.95, an Internal Revenue Code Section 457 and a 401(a) defined contribution pension plan. The plan trust is administered by the Florida League of Cities and the assets of the plans are not considered part of the City's reporting entity. All employees of the City who have been employed by the City for at least one year and who have worked at least 1,000 hours are eligible to participate. Participation is voluntary and the employee determines the amount of their contribution.

The City makes a non-elective contribution as a percentage of eligible compensation. The non-elective contribution rate is fifteen percent for the City Manager, eleven percent for each Department Director and eight percent for all other full-time City employees. The non-elective contribution is made regardless of employee contributions.

The City also matches employee contributions, dollar for dollar, up to a certain percentage of eligible compensation. The matching contribution percentage rate is ten percent for the City Manager, eight percent for each Department Director and five percent for all other full-time employees.

Employees with five or more years of service to the City are fully vested in the plan. Pension costs are accrued and funded on a current basis and all required contributions for the year were made. Contributions for the fiscal year ended September 30, 2023 totaled \$449,577 which consisted of \$120,376 contributed by employees and \$329,201 contributed by the City.

NOTE 10 – OTHER POST EMPLOYMENT BENEFIT (OPEB) OBLIGATIONS

The City follows GASB Cod. Sec. P50 for certain post-employment health care and dental benefits provided by the City.

Plan Description – The City has established a single employer post-retirement health plan. The City under authority established within the Plan document, may amend or terminate the Plan in whole or in part. The City Commission provides oversight of the OPEB Plan. The Plan is constructed and governed by the laws of the State of Florida except as preempted by Federal law. The City Commission voted to amend the Plan effective in fiscal year 2011. The City provides optional fully-insured health insurance to full-time employees who retire under the City's pension plan. The OPEB does not issue a standalone financial statement.

The City provides fully subsidized retiree health insurance to former employees who were hired prior to May 16, 2006 and their spouses, unless the retiree or spouse is eligible for coverage due to subsequent employment or the spouse remarries after the retiree's death. Alternatively, the City provides a 50% subsidy toward the health insurance premium for single coverage for employees who are age 60 or older and retire with at least 20 years of service (10 years with respect to certain employment contracts) and this partial subsidy is discontinued upon the attainment of Medicare eligibility. All other retirees contribute an amount based on the average cost of providing the benefit to the group. Participants totaled 9 retirees and 31 active employees as part of the September 30, 2021 actuarial valuation for the year ended September 30, 2023.

The City subsidizes the premium rates paid by the retirees not hired before May 16, 2006 by allowing them to participate in the plan at the blended group premium rates (implicit subsidized) for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees.

Funding Policy – Currently, the City's OPEB benefits are unfunded. There is no separate trust fund or equivalent arrangement into which the City would make contributions to advance-fund the obligation. Therefore, the ultimate subsidies which are provided over time are financed directly by the assets of the City, which are invested in qualified public depositories. For the fiscal year ended September 30, 2023, the City provided contributions of \$35,010 toward the annual OPEB cost which is comprised of benefit payments made on behalf of retirees. Retirees do not make contributions to the plan.

Basis of Accounting – The OPEB is recorded in the government-wide financial statements, and the enterprise fund only on the accrual basis of accounting.

OPEB Expense– For the year ended September 30, 2023, the City recognized OPEB expense of \$30,447.

NOTE 10 – OTHER POST EMPLOYMENT BENEFIT (OPEB) OBLIGATIONS (continued...)

Total OPEB Liability – The City’s total OPEB liability as of September 30, 2023 was determined by an actuarial valuation as of September 30, 2021 updated to September 30, 2023, the measurement date. The actuarial assumptions used in the September 30, 2021 valuation were as follows:

Inflation	2.50%
Salary Increases	3.00%
Discount Rate	4.87%
Initial Trend Rate	7.50% for 2023
Ultimate Trend Rate	4.00%
Year to Ultimate Trend Rate	53

Mortality rates were based on the PubG-2010 mortality tables which include fully generational adjustments for mortality improvements under gender-specific improvement scale MP-2018.

The discount rate used to discount all future benefit payments is 4.87% per annum and is based on the return of the S&P Municipal Bond 20-year High Grade Index as of the measurement date.

Changes in the Total OPEB Liability:

	Total OPEB Liability
Reporting period ending September 30, 2022	\$ 1,538,888
Changes for the year:	
Service cost	95,173
Interest	77,181
Changes of assumptions	(29,201)
Benefit payments	(32,399)
Net changes	110,754
Reporting period ending September 30, 2023	\$ 1,649,642

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

	1% Decrease (3.87%)	Discount Rate (4.87%)	1% Increase (5.87%)
Total other postemployment benefits liability	\$ 1,981,376	\$ 1,649,642	\$ 1,396,965

NOTE 10 – OTHER POST EMPLOYMENT BENEFIT (OPEB) OBLIGATIONS (concluded)

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates – The following table 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 healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease (3.00% to 6.50%)	Discount Rate (4.00% to 7.50%)	1% Increase (5.00% to 8.50%)
Total other postemployment benefits liability	\$ 1,355,888	\$ 1,649,642	\$ 2,060,652

Deferred Outflows and Inflows of Resources - On September 30, 2023, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Change in assumptions	\$ 141,160	\$ 745,422
Differences between expected and actual experience	92,470	531,627
Total	<u>\$ 233,630</u>	<u>\$ 1,277,049</u>

Amortization of Deferred Outflows of Resources - Amounts reported as deferred outflows of resources will be recognized in OPEB expense as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2024	\$ (143,757)
2025	(143,757)
2026	(143,763)
2027	(218,720)
2028	(194,718)
Thereafter	(198,704)
	<u>\$ (1,043,419)</u>

NOTE 11 – SEGMENT INFORMATION FOR ENTERPRISE FUND

The City has outstanding debt secured by its water and sewer revenues. The water and sewer operations are accounted for in a single enterprise fund along with sanitation and stormwater. Because many of the assets and liabilities of the enterprise fund are not separately identifiable with any one operating segment (e.g. cash, accounts receivables, accounts payable, etc.), it is not possible to present segment information disclosures for cash flows and some components of net position. Segment financial information that can be separately identified for the enterprise fund as of and for the year ended September 30, 2023, is presented below:

	Water & Sewer System	Sanitation System	Stormwater Management System	Total
Condensed statement of revenue, expenses and changes in net position:				
Operating revenues	\$ 2,670,503	\$ 1,062,145	\$ 318,213	\$ 4,050,861
Personnel services	(794,611)	-	(228,267)	(1,022,878)
Operating expenses	(722,526)	(937,502)	(47,340)	(1,707,368)
Depreciation expense	(904,881)	-	(6,771)	(911,652)
Nonoperating expenses				
Interest expense	(186,335)	-	-	(186,335)
Other nonoperating	31,410	-	-	31,410
Capacity fees	363,654	-	-	363,654
Noncapital grants	-	-	-	-
Capital grants	243,972	-	-	243,972
Interfund transfer	(562,500)	(93,750)	(93,750)	(750,000)
Change in net position	<u>\$ 138,686</u>	<u>\$ 30,893</u>	<u>\$ (57,915)</u>	<u>\$ 111,664</u>
Summary information from statement of net position:				
Capital assets, net	<u>\$ 16,617,650</u>	<u>\$ -</u>	<u>\$ 92,523</u>	<u>\$ 16,710,173</u>
Long-term debt, including current portion	<u>\$ 5,840,903</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,840,903</u>

NOTE 12 - RISK MANAGEMENT AND LITIGATION

During the ordinary course of its operations, the City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees, and natural disasters. The City maintains commercial insurance coverage in amounts management feels is adequate to protect and safeguard the assets of the City. There have been no significant reductions in coverage nor have settlement amounts exceeded the City’s coverage during the year ended September 30, 2023 or the previous two fiscal years. In the opinion of the City’s management and legal counsel, legal claims and litigation are not anticipated to have material impact on the financial position of the City. The City’s workers compensation coverage is provided through a nonassessable, nonprofit, tax-exempt risk sharing pool. Settled claims resulting from these risks have not exceeded insurance coverage.

NOTE 13 - COMMITMENTS AND CONTINGENCIES

The City participates in several programs that are fully or partially funded by grants received from Federal, state, or county agency sources. Expenditures financed by grants are subject to audit by the appropriate grantor government/agency. If expenditures are disallowed due to non-compliance with grant program regulations, the City may be required to reimburse the grantor government/agency. As of September 30, 2023, the City believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the City.

The City is under contract with the Polk County Sheriff’s Office to provide law enforcement services to the City through the year ended September 30, 2023. The City is required to provide the Sheriff with adequate office space at the City’s expense and the contract can be terminated by either party upon 365 days written notice. The City paid \$1,308,422 for the year ended September 30, 2023. The contract calls for the following minimum costs going forward:

Fiscal Year Ending September 30,	Annual Cost
2024	\$ 1,275,324
2025	1,300,830

NOTE 14 – JOINT VENTURE

Background - The Polk Regional Water Cooperative (PRWC) was created on April 1, 2016 by a interlocal agreement between the City of Mulberry, City of Auburndale, City of Bartow, City of Davenport, City of Eagle Lake, City of Fort Meade, City of Frostproof, City of Haines City, City of Lake Alfred, City of Lakeland, City of Lake Wales, Polk City, City of Winter Haven, Town of Dundee, Town of Lake Hamilton and Polk County in accordance with Chapters 163 and 373 of the Florida Statutes. These local government units are collectively considered the Member Governments. The PRWC is a separate legal entity organized under the laws of the State of Florida, and the Member Governments have no equity ownership in the PRWC.

NOTE 14 – JOINT VENTURE (concluded)

The PRWC is devoted to encouraging the development of fully integrated, robust public water supply systems comprised of diverse sources managed in a manner that take full advantage of Florida's intense climatic cycles to ensure reliable, sustainable and drought resistant systems which maximize the use of alternative water supplies to the greatest extent practicable. The PRWC will evaluate, plan and implement water projects and coordinate partnerships with other water users.

Membership fees - The terms of the interlocal agreement require each Member Government to contribute their proportionate share of the PRWC's annual working capital needs which are established annually by a resolution of the PRWC's Board of Directors. For the year ended September 30, 2023, the total administrative budget of the PRWC was \$260,078 of which the City's proportionate share was \$1,456.

Combined projects background - The Member Governments, except for the City of Frostproof, entered into a combined projects implementation agreement on March 16, 2017. This agreement established three combined projects to be pursued by the PRWC with a total estimated cost of \$23,000,000. The South West Florida Water Management District (SWFWMD) is funding 50% of the total estimated cost and the remainder is funded by the Member Governments based upon their average water use in comparison to the total average water use by all Member Governments. The City's required contribution for the combined projects totaled \$89,052 and was paid to the PRWC in a prior year. The PRWC Board has selected two of the three projects for further design and construction. The member governments were given the option to be a participating member or an associate member, the difference being that an associate member can attend meetings but does not have a voting position on the individual project board nor does the associate member have any financial obligations for further design or construction costs. The City has elected to be an associate member for both of the selected projects.

Contact - Complete financial statements of the PRWC may be obtained from the PRWC's Executive Director at 330 W. Church Street, P.O. Box 9005, Drawer CA01, Bartow, FL 33831-9005.

NOTE 15 – ERROR CORRECTION

During 2023 the City identified an error in the previously reported balance of the WW770063 installment note to FDEP and as such the previously reported September 30, 2022 balance of this long-term debt has been restated by increasing the liability by \$50,917. This error was due to payments paid in 2022 that were applied towards the loan balance but the payments that were applied to the loan balance represented loan service costs and should have been reported as an expense during the fiscal year ended September 30, 2022. See Note 7 for long-term debt information.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MULBERRY, FLORIDA
Budgetary Comparison Schedule – General Fund
for the year ended September 30, 2023

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
RESOURCES (inflows):				
Taxes	\$ 2,814,885	\$ 3,011,885	\$ 3,297,254	\$ 285,369
Licenses and permits	1,234,680	1,234,680	515,621	(719,059)
Intergovernmental revenue	1,763,752	1,763,752	1,484,896	(278,856)
Charges for services	284,804	284,804	332,346	47,542
Fines and forfeitures	35,500	35,500	60,957	25,457
Interfund transfer	750,000	750,000	750,000	-
Other	83,740	83,740	202,261	118,521
Total resources	<u>6,967,361</u>	<u>7,164,361</u>	<u>6,643,335</u>	<u>(521,026)</u>
CHARGES TO APPROPRIATIONS (outflows):				
General government	1,556,804	1,826,804	1,755,283	71,521
Public safety	1,738,552	1,781,552	1,760,688	20,864
Maintenance	536,784	708,784	701,739	7,045
Culture/recreation	848,731	964,731	931,428	33,303
Capital outlay	1,804,935	1,419,935	1,392,614	27,321
Total charges to appropriations	<u>6,485,806</u>	<u>6,701,806</u>	<u>6,554,564</u>	<u>147,242</u>
EXCESS (DEFICIENCY) OF RESOURCES				
OVER CHARGES TO APPROPRIATIONS	<u>\$ 481,555</u>	<u>\$ 462,555</u>	<u>\$ 88,771</u>	<u>\$ (373,784)</u>

NOTES TO BUDGETARY COMPARISON SCHEDULE – GENERAL FUND

Total resources of the budgetary comparison schedule – general fund differ from total revenue of the statement of revenues, expenditures and changes in fund balance on page 15 due to budgetary inflows (resources) representing interfund transfers from the enterprise fund are reported as an “other financing source” on the statement of revenue, expenditures and changes in fund balance.

CITY OF MULBERRY, FLORIDA
Budgetary Comparison Schedule – Community Redevelopment Agency Special Revenue Fund
for the year ended September 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
			(Budgetary	Favorable
			Basis)	(Unfavorable)
REVENUES:				
Taxes	\$ 888,058	\$ 888,058	\$ 872,843	\$ (15,215)
Total revenue	888,058	888,058	872,843	(15,215)
EXPENDITURES:				
Economic environment	126,072	126,072	56,620	69,452
Capital outlay	2,981,000	2,981,000	148,868	2,832,132
Debt service	310,600	310,600	282,284	28,316
Total expenditures	3,417,672	3,417,672	487,772	2,929,900
EXCESS (DEFICIENCY) OF REVENUES				
OVER EXPENDITURES	(2,529,614)	(2,529,614)	385,071	2,914,685
OTHER FINANCING SOURCES (USES)				
Debt proceeds	3,000,000	3,000,000	-	(3,000,000)
Total other financing sources (uses)	3,000,000	3,000,000	-	(3,000,000)
NET CHANGE IN FUND BALANCE	\$ 470,386	\$ 470,386	\$ 385,071	\$ (85,315)

CITY OF MULBERRY, FLORIDA
Schedule of Changes in the Total OPEB Liability and Related Ratios

Measurement date	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Reporting period ending	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Total OPEB Liability						
Service cost	\$ 95,173	\$ 166,978	\$ 240,930	\$ 164,436	\$ 117,181	\$ 115,772
Interest	77,181	56,431	64,882	88,287	74,070	71,160
Change in assumptions	(29,201)	(822,382)	(180,401)	308,990	19,243	-
Differences between expected and actual experience	-	(708,835)	-	215,766	-	-
Benefit payments	(32,399)	(34,619)	(69,655)	(74,997)	(77,776)	(70,832)
Net change in total pension liability	110,754	(1,342,427)	55,756	702,482	132,718	116,100
Total OPEB liability, beginning	1,538,888	2,881,315	2,825,559	2,123,077	1,990,359	1,874,259
Total OPEB liability, ending	<u>\$ 1,649,642</u>	<u>\$ 1,538,888</u>	<u>\$ 2,881,315</u>	<u>\$ 2,825,559</u>	<u>\$ 2,123,077</u>	<u>\$ 1,990,359</u>
 Covered payroll	 \$ 1,619,826	 \$ 1,572,646	 \$ 1,705,048	 \$ 1,655,386	 \$ 1,316,183	 \$ 1,316,183
 Total OPEB liability as a percentage of covered-employee payroll	 101.84%	 97.85%	 168.99%	 170.69%	 161.31%	 151.22%

Notes to Schedule:

No assets are being accumulated in a trust to pay for plan benefits.

Changes of Assumptions: Changes of assumptions reflect the changes in the discount rate for each period. The following are the discount rates used for the fiscal years ending:

September 30, 2023:	4.87%
September 30, 2022:	4.77%
September 30, 2021:	2.43%
September 30, 2020:	2.14%
September 30, 2019:	3.58%
September 30, 2018:	3.64%

Additional years will be added to this schedule annually until 10 years' data is presented.

OTHER REPORTS



Powell and Jones CPA

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**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 Mayor and Members
of the City Commission
City of Mulberry, 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 and each major fund of the City of Mulberry, Florida, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Mulberry, Florida's basic financial statements, and have issued our report thereon dated February 19, 2024.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in cursive script that reads "Powell & Jones".

POWELL & JONES CPA
Lake City, Florida
February 19, 2024



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**Independent Accountant's Report on the Examination of the City of Mulberry, Florida's
Compliance with Requirements in the OMB Compliance Supplement related to the
Coronavirus State and Local Fiscal Recovery Funds Program**

To the Mayor and
Members of the City Commission
City of Mulberry, Florida

We have examined the management of the City of Mulberry, Florida's (the "City") assertion that the City complied with the types of compliance requirements identified as subject to examination in the OMB Compliance Supplement that could have a direct and material effect on the usage of funds from the Department of Treasury's Coronavirus State and Local Fiscal Recovery Funds program (ALN# 21.027) during the fiscal year ending September 30, 2023. The City's management is responsible for its assertion. Our responsibility is to express an opinion on management's assertion about the City's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (the "AICPA"). Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion about compliance with the specified requirements is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about whether management's assertion is fairly stated in all material respects. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material misstatement of management's assertion. Whether due to fraud or error. We believe that the evidence that we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, management's assertion that the City complied with the specified requirements is fairly stated, in all material respects.

POWELL AND JONES CPA
Lake City, Florida
February 19, 2024



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MANAGEMENT LETTER

To the Mayor and
Members of the City Commission
City of Mulberry, Florida

In planning and performing our audit of the financial statements of the City of Mulberry, Florida ("The City"), for the year ended September 30, 2023, we considered the City's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

This letter furnishes information required by Chapter 10.550, *Rules of the Auditor General*, and other compliance matters.

PRIOR YEAR FINDINGS

There were no reportable findings in the prior year.

CURRENT YEAR FINDINGS

There were no reportable findings during the current year.

AUDITOR GENERAL AND OTHER COMPLIANCE MATTERS

Financial Emergency Status – We have determined that the City did not meet any of the conditions described in Section 218.503(1), *Florida Statutes*, that might result in a financial emergency.

Financial Condition Assessment - As required by the *Rules of the Auditor General* (Sections 10.554(1)(i)5. b and 10.556(8)), we applied financial condition assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information they provided.

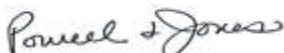
Dependent Special District – As required by Section 218.39(3)(c), *Florida Statutes* and Section 10.554(1)(i)6 *Rules of the Auditor General*, the Mulberry Community Redevelopment Agency (CRA) reported:

<u>Data Element</u>	<u>Reference</u>	<u>Comment</u>
The total number of CRA employees compensated in the last pay period of the CRA's fiscal year being reported.	Section 218.32(1)(e)(2)(a)	The CRA has no employees.
The total number of independent contractors to whom nonemployee compensation was paid in the last month of the CRA's fiscal year being reported.	Section 218.32(1)(e)(2)(b)	1
All compensation earned by or awarded to the CRA employees, whether paid or accrued, regardless of contingency.	Section 218.32(1)(e)(2)(c)	The CRA has no employees.
All compensation earned by or awarded to CRA nonemployee, independent contractors, whether paid or accrued, regardless of contingency.	Section 218.32(1)(e)(2)(d)	\$7,603
Budget variance report based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the CRA amended a final adopted budget under Section 189.016(6), Florida Statutes.	Section 218.32(1)(e)(3)	See page 47 of this annual financial report.
Each construction project with a total cost of at least \$65,000 approved by the CRA that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project.	Section 218.32(1)(e)(2)(e)	None

Our audit did not disclose any further items that would be required to be reported under the *Rules of the Auditor General*, Chapter 10.550.

CONCLUSION

We have reviewed this information with appropriate officials or employees and have provided them with documentation as requested. We very much enjoyed the challenges and experience associated with this year's audit of the City. We appreciate the helpful assistance and courtesy afforded us by all City employees and look forward to working with you in the future.



POWELL & JONES CPA
Lake City, Florida
February 19, 2024



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INDEPENDENT ACCOUNTANT'S REPORT

Honorable Mayor and City Commission
City of Mulberry, Florida

We have examined the City of Mulberry, Florida's ("the City") compliance with Section 218.415, *Florida Statutes*, regarding the investment of public funds during the year ended September 30, 2023. We also examined the City's compliance with Sections 163.387(6) and (7), *Florida Statutes* regarding the Mulberry Community Redevelopment Agency during the year ended September 30, 2023. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examinations.

Our examinations were conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examinations provide a reasonable basis for our opinion. Our examinations do not provide a legal determination on the City's compliance with the specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2023.

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.

POWELL & JONES CPA
Lake City, Florida
February 19, 2024