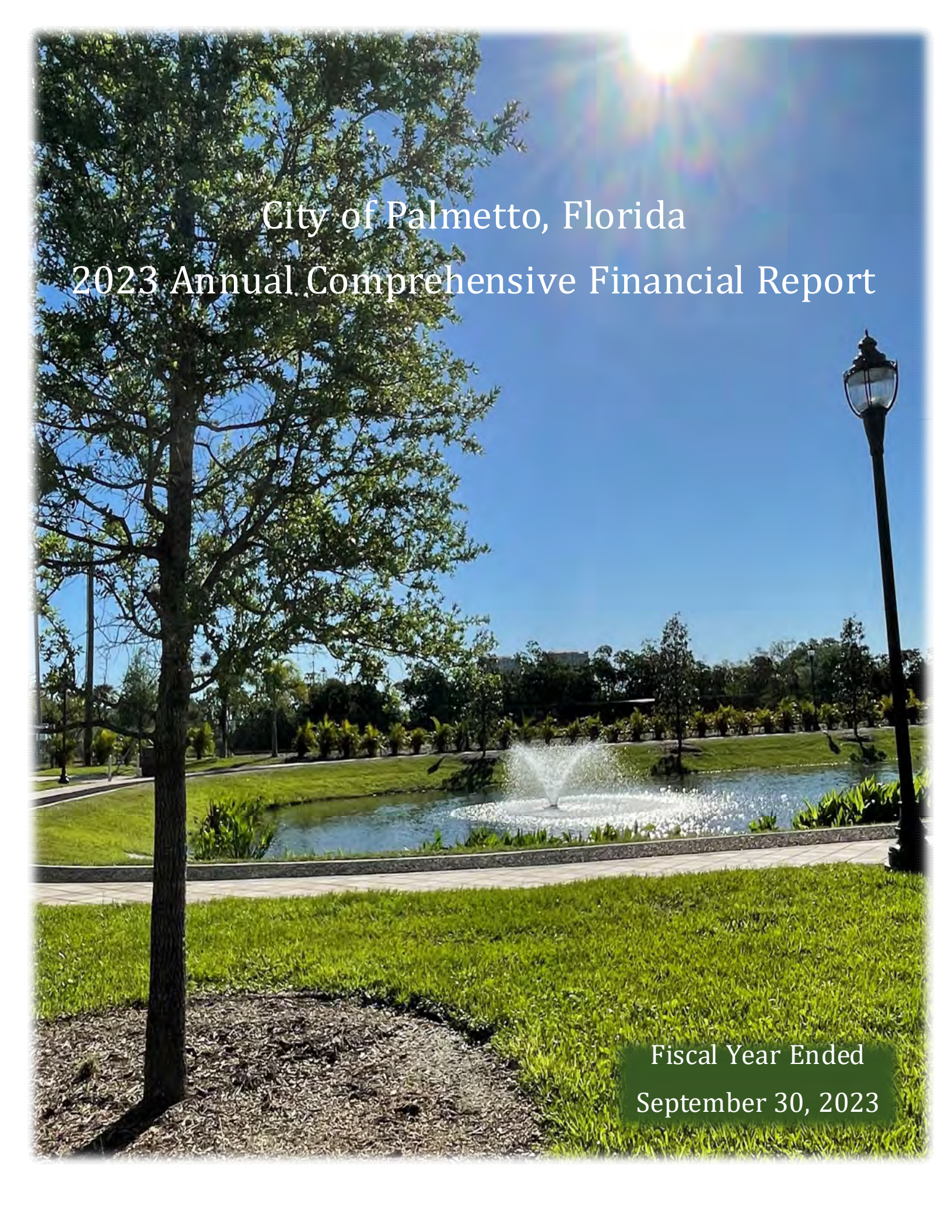




City of Palmetto, Florida 2023 Annual Comprehensive Financial Report

Fiscal Year Ended
September 30, 2023

<https://www.palmettofl.org/1430/Connor-Park>



Annual Comprehensive Financial Report

City of Palmetto, Florida

For the Fiscal Year Ended
September 30, 2023



Prepared By
The Finance Department

Cheryl A. Miller, CGFO
Finance Director

This page intentionally left blank



City of Palmetto, Florida

September 30, 2023

Table of Contents

I INTRODUCTORY SECTION

Letter of Transmittal	1
GFOA Certificate of Achievement for Excellence in Financial Reporting	6
List of Principal Officials.....	7
Organizational Chart	8

II FINANCIAL SECTION

Independent Auditor's Report.....	9
Management's Discussion and Analysis.....	12

III BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements:	
Statement of Net Position	29
Statement of Activities.....	30
Fund Financial Statements:	
Balance Sheet – Governmental Funds and Reconciliation of the Balance Sheet Governmental Funds to the Statement of Net Position	32
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	33
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds to the Statement of Activities	34
Statement of Net Position – Proprietary Funds.....	35
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds.....	37
Statement of Cash Flows – Proprietary Funds	38
Statement of Fiduciary Net Position – Fiduciary Funds	39
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	40
Notes to Financial Statements:	
Note I – Summary of Significant Accounting Policies	
A Reporting Entity.....	42
B Government-wide and Fund Financial Statements.....	43
C Measurement Focus, Basis of Accounting and Financial Statement Presentation	43
D Assets, Liabilities and Net Position or Equity	45
Note II – Reconciliation of Government-wide and Fund Financial Statements	
A Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position	53
B Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities	54
Note III – Stewardship, Compliance and Accountability	
A Budgetary Information	56
B Excess of Expenditures over Appropriations	56

City of Palmetto, Florida

September 30, 2023

Table of Contents (Continued)

Note IV – Detailed Notes on All Funds

A	Deposits and Investments	57
B	Fair Value.....	62
C	Receivables	64
D	Inter-fund Receivables, Payables and Transfers	64
E	Restricted Assets.....	66
F	Capital Assets.....	66
G	Finance Purchase Agreements	69
H	Long-term Liabilities	70
	1. State Revolving Fund Loans	70
	2. Capital Improvement Revenue Loans.....	74
	3. Conduit Debt.....	79
	4. Other Information	79
I	Fund Balances.....	81
J	Encumbered Commitment	83

Note V – Other Information

A	Risk Management	83
B	Employee Pension Plans.....	84
C	Palmetto General Employees' Pension Plan.....	85
D	Palmetto Police Pension Plan.....	91
E	Aggregate Information for City Pension Plans	98
F	Combining Statement of Fiduciary Net Position and Combining Statement of Changes in Fiduciary Net Position.....	98
G	Other Post-Employment Benefits	100
H	Contingent Liabilities.....	104
I	Deferred Compensation Plan	104
J	Subsequent Events	104

IV REQUIRED SUPPLEMENTARY INFORMATION

GASB Statement 34:

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual – General Fund.....	106
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual – Community Redevelopment Agency (CRA) Fund.....	107
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual – Road and Bridge Fund	108

GASB Statements 67 and 68:

General Employees' Pension Plan

Schedule of Changes in the City's Net Pension Liability and Related Ratios.....	109
Schedule of Contributions.....	112
Schedule of Investment Returns	116

City of Palmetto, Florida

September 30, 2023

Table of Contents (Continued)

GASB Statements 67 and 68 (Continued):	
Police Officer's Pension Plan	
Schedule of Changes in the City's Net Pension Liability and Related Ratios	118
Schedule of Contributions.....	121
Schedule of Investment Returns	125
GASB Statement 75:	
Other Post-Employment Benefits	
Schedule of Changes in the City's Total OPEB Liability and Related Ratios.....	127
V	OTHER SUPPLEMENTARY INFORMATION
Combining Fund Statements and Schedules:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance –	
Budget (GAAP Basis) and Actual – Capital Projects Funds	130
Combining Statement of Fiduciary Net Position – Fiduciary Funds	131
Combining Statement of Changes in Fiduciary Net Position.....	132
VI	STATISTICAL SECTION
Net Position by Component.....	134
Changes in Net Position	136
Fund Balances, Governmental Funds	140
Changes in Fund Balances of Governmental Funds.....	142
Governmental Activities Tax Revenues by Source	144
Assessed and Estimated Actual Value of Taxable Property.....	145
Property Tax Rates, Direct and Overlapping Governments	147
Principal Property Taxpayers	148
Property Tax Levies and Collections.....	149
Ratios of Outstanding Debt by Type	150
Ratio of General Bonded Debt Outstanding.....	151
Computation of Direct and Overlapping Debt.....	152
Demographic Statistics	153
Principal Employers in Manatee County	154
Full-Time Equivalent City Government Employees by Function	155
Operating Indicators by Function	156
Capital Asset Statistics by Function	158
VII	COMPLIANCE SECTION
Independent Auditor's Report on Internal Control Over Financial Reporting and on	
Compliance and Other Matters Based on an Audit of Financial Statements	
Performed in Accordance with <i>Government Auditing Standards</i>	
160	
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal	
Control over Compliance Required by the Uniform Guidance	
162	
Schedule of Findings and Questioned Costs.....	
165	
Schedule of Expenditures of Federal Awards.....	
167	
Notes to Schedule of Expenditures of Federal Awards	
168	
Independent Auditor's Management Letter.....	
169	
Independent Accountant's Report	
171	



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

March 25, 2024

To the Citizens of the City of Palmetto, Florida:

State law requires that all general purpose local governments publish each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) in the United States of America and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, I present to you the Annual Comprehensive Financial Report of the City of Palmetto, Florida, for the fiscal year ended September 30, 2023.

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

The City of Palmetto's basic financial statements have been audited by independent certified public accountants, Mauldin & Jenkins CPAs & Advisors. The purpose of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2023, are free from material misstatement. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Palmetto's financial statements for the fiscal year ended September 30, 2023 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component in the financial section of this report.

In addition to meeting the requirements of the State Statutes, the audit was also designed to meet the requirements of the Florida Single Audit Act. The City did not meet the required minimum threshold of \$750,000 of State expenditures during fiscal year 2023.

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

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

THE CITY

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

The City of Palmetto provides a wide range of municipal services, including public safety through police protection, building codes, zoning compliance, and numerous recreational facilities such as neighborhood parks, recreational trails, tennis and basketball courts, and an estuary park. Essential public works services are also offered, like street and highway maintenance, landscaping, solid waste management, water, sewer, stormwater, and reuse water for irrigation. Additional services include urban planning, redevelopment programs, and general administrative services.

The City's annual budget serves as the foundation for its financial planning and control. All departments must submit budget requests to the City Clerk's office, which compiles them into a proposed citywide budget. This proposal is presented to the Commission for review in July. Public hearings are then held in late summer and early fall before the Commission adopts a final budget by September 30th each year. The adopted budget allocates appropriations by fund and department, and monthly reports monitor spending versus the budget during the fiscal year.

ECONOMIC CONDITION AND OUTLOOK

Palmetto is a waterfront community located on the Gulf Coast of Florida, midway between Tampa/St. Petersburg to the north and Sarasota to the south. Palmetto is at the crossroads of Southwest Florida's largest commercial centers. It is home to the thriving SeaPort Manatee and is the hub of Manatee County's agricultural industry, which ranks in the top twelve for agricultural sales in Florida. Nearly three million Floridians live within a 50-mile radius of Palmetto, creating

one of the state's most stable marketplaces. Nine public and private universities and colleges are within 45 minutes of the City, along with many of Florida's most noted attractions, museums and beaches.

As with most cities throughout Florida, 2023 continued to show strong signs that the economy is rebounding from Hurricane Ian and Idalia. The economic environment has placed additional demands and growth has been steady for several years. The real estate market and sales tax collections remain strong however rising interest rates and inflation appear to be having an effect on the economy. There is no doubt that the pandemic has placed additional demands on the City to ensure that the health, safety, and welfare of the community are maintained. In recent years, the State legislature continues to place financial pressures on local government via unfunded mandates, and home rule continues to come under attack. The increases to property values have helped to lessen this impact, but challenges still remain. Statewide unemployment remains steady at 2.8 percent as of October 2023. Unemployment in the North Port, Bradenton, Sarasota Metropolitan Statistical Area (MSA) saw no change from the prior year and remains at 2.8 percent as of September 2023.

The City and its community leaders have made the commitment to work together and help achieve our goal of making the City of Palmetto a great place to live. Through our Community Redevelopment Agency (CRA), we have implemented a variety of programs to promote growth and economic development. Examples include downtown commercial core incentives for improvements to business properties coupled with additional incentives for local businesses to complete the enhancements. In addition to developer incentives, storefront grants are available for commercial businesses, and the residential rehabilitation program that was started in 2010 continues to offer assistance to qualifying properties. More recently, the CRA created a Tax Incremental Financing (TIF) rebate incentive to encourage development for larger projects. In FY2020, the CRA awarded their first rebate for the new convention center hotel. The hotel is expected to bring approximately 100 new jobs to the area and an overall budget of \$85 million and will open in the early summer of 2024.

Although the economy has been on a very positive run for the last several years, Palmetto continues to be faced with increasing costs, increasing demand for services, aging infrastructure and unfunded mandates by state and federal governments. Fortunately, in November 2016, residents of Manatee County passed an additional ½ cent sales tax. This tax will generate approximately \$17 million dollars through 2031 and the revenue will be used to fund much needed capital infrastructure in areas such as transportation, public safety, and parks. As stated above, the Florida Legislature continues to propose and pass legislation that puts additional pressure on local government. Reductions in state revenue dollars continue to make it difficult for cities across the state. Increasing property values during the last twelve years have helped offset declines in other areas and tax revenues finally increased over the peak of 2009. Since 2015, the final assessed taxable value has increased by 61.4% percent. This equates to an average annual increase of 6.8% over the period from 2015 to 2023.

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

infrastructure improvements next to the convention center hotel and a Community Development Block Grant (CDBG) for residential rehabilitation of \$750,000 for qualifying home improvements. In addition, the City received \$6.8 million dollars from the American Rescue Plan Act. We are starting to see the benefits of this additional funding as many infrastructure projects are in the design phase or under construction. Major current and future initiatives for fiscal year 2023 and fiscal year 2024 include:

- Completion of a community pool at Lincoln Park partnering with the Palmetto CRA and Manatee County
- Completion of the Chloramine injection system infrastructure
- Investing in community capital projects, Ward 1 Phase III utility infrastructure project, utilizing the American Rescue Plan Act grant funding
- Continued development of the multimodal corridor via our partnership with FDOT
- Street paving throughout the City
- Continued investment in the City's inflow and infiltration (I&I) to minimize sewage spills
- Development of CRA property for mixed use along the riverfront.
- New program to create sustainable housing in the CRA district
- Completion of Connor Park from a Southwest Florida Water Management grant project in FY2023
- Renovation of the 1930 Women's Club infrastructure within the Palmetto historic district to begin in 2024
- CDBG Funding: Extending 7th Street W in conjunction with the new convention center hotel
- Near completion of a new roundabout in 2023/2024 at 23rd street and BUS/41 in cooperation with FDOT
- Acquired land for the future expansion of the Waste Water Treatment Plant
- Palmetto Bay Oyster restoration project with the Palmetto CRA and potential state grant funding
- Added additional public parking in downtown commercial core next Sutton Park

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

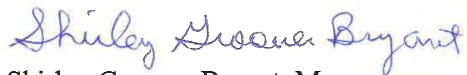
AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Palmetto for its Annual Comprehensive Financial Report for the fiscal year ended September 30, 2022. This was the eighteenth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate. The City also received the GFOA's Award for Distinguished Budget Presentation for its annual budget for the fiscal year beginning October 1, 2022, the same period covered by this Annual Comprehensive Financial Report. This was the fourteenth consecutive year that the City received this award. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in all the required categories including policy documentation, financial planning, organization, and as a communications medium.

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

Sincerely,



Shirley Groover Bryant, Mayor
City of Palmetto



Government Finance Officers Association

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

Presented to

**City of Palmetto
Florida**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2022

Executive Director/CEO



City of Palmetto, Florida
Fiscal Year Ended September 30, 2023
List of Principal Officials

Elected Officials

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

Office of the City Clerk

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

Public Works

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

Police Department

Scott Tyler	Police Chief
Mike Stinson	Captain
Lorenzo Waiters	Captain

Community Redevelopment Agency

Ed Johnson	Interim CRA Director
------------	----------------------

City Attorney

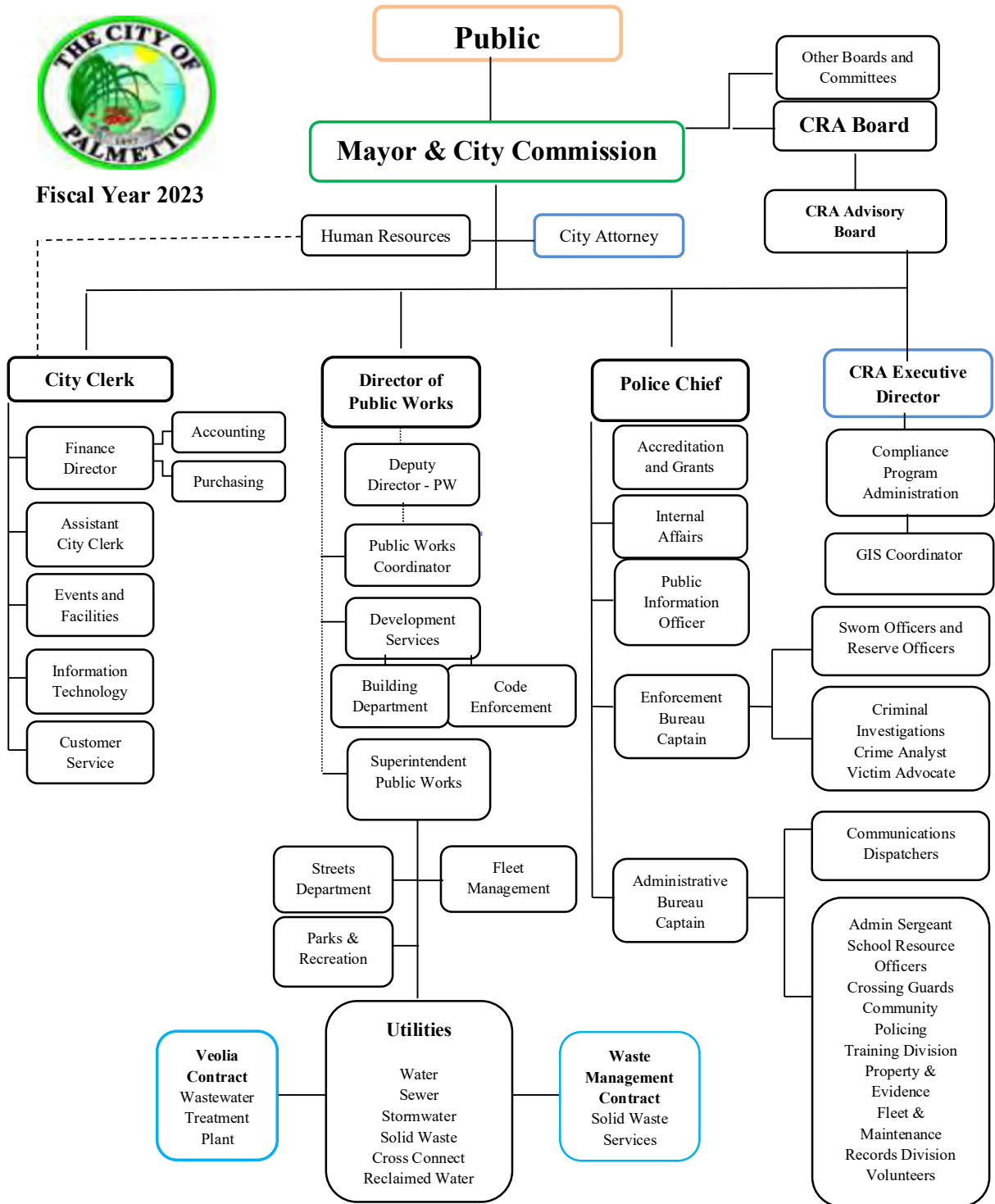
Mark Barnebey	City Attorney
---------------	---------------

CITY OF PALMETTO, FLORIDA

ORGAINIZATION CHART



Fiscal Year 2023





INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Palmetto, Florida (the "City"), as of and for the year ended September 30, 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, each major fund, and the aggregate remaining fund information 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension and other post-employment benefit schedules on pages 12 through 27 and 106 through 126, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

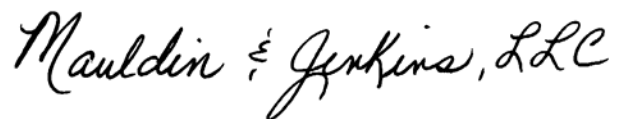
Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.



Bradenton, Florida
March 25, 2024

CITY OF PALMETTO, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2023
(Unaudited)

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Palmetto, Florida (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the Mayor's letter of transmittal preceding this report and the City's financial statements beginning on page 29.

FINANCIAL HIGHLIGHTS

At the close of the fiscal year ending September 30, 2023:

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources by \$126,890,253 (*net position*). Of this amount, \$22,197,300 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City reported an increase in total net position of \$10,691,849 compared to \$8,423,797 in fiscal year 2022. The increase of revenues, primarily driven by increased property taxes and interest earnings more than offset an increase in expenses. The City's total net position increase of \$10,691,849 represents a 9.20% increase over the prior year.
- Total revenues increased \$5,962,733 or 16.62% in comparison to the prior year. Charges for services, which includes building permits, increased \$457,602 and capital grants and contributions increased \$2,979,155 due to continued development within the City and the utilization of grants as a funding source for capital projects including the 7th Street Extension project. Property taxes increased by \$1,295,932 over the prior year and other taxes consisting of sales, utility, motor fuel, and other tax increased by \$447,434. The increase of property taxes was due to a 12.32% increase in property values and the increase in other taxes was primarily associated with the increased collection of sales taxes. Other increases include utility rate increases for water, sewer, stormwater and reuse in the business-type activities.
- Total expenses increased \$3,694,681 or 13.46% in comparison to prior year. Governmental activities reported a net increase in expenses of \$1,787,854 due to personnel cost and for the contribution to Manatee County towards the construction of the pool at Lincoln Park. Business-type activities expenses increased \$1,906,827 due to an increase in repair costs associated with the City's utility system, consulting costs associated with the drafting of a new stormwater master plan, and expenses related to Hurricane Ian.
- The City's governmental funds reported combined ending fund balances of \$25,069,208, a decrease of \$4,883,919 in comparison with the prior year ending balance. Approximately 28.11% of this total amount, \$7,045,827 (*unassigned fund balance*), is available for spending at the City's discretion and is 35.05% of the total general fund expenditures. Restricted fund balance of \$14,765,509 accounts for over \$3M of the fund balance decrease and is restricted for roadway infrastructure, Community Redevelopment Agency (CRA), building department operating expenses, law enforcement special projects, the maintenance of the City's cemetery and impact fees used to fund growth in the City. The committed fund balance in the amount of \$2,329,706 includes \$2,242,198 for the trailer park trust.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide financial statements

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

CITY OF PALMETTO, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2023
(Unaudited)

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Government-wide financial statements (Continued)

statements because the City is financially accountable for those resources even though they belong to other parties.

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

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

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

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

Fund financial statements

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

Governmental funds

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

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

CITY OF PALMETTO, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2023
(Unaudited)

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fund financial statements (Continued)

Governmental funds (Continued)

The City presents in separate columns, funds that are most significant to the City (major funds) and all other governmental funds are aggregated and reported in a single column (non-major funds). The City does not have any non-major funds for the year-ended September 30, 2023.

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

Proprietary funds

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

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

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the major enterprise funds which are the solid waste collection, water and sewer utility, stormwater utility system, and reuse utility. The City does not have any non-major proprietary funds during the year-ended September 30, 2023.

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

Fiduciary funds

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

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

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 42 of this report.

CITY OF PALMETTO, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2023
(Unaudited)

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension and other post-employment benefits to its employees. Required supplementary information can be found beginning on page 106 of this report.

Included in the required supplementary information are budgetary comparison schedules for the General Fund, Community Redevelopment Fund and the Road and Bridge Fund found on pages 106 through 108.

The Capital Projects Fund and combining statements for the fiduciary funds, which are not required supplementary information, begin on page 130.

This page intentionally left blank



CITY OF PALMETTO, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2023
(Unaudited)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$126,890,253 at the close of the most recent fiscal year.

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

City of Palmetto's Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Assets						
Current and other assets	\$ 24,716,499	\$ 22,940,881	\$ 9,069,578	\$ 13,197,791	\$ 33,786,077	\$ 36,138,672
Restricted assets	7,305,424	12,161,544	11,632,170	7,174,140	18,937,594	19,335,684
Capital assets, net of depreciation	63,194,216	51,857,673	42,341,513	41,448,330	105,535,729	93,306,003
Total assets	95,216,139	86,960,098	63,043,261	61,820,261	158,259,400	148,780,359
Deferred outflows of resources	3,011,496	4,761,649	523,424	811,786	3,534,920	5,573,435
Liabilities						
Current and other liabilities	3,302,074	4,469,347	5,259,211	5,892,666	8,561,285	10,362,013
Non-current liabilities	15,489,391	15,002,889	9,876,536	11,521,573	25,365,927	26,524,462
Total liabilities	18,791,465	19,472,236	15,135,747	17,414,239	33,927,212	36,886,475
Deferred inflows of resources	921,298	1,206,829	55,557	62,094	976,855	1,268,923
Net Position						
Net investment in capital assets	55,584,069	46,051,743	33,294,040	31,154,040	88,878,109	77,205,783
Restricted	14,765,521	17,913,648	1,049,323	1,494,400	15,814,844	19,408,048
Unrestricted	8,165,282	7,077,299	14,032,018	12,507,274	22,197,300	19,584,573
Total net position	\$ 78,514,872	\$ 71,042,690	\$ 48,375,381	\$ 45,155,714	\$ 126,890,253	\$ 116,198,404

The overall net position of the City increased in 2023 as revenues continue to outpace expenses by an increasing margin this year. Changes in net position over time can be one of the best and more useful indicators of financial position. The total net position of the City increased from fiscal year 2022 by \$10,691,849 or 9.20%. The net position of governmental activities increased by \$7,472,182, or 10.52% due to an increase of property tax of \$1,295,932 from prior construction and rising home values. In addition an increase of \$1,997,251 in capital grants related to the 7th Street Extension project as well as smaller increases to other revenues. Net position of business-type activities increased by \$3,219,667, or 7.13% primarily as a result of the expenses increasing to a lesser degree than revenues as well as an increase in net transfers. The overall net operating income of the business-type activities is \$2,474,359.

A significant portion of the City's net position, \$88,878,109 or 70.04% reflects its investment in capital assets (e.g., land, buildings, improvements, infrastructure and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should still be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF PALMETTO, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2023
(Unaudited)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

An additional portion of the City's net position, \$15,814,844 or 12.46% represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$22,197,300 or 17.49% may be used to meet the City's ongoing obligations to citizens and creditors. The unrestricted net position includes the fund balance of the Trailer Park Trust (Governmental Activities) of \$2,242,198, which may be used upon approval of the City Commission after a duly advertised public hearing.

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

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

City of Palmetto's Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Revenues						
Charges for services	\$ 1,687,577	\$ 2,165,707	\$ 13,392,611	\$ 12,456,879	\$ 15,080,188	\$ 14,622,586
Operating grants and contributions	104,987	406,621	--	--	104,987	406,621
Capital grants and contributions	3,305,683	1,308,432	1,282,275	300,371	4,587,958	1,608,803
General revenue						
Property taxes	11,815,993	10,520,061	--	--	11,815,993	10,520,061
Other taxes	7,299,377	6,851,943	--	--	7,299,377	6,851,943
Other	2,437,863	1,796,058	506,389	63,950	2,944,252	1,860,008
Total revenues	<u>26,651,480</u>	<u>23,048,822</u>	<u>15,181,275</u>	<u>12,821,200</u>	<u>41,832,755</u>	<u>35,870,022</u>
Expenses						
Governmental Activities:						
General government	5,193,999	4,850,158	--	--	5,193,999	4,850,158
Public Safety	6,408,471	5,959,349	--	--	6,408,471	5,959,349
Highways and streets	1,341,366	2,133,957	--	--	1,341,366	2,133,957
Recreation	900,776	882,654	--	--	900,776	882,654
Economic and physical environment	6,038,967	4,301,339	--	--	6,038,967	4,301,339
Interest on long-term debt	147,933	116,201	--	--	147,933	116,201
Business-type Activities:						
Solid waste	--	--	3,041,996	2,354,169	3,041,996	2,354,169
Water and sewer	--	--	7,235,617	5,919,901	7,235,617	5,919,901
Stormwater	--	--	582,347	681,327	582,347	681,327
Reuse	--	--	249,434	247,170	249,434	247,170
Total expenses	<u>20,031,512</u>	<u>18,243,658</u>	<u>11,109,394</u>	<u>9,202,567</u>	<u>31,140,906</u>	<u>27,446,225</u>
Increase (decrease) in net position before transfers	6,619,968	4,805,164	4,071,881	3,618,633	10,691,849	8,423,797
Transfers	852,214	652,631	(852,214)	(652,631)	--	--
Change in net position	<u>7,472,182</u>	<u>5,457,795</u>	<u>3,219,667</u>	<u>2,966,002</u>	<u>10,691,849</u>	<u>8,423,797</u>
Net position - beginning	71,042,690	65,584,895	45,155,714	42,189,712	116,198,404	107,774,607
Net position - ending	<u>\$ 78,514,872</u>	<u>\$ 71,042,690</u>	<u>\$ 48,375,381</u>	<u>\$ 45,155,714</u>	<u>\$ 126,890,253</u>	<u>\$ 116,198,404</u>

CITY OF PALMETTO, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2023
(Unaudited)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Governmental activities

Total revenues for governmental activities increased by \$3,602,658 or 15.63% when compared to the prior year. The net increase in revenues for the current year is the result of the following:

- City property tax revenues increased by \$1,295,932 or 12.32% due to an increase in property values. These increases affect both the property taxes collected by the City and the tax increment financing (TIF) monies received by the CRA from the City and Manatee County. This was the tenth consecutive year property values have increased.
- Capital grants and contributions increased by \$1,997,251 or 152.64% due the increase in impact fees collected and grant reimbursement related to the 7th Street Extension project.
- Charges for services decreased by \$478,130 or 22.08% compared to the previous year is due to the building permit to construct the new hotel.
- Other general revenues increased by \$641,805 or 35.73% compared to the prior year is largely attributed to the increase in interest income from investments.

Total expenses for governmental activities increased by \$1,787,854 or 9.80% in comparison to the prior year. The increase in the current year expenses is attributed to:

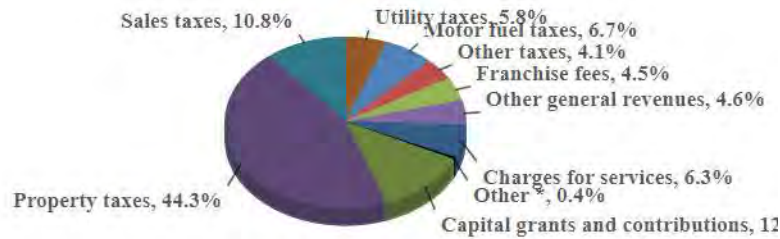
- General government increased by \$343,841 or 7.09% in comparison to the prior years' governmental expenses. This includes \$260,684 in increased tax increment funds to CRA for increased property values within the district.
- Public safety increased by \$449,122 or 7.54% in comparison to the prior years' governmental expenses. The increase includes \$1,715,947 in net pension expenses from police and general employees pension plan in addition to an increase in police department personnel costs.
- Highways and streets decreased by \$792,591 or 37.14% compared to the prior year and accounts for 44.3% of the overall decrease in governmental expenses and can be attributed to the prior year transfer of \$1,000,000 to the Florida Department of Transportation as part of a joint project to construct a roundabout to improve the safety of the City's roadways. Additionally, there were no new items purchased from this year's capital lease, just a minor expense related to the prior year's purchase of a sign shop printer and public works generator.
- Increases in economic and physical environmental services accounted for \$1,737,628 or 40.40%. This increase is primarily related to the establishment of an intergovernmental note payable with Manatee County for the CRA's debt service payments over the next nine years for their contribution toward the construction of a pool facility at Lincoln Park.
- Increases in interest on long-term debt accounted for \$31,732 or 27.31% compared to the prior year and accounts for 1.8% of the overall increase in governmental expenses. The increase is due to the City utilizing a new finance purchase agreement to partially fund the acquisition of machinery & equipment.

CITY OF PALMETTO, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2023
(Unaudited)

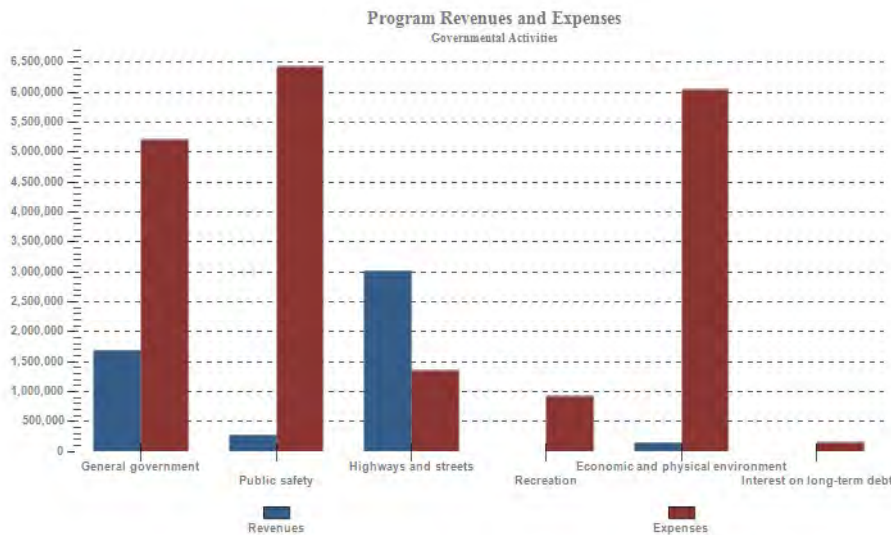
GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

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

Revenues by Source - Governmental Activities



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



Business-type Activities

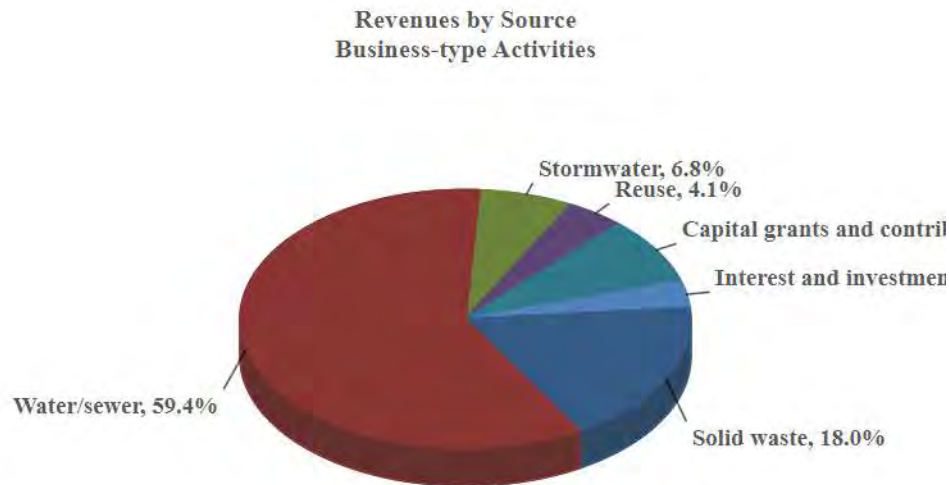
Total revenues increased by \$2,360,075 or 18.41% for the current year. This revenue increase was largely associated with increases in charges for services of \$935,732 as well as capital grants totaling \$981,904. The City completed a new user rate study in fiscal year 2019 and implemented the rates in fiscal year 2020. The first year of utility rates increased for water (4%), sewer (4%), stormwater (10%) and reuse (7%). In years two through ten, the rates will be for water (2%), sewer (2%), stormwater (5%) and reuse (3.5%). An increase occurred in fiscal year 2023 related to the charges for service revenue in each of the funds in addition to a reimbursement from Manatee County for work performed by the City to establish a Chloramine Injection Station which in part services Manatee County utility customers.

CITY OF PALMETTO, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2023
(Unaudited)

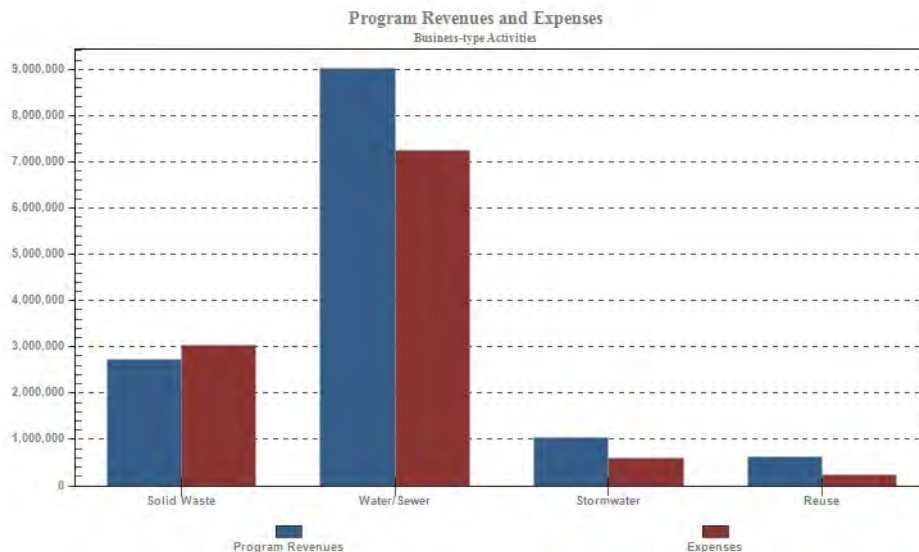
GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Total expenses increased by \$1,906,827 or 20.72% when compared to the previous year. Increased expenses in solid waste of \$687,827 was due to storm cleanup related to Hurricane Ian. A combination of increased contracted costs for the management of the Waste Water Treatment Plant and Chloramine Facility in addition to substantial land purchases associated with the expansion of the WWTP resulted in an increase of expenses in the Water/Sewer Department of \$1,315,716. Decreases of \$98,980 in Stormwater were primarily due to overall operating expenses with three vacant positions throughout the year. Reuse expenses decreased by \$2,264 as a result of a small decrease to operating expenses. Greater detail and explanation is provided in the Proprietary funds section.

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



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



CITY OF PALMETTO, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2023
(Unaudited)

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental funds

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

At the end of the current fiscal year, the City's funds reported combined ending fund balances of \$25,069,208, a decrease of \$4,883,919 compared to the prior year. Approximately 28.11% of the ending balance, or \$7,045,827, constitutes *unassigned fund balance*, which is available for spending at the City's discretion subject to budgetary constraints. The total fund balance decreased resulted from utilization of fund balance in the funding of various capital projects in General fund of \$(1,830,333), CRA fund of \$(516,123), Road and Bridge fund of \$(205,902) and Capital Projects Fund of \$(2,331,561). The capital projects completed in FY2023 are the Police Department, Connor Park and 7th Street extension which are detailed in the Capital Assets and Debt section.

The General Fund is the chief operating fund of the City. General tax revenues and other receipts that are not allocated by law or by contractual agreement to another fund are accounted for in this fund. General operating expenses, fixed charges and capital improvement costs not paid through other funds are paid from this fund. At the end of the current fiscal year, the total fund balance of the general fund was \$18,472,376, as compared with \$20,302,709 in the previous year.

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

- Unassigned fund balance is \$8,588,031 as compared to \$5,919,583 the previous year. The \$2,668,448 increase was due in part to the increase to general revenues such as property taxes and sales tax offset by a larger increase in expenditures, particularly related to deferred revenue for construction projects. The current unassigned fund balance is 6.55 months of budgeted 2024 expenditures. The City's fund balance policy allows the utilization of unassigned balances above five months of the expenditure budget to be used to fund capital projects. The City anticipates spending some of these funds in the coming years on the public works facility and other administration offices.
- Assigned fund balance decreased by \$2,019,244 to \$598,650. This decrease was attributed to carried forward encumbrances, primarily related to the construction of the new police building.
- Committed fund balance is \$2,242,198, all of which is associated with the Trailer Park Trust.
- Restricted fund balance is \$6,713,981 which includes \$3,755,898 for the Building Department, \$2,060,266 for the Infrastructure Half-Cent Sales Tax Fund, \$595,003 for impact fees and \$302,814 in financed purchase agreement proceeds, law enforcement reserve, and cemetery reserve. The Building Department restricted fund balance was increased \$521,597 as a result of fiscal year 2023 operations. This is the ninth year reserves have increased due to an upturn in construction.
- Nonspendable fund balance related to inventory is \$329,516.

Revenues for the General Fund increased by \$1,219,047 or 7.79%. All revenue categories increased with the exception of a decrease in intergovernmental revenues of \$13,095 and a minor decrease to charges for services. Property taxes increased \$826,036 from higher property values, sales taxes increased \$76,616, utility taxes increased by \$223,706. The largest contributor to the increase in revenue is with permits, fees and special assessments which increased by \$661,648 compared to the prior fiscal year, specifically revenue derived from the construction of a new hotel adjacent to the convention center.

Expenditures for the General Fund increased by \$960,163 or 5.02%. The primary driver of expenditures increases relates to the construction of a new police building with a total increase in capital outlay - other of \$33,663. Relatedly, the Series 2021 Note to fund the construction of the building resulted in \$31,513 of new FY2022 debt service. Salary, retirement, and health insurance cost

CITY OF PALMETTO, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2023
(Unaudited)

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (CONTINUED)

Governmental funds (Continued)

increases to the Police Department contributed to the \$433,656 increase in public safety expense.

The total net change to unassigned fund balance is a increase of \$2,668,448. The utilization of unassigned fund balance to contribute to funding the new police building was approved by City Commission during the budgeting process with the intent of replenishing the reserve with the sale of surplus City property. Stronger than anticipated revenues resulted in less of a decrease to fund balance than was expected and the City remains compliant with its fund balance policy. The sale of property remains pending.

Revenues for the CRA, a blended component unit of the City, decreased \$254,206 or 4.61% compared to the previous year. Contributing to this decrease is the grant reimbursement for the Connor Park project and proceeds from the sale of Voluntary Cleanup Tax Credits from the previous year, and offset by TIF dollars from the City and County by \$469,896. Total expenditures increased by \$3,444,802 or 80.55%. This increase is attributed to the ongoing construction of Connor Park.

Revenues in the Road and Bridge fund decreased by \$500,950 or 20.20% compared to the previous year. This is due to the comparison of permit fees received in the prior year related to the construction of the new hotel. Also contributing was an increase in motor fuel taxes and the proceeds from the sale of capital equipment. Expenditures decreased by \$1,015,319 in the Road and Bridge fund with the absence of FY22 \$1,000,000 contribution to the FDOT 23rd Street Roundabout project in fiscal year 2023.

Revenues in the Capital Project fund increased by \$49,775 as reimbursement was received from the Connor Park grant. Expenditures increased in the fund by \$3,057,451 with an increase in City paving projects and the construction of the 7th Street Extension for the new hotel as part of a CDBG Grant.

Proprietary funds

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

At the end of the current fiscal year, the City's proprietary funds reported combined ending net position of \$48,375,381, an increase of \$3,219,667 in comparison with the prior year. Total operating revenues associated with the proprietary funds were \$13,392,611. Total operating revenues, increased by \$935,732 or 7.51% compared to the previous year. The reasons for the increased revenues are explained below.

The Solid Waste fund had operating loss of \$311,401 for the year, and an increase in net position of \$104,720. The operating loss is due to the capital contribution/grant related to the hurricane being treated as nonoperating revenue. Revenues increased by \$237,293 or 9.52% due to the increase in the rates and operating expenses increased by \$687,668 or 29.22%. Net position increased by \$104,720 after interest and transfers out. The total net position at the end of the current fiscal year, is \$1,212,307 of which, 96.40% is unrestricted.

The Water and Sewer fund had operating income of \$1,914,255 for the year, and an increase in net position of \$2,437,897. Revenues increased by \$593,678 or 7.05% in accordance with the scheduled rate increase and an increase in the reimbursement received as per the contract with Veolia to manage the City's Waste Water Treatment Plant. Operating expenses increased by \$1,340,231 or 23.27% as a result of increased expenses related to the repair and maintenance of City utilities. The unrestricted net position at the end of current fiscal year is \$10,025,540 and total net position is \$32,110,547.

CITY OF PALMETTO, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2023
(Unaudited)

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (CONTINUED)

Proprietary funds (Continued)

The Stormwater fund had operating income of \$476,441 and an increase in net position of \$352,520. The stormwater user fee structure for residential and commercial customers increased in accordance with the scheduled rate increase while operating expenses increased by \$97,024 or 15.00% primarily related to the contract service costs associated with the development of a new stormwater master plan. The unrestricted net position at the end of current fiscal year is \$1,394,138 and the total net position is \$7,433,992.

The Reuse fund had operating income of \$395,064 and an increase in net position of \$324,530. The expenses increased by \$6,551 or 2.97% as a result of filling positions that were vacant in the previous year. Revenue increased due addition reclaimed lines installed and utility rate adjustment per the rate study. At the end of the current fiscal year the unrestricted net position reflects a balance of \$1,464,573 and the total net position is \$7,618,535.

GENERAL FUND BUDGET AND ACTUAL

Differences between the original budget and the final amended budget can be found on page 106. Revenues increased by \$3,661,768 from the original budget to the final budget. The increase in budgeted revenue included increases associated with taxes of \$2,197,369. More specifically, \$1,705,258 of sales tax including \$1,418,443 in half-cent sales tax that was not included in the original budget as the fund's budget is adopted via a separate resolution as projects are prioritized after the start of the fiscal year. In addition, budgeted revenues increased \$835,191 in permit, fees, and assessments and \$1,070,239 in intergovernmental revenue associated with American Rescue Plan Act (ARPA) funds. The original General Fund budget anticipated decreasing the General Fund's fund balance by \$72,500 for use of fund balance to fund approved capital outlay and contingencies.

The General fund total expense budget was increased by \$8,499,043 of which the largest adjustments totaling \$7,665,577 within capital outlay accounts, specifically, the Half Cent Infrastructure projects which are not accounted for within the original budget. The construction of the new Palmetto police building accounts for the majority of these expenses. This construction is partially funded by a new bank loan which accounts for the increase of \$524,374 in debt service budget. Encumbrance carryforward from fiscal year 2023 was \$801,689. The final amended budget anticipated decreasing the General Fund's fund balance by \$5,108,466 after transfers. This was largely due to the planned usage of fund balance in both the General Fund and the Half Cent Fund in the construction of the new police building. Based on actual revenues and expenses, the general fund's fund balance saw a net increase of \$1,830,333.

Actual revenues excluding other financing sources were more than final budgetary estimates by \$431,763. The two factors contributing to the increase is the partial recognition of ARPA funds as unearned revenue for public safety projects and increase associated with interest earnings. Actual expenditures were less than budgetary estimates by \$2,846,370 and can be attributed to a combination of multi-year capital projects not completing within the fiscal year and conservative spending within each of the City department's operating budgets.

CITY OF PALMETTO, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2023
(Unaudited)

CAPITAL ASSETS AND DEBT

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2023, amounts to \$105,535,729 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, infrastructure, and machinery and equipment. The total increase net of accumulated depreciation in the City's investment in capital assets for the current fiscal year was \$12,229,726 or 13.11%. The largest factors contributing to the increase in capital assets were related to the ongoing construction of a new police department building and a new park. Ongoing Capital Improvement Plan projects amongst the utility funds also contributed. The largest vehicle and equipment purchases included within the FY2023 financed purchase agreement included 4 police vehicles along with their associated accessories, administrative vehicles for City Hall, CRA, and Public Works, a crew cab for Parks Department, a gator for the Waste Water Treatment Plant, and a dump truck and mini-excavator for the Stormwater Department. The budgeted total of the financed purchase agreement is \$710,000.

The 2023 Capital Improvement Plan (CIP) was approved by the Commission on September 6, 2022 in the amount of \$15,690,353 for fiscal year 2023.

The CRA also budgeted \$3,575,535 for other capital improvements within the CRA district.

The following projects in 2023 had expenditures greater than \$50,000:

City Capital Projects

- New Police Department Building - \$5,617,356 for construction and furnishing expenses related to the construction of a new police station.
- 7th Street Extension (CDBG Funded) - \$2,825,540 for construction to connect 7th Street West to Haben Boulevard to facilitate construction of a new hotel and expanded convention center.
- Waste Water Treatment Plant Expansion - \$852,635 for engineering and acquisition of property necessary for the upcoming expansion of the City's Waste Water Treatment Plant.
- Street Paving - \$574,132 for the paving of City streets as part of the Capital Improvement Plan (CIP).
- Police Camera System - \$285,515 for the implementation of a body and in-car camera system for the department..
- Waste Water Treatment Plant Upgrades - \$302,659 for improvements made to the infrastructure at the plant.
- Stormwater Box Culvert Project - \$249,850 for stormwater improvements made to the box culvert at 27th Avenue.
- Lift Station Upgrades - \$189,054 for the ongoing upgrades of the City's lift stations. .
- Inflows and Infiltration - \$181,777 in ongoing upgrades. This program is consistently included in the City's CIP
- Water Line R&R - \$142,223 for construction related to the City's water distribution system.
- City Facility Upgrades - \$93,510 for continued improvements to the City facilities and security systems.

CITY OF PALMETTO, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2023
(Unaudited)

CAPITAL ASSETS AND DEBT (CONTINUED)

Capital Assets (Continued)

CRA

- Connor Park - \$2,356,632 for engineering, architectural, and construction work necessary to complete the brownfield remediation at the Edenfield site in preparation for the construction of Connor Park.
- Downtown Parking Improvements - \$566,562 for the construction of additional parking in the downtown area incorporating enhanced stormwater management.
- Women's Club Renovation - \$112,959 for architectural services in preparation for the FY2024 renovation of the Palmetto Women's Club.
- CRA Property Improvements - \$88,083 for continuing improvements made to CRA owned properties to facilitate future redevelopment.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Land	\$ 10,867,746	\$ 10,779,661	\$ 1,163,660	\$ 311,025	\$ 12,031,406	\$ 11,090,686
Buildings	1,622,782	1,707,443	511,147	420,638	2,133,929	2,128,081
Improvements other than buildings	--	--	30,613,569	31,078,544	30,613,569	31,078,544
Machinery and equipment	3,140,811	2,845,891	2,802,667	2,514,642	5,943,478	5,360,533
Infrastructure	28,817,767	29,307,687	--	--	28,817,767	29,307,687
Construction in progress	18,745,110	7,216,991	7,250,470	7,123,481	25,995,580	14,340,472
Total	<u>\$ 63,194,216</u>	<u>\$ 51,857,673</u>	<u>\$ 42,341,513</u>	<u>\$ 41,448,330</u>	<u>\$ 105,535,729</u>	<u>\$ 93,306,003</u>

Additional information on the City's capital assets is presented in Note IV, F beginning on page 66 of this report.

CITY OF PALMETTO, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2023
(Unaudited)

CAPITAL ASSETS AND DEBT (CONTINUED)

Long-term Liabilities

At the end of the current fiscal year, the City had long-term liabilities outstanding of \$25,365,927. Long-term liabilities includes compensated absences of \$856,099, net pension liability of \$5,989,937, and other post-employment benefits of \$550,701 as well as the City's bank loans and financed purchase agreements as shown in the table below. The City's debt is comprised of a \$1.25 million loan in fiscal year 2014, a \$7.1 million loan in fiscal year 2019, a \$5.6 million loan in fiscal year 2021, and two State of Florida revolving fund loans. All loans were used to fund capital improvement projects throughout the City. The loans are secured by a primary pledge of the Water, Sewer, Reuse and Stormwater revenues, with a secondary pledge of the non-ad valorem General Fund revenues. The City has \$1,721,101 in outstanding financed purchase agreements as of September 30, 2023.

In fiscal year 2006, the Community Redevelopment Association (CRA) obtained a loan for \$4,395,000 to fund capital improvement projects within the CRA district and to retire \$1,500,000 of debt issued in 2004. The current balance is \$639,598 as of September 30, 2023. The loan is secured by a primary pledge of Tax Increment Funds (TIF) and is included in the City's outstanding debt. In fiscal year 2023 the CRA entered an agreement with Manatee County resulting in an intergovernmental note payable whereby the CRA would reimburse a percentage of costs associated with the construction of a new pool facility at Lincoln Park. The note is for 10 years for a total of \$2,001,360 with equal annual payments and no associated interest. A total of \$1,801,224 remains on the note at this time. The CRA has \$55,903 in outstanding financed purchase agreements as of September 30, 2023.

City of Palmetto's Loans and Financed Purchase Agreements Payable

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Bank Qualified Loans or Agreements						
2014 Loan	\$ --	\$ --	\$ 567,823	\$ 652,798	\$ 567,823	\$ 652,798
2019 Loan	512,045	710,518	2,199,454	3,051,981	2,711,499	3,762,499
SRF Loans	--	--	5,853,946	6,232,939	5,853,946	6,232,939
2021 Loan	4,674,000	5,163,000	567,823	652,798	5,241,823	5,815,798
2006 CRA Loan	639,598	859,348	--	--	639,598	859,348
2022 CRA Interlocal Loans	1,801,224	--	--	--	1,801,224	--
Total Loans	7,626,867	6,732,866	9,189,046	10,590,516	16,815,913	17,323,382
Total Loans and Agreements	\$ 7,626,867	\$ 6,732,866	\$ 9,189,046	\$ 10,590,516	\$ 16,815,913	\$ 17,323,382

See Note IV, G, and H on pages 69 through 80.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The unemployment rate for the North Port/Sarasota/Bradenton area for October 2023 was 2.80%, which is identical to the State's unemployment rate of 2.80% for the same time period. The national unemployment rate for the same time period is 3.90% percent (source: Bureau of Labor Statistics).

According to the estimated 2021 Census, the City's population was 13,927. (source: Bureau of Economic and Business Research).

The 2023 taxable value of commercial and residential property increased from \$1,185,730,269 in fiscal year 2023 to \$1,361,038,594 for fiscal year 2024. This represents a 14.78% increase in taxable value and is largely attributed to the increased property values that are being experienced statewide. This increase of 14.78% was higher than the 13.9% increased realized a year ago. After several years of declining property values, fiscal year 2023 was the eleventh year in a row that the City saw values increase. We expect this increase to slow in the coming year as inflation and elevated interest rates appear to be affecting home values. We will continue to monitor the economic data and the overall health of the real estate market within the City. Since the City's taxable value peaked in fiscal year 2009, values decreased by 36% during a four year slide ending in FY2012. The City has made adjustments along the way to meet the challenges of the economic downturn. We are well poised and encouraged by the

CITY OF PALMETTO, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2023
(Unaudited)

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

direction of our economy here in Palmetto.

The General Fund property tax millage of \$5.9671 for fiscal year 2023 has remained the same since FY2016 when the millage increased by .25 mills. Prior to FY2016, the City passed millage increases in FY2012, 2013 and 2014 of .4523 mills, .10 mills and .50 mills respectively. These increases were driven by the declining property values during this timeframe.

The fiscal year 2023 pension contribution amounts as a percentage of each payroll dollar for the Police and General Employees Pension Plans was 17.55% and 8.67% respectively compared to 17.93% and 15.03% for the prior year. This represented an decrease of 0.38% for the Police Plan and a decrease of 6.36% for the General Employees' Pension Plan. The decreases in the both pension plans was due to the favorable actuarial gains associated with plan assumptions. However, it seems health care costs are continuing to rise and it will become much more difficult to control these costs without reevaluating our benefit levels to employees.

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

REQUESTS FOR INFORMATION

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

This page intentionally left blank



City of Palmetto, Florida

For the Year Ended September 30, 2023



CONTENTS

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

This page intentionally left blank



CITY OF PALMETTO, FLORIDA
STATEMENT OF NET POSITION
As of September 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 16,947,990	\$ 7,522,844	\$ 24,470,834
Receivables, net of allowance for uncollectible	4,298,460	1,546,734	5,845,194
Due from other governments	416,134	--	416,134
Investments	2,724,400	--	2,724,400
Inventory	329,515	--	329,515
Restricted assets			
Cash and cash equivalents	7,305,424	11,632,170	18,937,594
Capital assets (net of accumulated depreciation)			
Land	10,867,746	1,163,660	12,031,406
Buildings	1,622,782	511,147	2,133,929
Improvements other than buildings	--	30,613,569	30,613,569
Machinery and equipment	3,140,811	2,802,667	5,943,478
Infrastructure	28,817,767	--	28,817,767
Construction in progress	18,745,110	7,250,470	25,995,580
Total assets	95,216,139	63,043,261	158,259,400
DEFERRED OUTFLOW OF RESOURCES			
Deferred outflows of pension resources	2,858,716	353,154	3,211,870
Deferred outflows of other post-employment benefits	118,632	23,589	142,221
Deferred outflows of loss on refunding	34,148	146,681	180,829
Total deferred outflow of resources	3,011,496	523,424	3,534,920
LIABILITIES			
Accounts payable and other accrued liabilities	1,494,771	526,560	2,021,331
Accrued interest	22,347	22,360	44,707
Unearned revenue	1,780,432	3,947,204	5,727,636
Customer deposits	4,524	763,087	767,611
Noncurrent liabilities			
Due within one year	1,754,757	1,544,894	3,299,651
Due in more than one year	13,734,634	8,331,642	22,066,276
Total liabilities	18,791,465	15,135,747	33,927,212
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows from Lease	611,168	--	611,168
Deferred inflows of pension earnings	269,062	48,711	317,773
Deferred inflows from other post-employment benefits	41,068	6,846	47,914
Total deferred inflows of resources	921,298	55,557	976,855
NET POSITION			
Net investment in capital assets	55,584,069	33,294,040	88,878,109
Restricted for:			
Capital projects	3,080,902	--	3,080,902
Debt service	--	171,191	171,191
Building program	3,755,898	--	3,755,898
Law enforcement	56,744	--	56,744
Impact fees	1,240,539	878,132	2,118,671
Community redevelopment	5,901,948	--	5,901,948
Transportation	729,490	--	729,490
Unrestricted	8,165,282	14,032,018	22,197,300
Total net position	\$ 78,514,872	\$ 48,375,381	\$ 126,890,253

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

CITY OF PALMETTO, FLORIDA
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2023

Function/Programs	Expenses	Indirect Expenses Allocation
Primary Government:		
Governmental activities:		
General government	\$ 5,193,999	\$ --
Public safety	6,930,724	(522,253)
Highways and streets	1,341,366	--
Recreation	900,776	--
Economic and physical environment	5,516,714	522,253
Interest on long-term debt	147,933	--
Total governmental activities	<u>20,031,512</u>	<u>--</u>
Business-type activities:		
Solid waste	3,041,996	--
Water and sewer	7,235,617	--
Stormwater	582,347	--
Reuse	249,434	--
Total business-type activities	<u>11,109,394</u>	<u>--</u>
 Total primary government	 <u>\$ 31,140,906</u>	 <u>\$ --</u>

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

Charges for Services	Program Revenues		Net (Expenses) Revenues and Changes in Net Position		
	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
			Governmental Activities	Business-type Activities	
\$ 1,341,365	\$ 24,336	\$ 314,094	\$ (3,514,204)	\$ --	\$ (3,514,204)
186,933	79,432	--	(6,142,106)	--	(6,142,106)
159,279	1,219	2,851,540	1,670,672	--	1,670,672
--	--	--	(900,776)	--	(900,776)
--	--	140,049	(5,898,918)	--	(5,898,918)
--	--	--	(147,933)	--	(147,933)
1,687,577	104,987	3,305,683	(14,933,265)	--	(14,933,265)
2,729,314	--	473,012	--	160,330	160,330
9,014,454	--	809,263	--	2,588,100	2,588,100
1,026,402	--	--	--	444,055	444,055
622,441	--	--	--	373,007	373,007
13,392,611	--	1,282,275	--	3,565,492	3,565,492
<u>\$ 15,080,188</u>	<u>\$ 104,987</u>	<u>\$ 4,587,958</u>	<u>\$ (14,933,265)</u>	<u>\$ 3,565,492</u>	<u>\$ (11,367,773)</u>
General Revenues:					
Property taxes			\$ 11,815,993	\$ --	\$ 11,815,993
Sales taxes			2,879,983	--	2,879,983
Utility taxes			1,549,267	--	1,549,267
Motor fuel taxes			1,779,620	--	1,779,620
Other taxes			1,090,507	--	1,090,507
Franchise fees			1,209,624	--	1,209,624
Interest and investment earnings			750,162	506,389	1,256,551
Other general revenues			478,077	--	478,077
Transfers			852,214	(852,214)	--
Total general revenues and transfers			22,405,447	(345,825)	22,059,622
Change in net position			7,472,182	3,219,667	10,691,849
Net position - beginning			71,042,690	45,155,714	116,198,404
Net position - ending			<u>\$ 78,514,872</u>	<u>\$ 48,375,381</u>	<u>\$ 126,890,253</u>

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

CITY OF PALMETTO, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2023

	<u>General</u>	<u>Community Redevelopment Agency</u>	<u>Road and Bridge</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 9,113,966	\$ 6,101,586	\$ 1,306,617	\$ 425,821	\$ 16,947,990
Receivables	442,500	200,736	166,090	2,851,540	3,660,866
Lease receivable	637,594	--	--	--	637,594
Due from other governments	284,121	--	132,013	--	416,134
Investments	2,724,400	--	--	--	2,724,400
Inventory	329,515	--	--	--	329,515
Cash - restricted	6,643,304	--	662,120	--	7,305,424
Total assets	<u>\$ 20,175,400</u>	<u>\$ 6,302,322</u>	<u>\$ 2,266,840</u>	<u>\$ 3,277,361</u>	<u>\$ 32,021,923</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable and accrued liabilities	\$ 447,202	\$ 317,176	\$ 20,231	\$ 732,509	\$ 1,517,118
Unearned revenue	420,424	--	--	1,148,008	1,568,432
Customer deposits payable	2,924	1,600	--	--	4,524
Total liabilities	<u>870,550</u>	<u>318,776</u>	<u>20,231</u>	<u>1,880,517</u>	<u>3,090,074</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows - Lease	611,168	--	--	--	611,168
Unavailable Revenue	<u>221,306</u>	<u>81,608</u>	<u>97,019</u>	<u>2,851,540</u>	<u>3,251,473</u>
Total deferred inflows of resources	832,474	81,608	97,019	2,851,540	3,862,641
FUND BALANCES					
Nonspendable - Inventory	329,516	--	--	--	329,516
Restricted	6,713,981	5,901,938	2,149,590	--	14,765,509
Committed	2,242,198	--	--	87,508	2,329,706
Assigned	598,650	--	--	--	598,650
Unassigned	<u>8,588,031</u>	<u>--</u>	<u>--</u>	<u>(1,542,204)</u>	<u>7,045,827</u>
Total fund balances	<u>18,472,376</u>	<u>5,901,938</u>	<u>2,149,590</u>	<u>(1,454,696)</u>	<u>25,069,208</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 20,175,400</u>	<u>\$ 6,302,322</u>	<u>\$ 2,266,840</u>	<u>\$ 3,277,361</u>	
Adjustments for primary government total net position					
General capital assets, net of accumulated depreciation					\$ 63,194,216
Unearned revenue					(212,000)
Unavailable revenue					3,251,473
Deferred outflows of pension resources					2,858,716
Deferred inflows of pension earnings					(269,062)
Net pension liability					(5,507,915)
Deferred outflows of other post-employment benefits					118,632
Deferred inflows from other post-employment benefits					(41,068)
Other post employment benefits					(464,836)
Long term debt for financed purchases; compensated absences, loss on refunding, and loans					(9,482,492)
Total net position for governmental activities (page 29)					<u>\$ 78,514,872</u>

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

CITY OF PALMETTO, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2023

	<u>General</u>	<u>Community Redevelopment Agency</u>	<u>Road and Bridge</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
REVENUES					
Taxes					
Property	\$ 6,834,210	\$ 4,981,783	\$ --	\$ --	\$ 11,815,993
Sales	2,879,983	--	--	--	2,879,983
Utility	1,549,267	--	--	--	1,549,267
Motor fuel	7,089	--	1,772,531	--	1,779,620
Other	1,090,507	--	--	--	1,090,507
Permits, fees, and special assessments	2,431,468	--	--	--	2,431,468
Intergovernmental revenues	393,526	58,441	1,219	--	453,186
Fines and forfeitures	61,295	--	--	--	61,295
Charges for services	721,260	--	85,092	--	806,352
Interest earnings	500,526	197,026	50,305	--	747,857
Miscellaneous	323,532	16,959	27,308	--	367,799
Impact fees	78,295	--	42,395	--	120,690
Total revenues	<u>16,870,958</u>	<u>5,254,209</u>	<u>1,978,850</u>	<u>--</u>	<u>24,104,017</u>
EXPENDITURES					
Current					
General government	4,497,425	--	--	--	4,497,425
Public safety	5,827,559	--	--	--	5,827,559
Highways and streets	--	--	786,535	--	786,535
Recreation	703,814	--	--	--	703,814
Economic and physical environment	1,490,746	4,052,755	--	--	5,543,501
Capital outlay					
Streets	--	566,562	6,925	3,425,672	3,999,159
Other	6,558,622	2,644,102	--	99,834	9,302,558
Debt service principal and interest	1,021,510	457,943	245,506	--	1,724,959
Total expenditures	<u>20,099,676</u>	<u>7,721,362</u>	<u>1,038,966</u>	<u>3,525,506</u>	<u>32,385,510</u>
Excess (deficiency) of revenues (under) over expenditures	<u>(3,228,718)</u>	<u>(2,467,153)</u>	<u>939,884</u>	<u>(3,525,506)</u>	<u>(8,281,493)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	1,157,076	--	--	1,193,945	2,351,021
Transfers out	(239,333)	(113,688)	(1,145,786)	--	(1,498,807)
Financed purchases	480,642	63,358	--	--	544,000
Intergovernmental note proceeds	--	2,001,360	--	--	2,001,360
Total other financing sources (uses)	<u>1,398,385</u>	<u>1,951,030</u>	<u>(1,145,786)</u>	<u>1,193,945</u>	<u>3,397,574</u>
Net change in fund balances	<u>(1,830,333)</u>	<u>(516,123)</u>	<u>(205,902)</u>	<u>(2,331,561)</u>	<u>(4,883,919)</u>
Fund balances, beginning	<u>20,302,709</u>	<u>6,418,061</u>	<u>2,355,492</u>	<u>876,865</u>	<u>29,953,127</u>
Fund balances, ending	<u>\$ 18,472,376</u>	<u>\$ 5,901,938</u>	<u>\$ 2,149,590</u>	<u>\$ (1,454,696)</u>	<u>\$ 25,069,208</u>

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

This page intentionally left blank



CITY OF PALMETTO, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2023

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

Net change in fund balances - total governmental funds	\$ (4,883,919)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	11,336,780
The issuance of long-term debt (i.e. loans and capital leases) provides current financial resources to government funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds and does not effect net assets. This amount is the net effect of these differences in the treatment of long-term debt and related payments.	(954,250)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(967,556)
Some revenues reported in the statement of activities do not increase current financial resources	3,069,716
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations) is to decrease net position.	(240)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	<u>(128,351)</u>
Changes in net assets of governmental activities	<u><u>\$ 7,472,182</u></u>

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

CITY OF PALMETTO, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2023

	Business-type Activities - Enterprise Funds				
	Solid Waste	Water and Sewer	Stormwater	Reuse	Total
ASSETS					
Current assets					
Cash and cash equivalents	\$ 1,110,095	\$ 5,246,738	\$ 585,519	\$ 580,492	\$ 7,522,844
Receivables	230,296	1,152,684	97,664	66,090	1,546,734
Total current assets	1,340,391	6,399,422	683,183	646,582	9,069,578
Noncurrent assets					
Cash - restricted					
Cash - capital projects	32,500	7,527,495	1,373,653	824,091	9,757,739
Loan proceeds	10,092	28,434	13,325	10,170	62,021
Loan covenant accounts	--	171,192	--	--	171,192
Impact fees	--	878,131	--	--	878,131
Customer deposits	--	763,087	--	--	763,087
Total cash - restricted	42,592	9,368,339	1,386,978	834,261	11,632,170
Total noncurrent assets	42,592	9,368,339	1,386,978	834,261	11,632,170
Capital assets:					
Land	--	889,060	274,600	--	1,163,660
Buildings	9,995	955,748	13,990	8,274	988,007
Improvements other than buildings	--	35,420,203	10,306,800	8,020,750	53,747,753
Machinery and equipment	350,122	6,305,000	436,451	84,551	7,176,124
Construction in progress	--	7,250,470	--	--	7,250,470
Less: accumulated depreciation	(244,877)	(21,829,710)	(4,322,771)	(1,587,143)	(27,984,501)
Total capital assets (net of accumulated depreciation)	115,240	28,990,771	6,709,070	6,526,432	42,341,513
Total noncurrent assets	157,832	38,359,110	8,096,048	7,360,693	53,973,683
Total assets	1,498,223	44,758,532	8,779,231	8,007,275	63,043,261
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows of pension earnings	55,296	260,257	33,018	4,583	353,154
Deferred outflows of other post-employment benefit	2,836	15,344	4,552	857	23,589
Deferred outflows of loss on refunding	--	87,887	35,419	23,375	146,681
Total deferred outflows of resources	58,132	363,488	72,989	28,815	523,424

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

CITY OF PALMETTO, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2023

	Business-type Activities - Enterprise Funds				
	Solid Waste	Water and Sewer	Stormwater	Reuse	Total
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	168,404	309,372	48,469	315	526,560
Accrued interest payable	--	17,472	2,945	1,943	22,360
Compensated absences	5,114	7,694	311	--	13,119
Financed purchases payable-current	30,185	182,254	72,668	20,857	305,964
Loans payable-current	--	912,607	188,683	124,521	1,225,811
Unearned revenue	--	3,365,597	581,607	--	3,947,204
Total current liabilities payable from unrestricted assets	203,703	4,794,996	894,683	147,636	6,041,018
Current liabilities payable from restricted assets:					
Customer deposits payable	--	763,087	--	--	763,087
Total current liabilities	203,703	5,558,083	894,683	147,636	6,804,105
Noncurrent liabilities					
Loans payable	--	6,827,009	342,422	225,981	7,395,412
Other post-employment benefits	10,450	57,875	15,297	2,243	85,865
Net pension liability	75,474	355,227	45,066	6,255	482,022
Compensated absences	15,341	23,082	934	--	39,357
Financed purchases payable	30,607	149,537	114,186	34,656	328,986
Total noncurrent liabilities	131,872	7,412,730	517,905	269,135	8,331,642
Total liabilities	335,575	12,970,813	1,412,588	416,771	15,135,747
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of pension earnings	7,627	35,898	4,554	632	48,711
Deferred inflows of other post-employment benefits	846	4,762	1,086	152	6,846
Total deferred inflows of resources	8,473	40,660	5,640	784	55,557
NET POSITION					
Net investment in capital assets	64,540	21,035,684	6,039,854	6,153,962	33,294,040
Restricted for:					
Debt service	--	171,191	--	--	171,191
Impact fees	--	878,132	--	--	878,132
Unrestricted	1,147,767	10,025,540	1,394,138	1,464,573	14,032,018
Total net position	\$ 1,212,307	\$ 32,110,547	\$ 7,433,992	\$ 7,618,535	\$ 48,375,381

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

CITY OF PALMETTO, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended September 30, 2023

	Business-type Activities - Enterprise Funds				
	Solid Waste	Water and Sewer	Stormwater	Reuse	Total
Operating Revenues					
Charges for sales and services					
Garbage and trash pickup	\$ 2,691,069	\$ --	\$ --	\$ --	\$ 2,691,069
Water sales	--	4,705,519	--	--	4,705,519
Sewer charges	--	3,862,183	--	--	3,862,183
Stormwater fees	--	--	1,018,130	--	1,018,130
Reuse fees	--	--	--	618,412	618,412
Installation and connection fees	--	23,000	--	--	23,000
Penalties and check charges	7,655	35,154	3,309	3,563	49,681
Miscellaneous	30,590	388,598	4,963	466	424,617
Total operating revenues	2,729,314	9,014,454	1,026,402	622,441	13,392,611
Operating Expenses					
Cost of sales and services	3,020,515	6,128,914	309,568	34,062	9,493,059
Depreciation	20,200	971,285	240,393	193,315	1,425,193
Total operating expenses	3,040,715	7,100,199	549,961	227,377	10,918,252
Operating income (loss)	(311,401)	1,914,255	476,441	395,064	2,474,359
Nonoperating Revenues (Expenses)					
Interest earnings	27,171	390,480	55,145	33,593	506,389
Interest expense	(1,281)	(135,418)	(32,386)	(22,057)	(191,142)
Total nonoperating revenues, net	25,890	255,062	22,759	11,536	315,247
Income before impact fees, capital contributions and transfers	(285,511)	2,169,317	499,200	406,600	2,789,606
Impact fees	--	81,496	--	--	81,496
Capital contributions-grants	473,012	727,767	--	--	1,200,779
Transfers out	(82,781)	(540,683)	(146,680)	(82,070)	(852,214)
Change in net position	104,720	2,437,897	352,520	324,530	3,219,667
Total net position - beginning	1,107,587	29,672,650	7,081,472	7,294,005	45,155,714
Total net position - ending	\$ 1,212,307	\$ 32,110,547	\$ 7,433,992	\$ 7,618,535	\$ 48,375,381

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

CITY OF PALMETTO, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2023

	Solid Waste	Water and Sewer	Stormwater	Reuse	Total Proprietary
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 2,734,498	8,300,969	1,027,599	617,212	12,680,278
Payments to suppliers	(2,830,616)	(5,216,402)	(149,697)	(21,333)	(8,218,048)
Payments to employees	(160,971)	(791,033)	(117,249)	(13,074)	(1,082,327)
Net cash provided by (used in) operating activities	(257,089)	2,293,534	760,653	582,805	3,379,903
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Advance from other funds	-	-	-	(56,908)	(56,908)
Transfers to other funds	(82,781)	(540,683)	(146,680)	(82,070)	(852,214)
Net cash used by noncapital and related financing activities	(82,781)	(540,683)	(146,680)	(138,978)	(909,122)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(66,748)	(1,781,199)	(399,067)	(71,362)	(2,318,376)
Impact fee capital contributions	-	81,496	-	-	81,496
Grant capital contributions	-	727,767	-	-	727,767
Financed purchase proceeds	-	119,616	151,542	-	271,158
Payments on financed purchase obligations	(29,593)	(402,676)	(53,756)	(20,453)	(506,478)
Principal paid on capital debt	-	(939,966)	(205,861)	(138,381)	(1,284,208)
Interest paid on capital debt	(1,281)	(111,815)	(18,918)	(13,171)	(145,185)
Net cash provided (used) by capital and related financing activities	375,390	(2,306,777)	(526,060)	(243,367)	(2,700,814)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and dividends received	27,171	390,480	55,145	33,593	506,389
Net cash provided by investing activities	27,171	390,480	55,145	33,593	506,389
Net change in cash and cash equivalents	62,691	(163,446)	143,058	234,053	276,356
Cash and cash equivalents - October 1	1,089,996	14,778,523	1,829,439	1,180,700	18,878,658
Cash and cash equivalents - September 30	\$ 1,152,687	14,615,077	1,972,497	1,414,753	19,155,014
Detail of cash and equivalents at September 30:					
Cash and equivalents	\$ 1,110,095	5,246,738	585,519	580,492	7,522,844
Restricted cash:					
Cash - Capital Projects	32,500	7,527,495	1,373,653	824,091	9,757,739
Loan proceeds	10,092	28,434	13,325	10,170	62,021
Loan covenant accounts	-	171,192	-	-	171,192
Impact fees	-	878,131	-	-	878,131
Customer deposits	-	763,087	-	-	763,087
Total	\$ 1,152,687	14,615,077	1,972,497	1,414,753	19,155,014
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	\$ (311,401)	1,914,255	476,441	395,064	2,474,359
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	20,200	971,285	240,393	193,315	1,425,193
(Increase) decrease in accounts receivable	5,184	2,295	1,197	(5,229)	3,447
(Increase) decrease in deferred outflows - pensions	22,151	140,421	58,689	1,680	222,941
(Increase) decrease in deferred outflows - OPEB	738	3,635	486	64	4,923
Increase (decrease) in accounts payable and accrued liabilities	6,891	27,269	43,346	(1,755)	75,751
Increase (decrease) in unearned revenue	-	(715,780)	-	-	(715,780)
Increase (decrease) in customer deposits	-	21,115	-	-	21,115
Increase (decrease) in accrued compensated absences	5,361	(24)	(3,783)	-	1,554
Increase (decrease) in net pension liability	(6,477)	(68,750)	(51,974)	(371)	(127,572)
Increase (decrease) in OPEB liability	76	376	50	7	509
Increase (decrease) in deferred inflows - pensions	308	(1,969)	(4,113)	40	(5,734)
Increase (decrease) in deferred inflows - OPEB	(120)	(594)	(79)	(10)	(803)
Total adjustments	54,312	379,279	284,212	187,741	905,544
Net cash provided (used) by operating activities	\$ (257,089)	2,293,534	760,653	582,805	3,379,903

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

CITY OF PALMETTO, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
September 30, 2023

	Pension Trust Funds
ASSETS	
Accounts receivable	\$ 33,339
Interest and dividends receivable	36,807
Prepaid benefits	154,513
Investments, at fair value	
Money market funds	635,002
U. S. government securities	3,496,751
Corporate bonds	1,711,243
Corporate stocks	8,275,091
Mutual funds	13,097,050
Alternative investments	2,968,425
Total investments	<u>30,183,562</u>
Total assets	<u>30,408,221</u>
LIABILITIES	
Accounts payable	443
Prepaid city contributions	<u>39,237</u>
Total liabilities	<u>39,680</u>
NET POSITION	
Restricted for pension benefits	<u><u>\$ 30,368,541</u></u>

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

CITY OF PALMETTO, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended September 30, 2023

	<u>Pension Trust Funds</u>
ADDITIONS	
Contributions:	
Employer	\$ 610,429
Plan members	264,491
State (from the General Fund)	<u>171,077</u>
Total contributions:	<u>1,045,997</u>
Investment Earnings	
Interest	127,571
Dividends	666,324
Net increase in the fair value of investments	<u>1,811,243</u>
Total investment earnings	2,605,138
Less investment expense	<u>(133,366)</u>
Net investment earnings	<u>2,471,772</u>
Total additions	<u>3,517,769</u>
DEDUCTIONS	
Benefits	2,051,660
Refunds of contributions	76,887
Administrative expenses	<u>77,079</u>
Total deductions	<u>2,205,626</u>
Change in net position	1,312,143
Net position, beginning	<u>29,056,398</u>
Net position, ending	<u><u>\$ 30,368,541</u></u>

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

This page intentionally left blank



City of Palmetto, Florida
September 30, 2023



CONTENTS

	PAGE
Notes to the Financial Statements	
Summary of Significant Accounting Policies	42
Reconciliation of Government-wide and Fund Financial Statements	53
Stewardship, Compliance and Accountability	56
Detailed Notes on All Funds	57
Other Information	83

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Palmetto, Florida, (the City) was incorporated June 15, 1897, by referendum and amended in 2004 and 2010. The City was created under Chapter 11059, Laws of Florida, as amended, and may exercise any power for municipal purposes as set forth in Chapter 166, Florida Statutes. The City is located on the west coast of Florida in Manatee County and is comprised of seven square miles with a population of 13,927. The current charter provides for an elected mayor and a five-member commission, all serving four year terms. The City provides municipal services such as public safety (police), roads and streets, recreation, public improvements, planning and zoning, and general administrative services. The City also has enterprise operations consisting of solid waste (garbage and trash collection), water, sewer, reclaimed water and stormwater.

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

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

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

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

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

The Palmetto Police Pension Plan (the "Plan")

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

B. Government-wide and Fund Financial Statements

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

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

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

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Governmental funds report the following major funds:

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

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

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

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

Proprietary funds report the following major funds:

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

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

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

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

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

D. Assets, Liabilities and Net Position or Equity

1. Deposits and Investments

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

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

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2. Fair Value

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

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

The three categories within the hierarchy are as follows:

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

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

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

See Note IV for additional information regarding fair value.

3. Investments Measured at the Net Asset Value

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

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

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

4. Receivables

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

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

5. Leases

Lessor

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

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

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

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

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

6. Interfund Transactions

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

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

7. Inventories and Prepaid Items

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

8. Restricted Assets

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

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

9. Compensated Absences

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

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

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

10. Capital Assets

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

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

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

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

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

11. Deferred Outflows/Inflows of Resources

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

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

12. Property Tax Calendar

The City levies property taxes each November 1, which become a lien on real and personal property located in the City. Property taxes are based on the assessed values determined by the Manatee County Property Appraiser as of the prior January 1. The property tax revenue for fiscal year 2023 was based on taxable assessed property values totaling \$1,361,038,594.

The State of Florida permits the City to levy taxes up to 10 mills of assessed property valuations for the General Fund. For the 2022-2023 fiscal year, the City levied taxes of \$5.9671 mills for the General Fund.

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

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

12. Property Tax Calendar (Continued)

The property tax cycle is summarized as follows:

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

13. Special Assessments

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

14. Long-term Obligations

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

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

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

15. Net Position/Fund Balance

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

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

15. Net Position/Fund Balance (Continued)

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

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

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

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

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

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

II - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

1. *General government capital assets, net of accumulated depreciation*: Capital assets are not included as part of total assets in the fund statements and need to be reported as capital assets in the government-wide statement of net position. The details of this \$63,194,216 difference are as follows:

Capital assets (net of accumulated depreciation)	
Land	\$ 10,867,746
Buildings	1,622,782
Machinery and equipment	3,140,811
Infrastructure	28,817,767
Construction in progress	<u>18,745,110</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ 63,194,216</u>

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

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

3. *Deferred inflows*: Revenues that are an acquisition of net position and applicable to a future reporting period and therefore unavailable for use in the governmental funds. The details of this \$3,251,473 difference are as follows:

Unavailable revenue - Code Enforcement	\$ 78,510
Unavailable revenue - General Fund	2,917,918
Unavailable revenue - Special Assessments	65,148
Unavailable revenue for grants which were earned in the governmental activities but did not meet the 60 day requirement in the governmental funds	<u>189,897</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ 3,251,473</u>

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

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

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

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

Deferred outflows of pension resources	\$ 2,858,716
Deferred outflows of other post-employment benefits	118,632
Deferred inflows of pension earnings	(269,062)
Deferred inflows from other post-employment benefits	\$ (41,068)

5. *Long-term debt for financed purchase agreements, compensated absences, net pension liabilities and loans:* Long-term liabilities, including loans payable, are not due and payable in the current period and therefore are not reported in the governmental fund statements. The details of this \$9,482,492 difference are as follows:

Deferred outflows - debt refunding	\$ 34,148
2019 loan payable	(512,045)
2022 Half Cent Loan	(4,674,000)
Capital leases payable	(1,086,150)
Compensated absences	(803,623)
CRA Pool Payable	(1,801,224)
2006 CRA Loan Payable	<u>(639,598)</u>
Net adjustment to decrease fund balance - total governmental funds to arrive at net position - governmental activities	<u><u>\$ (9,482,492)</u></u>

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

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

1. *Governmental funds report capital outlays as expenditures:* In the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this \$11,336,782 difference are as follows:

Capital outlay	\$ 13,301,717
Depreciation expense	<u>(1,964,935)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u><u>\$ 11,336,782</u></u>

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

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

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

2. *The issuance and repayment of long-term debt (i.e. loans and financed purchase agreements):* The issuance of long-term debt provides current financial resources to governmental funds. The repayment of the principal of long-term debt consumes the current financial resources of governmental funds and is reported as debt service payments in the Statement of Revenues, Expenditures, and Changes in Fund Balances. The details of this \$(954,250) difference are as follows:

Principal payments on long-term bank loans	\$ 1,107,359
Payments on financed purchase agreement	483,751
Financed purchase agreement additions	(544,000)
Issuance of debt	<u>(2,001,360)</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u><u>\$ (954,250)</u></u>

3. *Some expenses reported in the statement of activities do not require the use of current financial resources:* These expenses are not reported as expenditures in governmental funds. The details of this \$(128,351) difference are as follows:

Changes in compensated absences	\$ (114,267)
Loss on refunding	<u>(14,084)</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u><u>\$ (128,351)</u></u>

4. *Some revenues reported in the statement of activities do not provide current financial resources:* These revenues, therefore, are not reported in the governmental fund statements. The details of the difference is zero for fiscal year 2023.

5. *Some expenses reported in the statement of activities do not provide current financial resources:* These expenses, therefore, are not reported in the governmental fund statements. The details of this \$(967,556) difference are as follows:

Changes in the net pension liability	\$ (934,691)
OPEB Change	<u>(32,865)</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u><u>\$ (967,556)</u></u>

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

III - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

B. Excess of Expenditures over Appropriations

For the year ended September 30, 2023, expenditures did not exceed appropriations at the departmental level, the legal level of budgetary control.

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

IV - DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

At September 30, 2023, the carrying amount of the City's primary government deposits was \$46,132,828. This amount includes interest bearing time deposits consisting of collateralized certificates of deposit and FDIC insured certificates of deposit valued at \$19,026,362, two money market accounts valued at \$5,195,911, the SBA investment of \$8,532,453, the FMIT investment of \$200,233, loan covenant accounts of \$171,192, the operating account of \$9,965,588, financed purchase agreement proceeds \$314,489, petty cash \$2,200 and \$2,724,400 from the Trailer Park Trust fund that may be used only on approval by City Commission. The bank balance for the operating accounts was \$19,758,344. All deposits are insured by either the Federal Depository Insurance Corporation or by the Multiple Financial Institution Collateral Pool established by Chapter 280 of the Florida Statutes. Chapter 280 requires all financial institutions holding municipal deposits to pledge securities with the State or third party custodians equal to a percentage between 25% and 200% determined by the State's Chief Financial Officer and based on information from nationally recognized financial rating services and established financial performance guidelines for the banking institutions. New and financially troubled institutions are required to pledge securities equal to 125% of municipal deposits with the State or third party custodians.

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

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

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

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

For the year ended September 30, 2023, the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense was 9.20% for the Police Pension Plan and 8.29% for the General Employees' Pension Plan. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The pension plans did not hold investments in any one organization that represent 5% or more of the Pension Plan's fiduciary net position.

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

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

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

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

With regard to liquidity fees, Florida Statute 218.409(4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. From October 1, 2022 through September 30, 2023, no such disclosure has been made.

As of September 30, 2023, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

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

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

As of September 30, 2023, the City and its pension trust funds had the following cash and investments and maturities:

<u>Investment Type</u>	<u>Investment Maturities (in Years)</u>				
	<u>Fair Value</u>	<u>Less than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>More than 10</u>
Cash and Short Term Investments	\$ 24,816,834	\$ 24,816,834	\$ --	\$ --	\$ --
Investment Pools	19,026,362	18,046,362	980,000	--	--
US Agencies	6,421,384	3,444,662	1,749,357	420,954	806,411
Corporate Bonds	1,711,244	63,790	1,108,358	539,096	--
Common Stock	8,275,091	8,275,091	--	--	--
Mutual Funds - Fixed Income	3,117,880	3,117,880	--	--	--
Mutual Funds - Equity	9,979,170	9,979,170	--	--	--
Alternative Investments - Real Estate	2,968,425	2,968,425	--	--	--
Total cash and investments	<u>\$ 76,316,390</u>	<u>\$ 70,712,214</u>	<u>\$ 3,837,715</u>	<u>\$ 960,050</u>	<u>\$ 806,411</u>

1. *Interest Rate Risk:* As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy requires diversification of the investments. The investment policy of the General Employees' Pension Fund requires the investment manager to maintain liquid reserves for the payment of pension benefits and expenses. This also limits exposure to fair value losses by allowing for quick liquidation in the event of fluctuating interest rates. The dollar weighted average days to maturity of the SBA at September 30, 2023 is 48 days, and the weighted average life is 63 days.

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

2. *Credit Risk: City Investments.* Credit quality risk results from potential default of investments that are not financially sound. The City invests a large amount of its surplus funds pursuant to Chapter 280 of the Florida Statutes whereby the City is made whole by all participating banks should a principal loss be incurred by the City. This statute limits investing activities to the SBA, certificates of deposits, registered SEC and money market mutual funds, and intergovernmental investment pools. Investments of these types insure the security of the City's surplus funds. The City has invested funds in two investment pool's, both of which are currently rated by Standard and Poor's at AAAM as of September 30, 2023. These funds include \$8,532,453 in the SBA and \$5,106,540 in Florida Safe. The City also has \$19,026,362 in certificates of deposit and term series held by qualified participating depositories. Investments in the Florida Municipal Investment Trust (FMIT) are rated by Fitch for the 1-3 Year High Quality Bond Fund at AAAf/S2, and the Intermediate High Quality Bond Fund at AAAf/S3 as of September 30, 2023. The City has investments in these bond funds of \$200,233 and \$2,724,400, respectively.

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

General Employees' Pension Plan

<u>Investments</u>	<u>Fair Value</u>	<u>Credit Rating (Moody's)</u>	<u>Percent Distribution</u>
Cash and Short Term Investments	\$ 257,100		1.63 %
U.S. Government Securities	2,422,557	Not rated	15.45 %
Corporate Bonds	40,401	Aa3	0.26 %
Corporate Bonds	54,693	A1	0.35 %
Corporate Bonds	1,194,182	Not rated	7.62 %
Corporate Stock	8,275,091	Not rated	52.78 %
Mutual Funds - Fixed Income	1,164,584	Not rated	7.43 %
Mutual Funds - Equity	925,414	Not rated	5.90 %
Alternative Investments - Real Estate	1,344,664	Not rated	8.58 %
Total cash and investments	<u>\$ 15,678,686</u>		<u>100.00 %</u>

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Police Pension Plan

<u>Investments</u>	<u>Fair Value</u>	<u>Credit Rating (Moody's)</u>	<u>Percent Distribution</u>
Cash and Short Term Investments	\$ 377,900		2.61 %
U.S. Governmental Securities	1,074,194	Not rated	7.40 %
Corporate Bonds	19,348	Aa2	0.13 %
Corporate Bonds	19,004	Aa3	0.13 %
Corporate Bonds	169,735	A1	1.17 %
Corporate Bonds	61,928	A2	0.43 %
Corporate Bonds	18,241	A3	0.13 %
Corporate Bonds	106,394	Baa1	0.73 %
Corporate Bonds	27,318	Baa2	0.19 %
Mutual Funds - Fixed Income	1,953,296	Not rated	13.47 %
Mutual Funds - Equity	9,053,756	Not rated	62.42 %
Alternative Investments - Real Estate	1,623,762	Not rated	11.19 %
Total cash and investments	\$ 14,504,876		100.00 %

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

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

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Fair Value

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles which are measured on a recurring basis. The City and the Pension Plans have the following recurring fair value measurements as of September 30, 2023 :

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments by fair value level:				
Common Stocks	\$ 8,275,091	\$ 8,275,090	\$ --	\$ --
Mutual Funds	13,047,670	13,047,669	--	--
Money Market Funds	635,001	635,001	--	--
Debt Securities:				
U.S. Treasury Notes	2,959,494	--	2,959,494	--
U.S. Government Agencies	3,461,889	--	3,461,889	--
Corporate Bonds	1,711,244	--	1,711,243	--
Total investments by fair value level	<u>30,090,389</u>	<u>21,957,760</u>	<u>8,132,626</u>	<u>--</u>
Instruments measured at the net asset value (NAV):				
Real Estate:				
UBS Trumbull Property Fund	1,344,664			
Principal U.S. Property Account	1,623,761			
Total investments measured at NAV	<u>2,968,425</u>			
Total investments	<u>\$ 33,058,814</u>	<u>\$ 21,957,760</u>	<u>\$ 8,132,626</u>	<u>\$ --</u>

Investment derivative instruments:

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

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

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Fair Value (Continued)

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

	<u>Fair Value</u>	<u>Unfunded</u> <u>Commitments</u>	<u>Redemption</u> <u>Frequency</u> <u>(If Currently</u> <u>Eligible)</u>	<u>Redemption</u> <u>Notice Period</u>
Real Estate:				
UBS Trumbull Property Fund	\$ 1,344,664	\$ --	Quarterly	60 Days Prior to Quarter End Daily, but Subject to Deferment
Principal U.S. Property Account	<u>1,623,761</u>	--	Monthly	
Total investments measured at NAV	<u><u>\$ 2,968,425</u></u>			

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

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Receivables

Receivables and allowances for uncollectible accounts as of September 30, 2023 totals \$5,915,340 for the City at the fund level as shown below:

	Governmental Funds					Fiduciary Funds
	General	CRA	Road & Bridge	Capital Projects	Total	Pension Trust
Accounts receivable	\$ 224,720	\$ 194,205	\$ 139,454	\$ --	\$ 558,379	\$ 33,339
Lease receivable	637,594	--	--	--	637,594	--
Special assessments	41,476	--	23,672	--	65,148	--
Intergovernmental	159,821	--	--	--	159,821	--
Interest and dividends	16,483	6,531	2,964	--	25,978	36,807
Grants	--	--	--	2,851,540	2,851,540	--
Gross Receivables	1,080,094	200,736	166,090	2,851,540	4,298,460	70,146
Less: Allowances for Uncollectible	--	--	--	--	--	--
Net Total Receivables	\$ 1,080,094	\$ 200,736	\$ 166,090	\$ 2,851,540	\$ 4,298,460	\$ 70,146

	Enterprise Funds				
	Solid Waste Fund	Water and Sewer Fund	Stormwater Fund	Reuse Fund	Total
Accounts receivable	\$ 299,559	\$ 1,358,596	\$ 125,926	\$ 83,591	\$ 1,867,672
Special assessments	--	857	--	--	857
Interest and dividends receivable	1,380	14,034	1,233	1,665	18,312
Gross Receivables	300,939	1,373,487	127,159	85,256	1,886,841
Less: Allowances for Uncollectible	(70,643)	(220,803)	(29,495)	(19,166)	(340,107)
Net Total Receivables	\$ 230,296	\$ 1,152,684	\$ 97,664	\$ 66,090	\$ 1,546,734

D. Inter-fund Receivables, Payables and Transfers

1. Advances To/From Other Funds

The City reports interfund balances between funds as advances to/from other funds. The total of all balances agree with the sum of advances to/from other funds balances presented in the balance sheet/statement of net position for governmental funds and for proprietary funds. There are no outstanding amounts between funds at year end.

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

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

2. Interfund Transfers

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

The composition of interfund transfers as of September 30, 2023, is as follows:

	<u>Transfers In</u>	<u>Transfers In</u>	
	<u>General</u>	<u>Capital</u>	
	<u>Fund (1)</u>	<u>Projects</u>	<u>Total</u>
<u>Transfers Out</u>	<u>Fund (2)</u>	<u>Fund (2)</u>	<u>Transfers</u>
General Fund	\$ --	\$ 239,333	\$ 239,333
CRA Fund	113,688	--	113,688
Road and Bridge Fund	191,174	954,612	1,145,786
Solid Waste Fund	82,781	--	82,781
Water and Sewer Fund	540,683	--	540,683
Stormwater Fund	146,680	--	146,680
Reuse Fund	82,070	--	82,070
Total	<u><u>\$ 1,157,076</u></u>	<u><u>\$ 1,193,945</u></u>	<u><u>\$ 2,351,021</u></u>

Transfers are used for the following purposes:

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

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Restricted Assets

The balances of the restricted asset accounts are as follows:

	<u>Governmental Funds</u>		
	<u>General</u>	<u>Road and Bridge</u>	<u>Total</u>
Building department reserve	\$ 3,755,898	\$ --	\$ 3,755,898
Financed purchase agreement	242,385	10,083	252,468
Law enforcement	56,744	--	56,744
Impact fees	595,005	645,536	1,240,541
Customer deposits	2,924	--	2,924
Contributions - capital improvements	1,990,348	6,501	1,996,849
Total Governmental Restricted Assets	\$ 6,643,304	\$ 662,120	\$ 7,305,424

	<u>Proprietary Funds</u>				
	<u>Solid Waste</u>	<u>Water and Sewer</u>	<u>Stormwater</u>	<u>Reuse</u>	<u>Total</u>
Cash - capital projects	\$ 32,500	\$ 7,527,495	\$ 1,373,653	\$ 824,091	\$ 9,757,739
Loan proceeds	10,092	28,434	13,325	10,170	62,021
Loan covenant accounts	--	171,192	--	--	171,192
Impact fees	--	878,131	--	--	878,131
Customer deposits	--	763,087	--	--	763,087
Total Proprietary Restricted Assets	\$ 42,592	\$ 9,368,339	\$ 1,386,978	\$ 834,261	\$ 11,632,170
Total Restricted Assets					\$ 18,937,594

F. Capital Assets

Governments possess many different types of assets that may be considered intangible assets, including easements and right of ways. GASB 51 requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. The City has certain easements and right of ways that meet these requirements and have classified these assets as land in the governmental activities. These assets were not increased in fiscal year 2023 and total \$108,721.

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Capital Assets (Continued)

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

Primary Government	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 10,779,664	\$ 88,082	\$ --	\$ 10,867,746
Construction in progress	7,216,991	11,528,119	--	18,745,110
Total capital assets, not being depreciated:	<u>17,996,655</u>	<u>11,616,201</u>	<u>--</u>	<u>29,612,856</u>
Capital assets, being depreciated:				
Buildings	4,284,235	47,726	--	4,331,961
Machinery and equipment	10,367,434	1,063,657	(54,130)	11,376,961
Infrastructure	47,690,502	574,131	(497)	48,264,136
Total capital assets, being depreciated:	<u>62,342,171</u>	<u>1,685,514</u>	<u>(54,627)</u>	<u>63,973,058</u>
Less accumulated depreciation for:				
Buildings	(2,576,792)	(132,387)	--	(2,709,179)
Machinery and equipment	(7,521,543)	(768,737)	54,130	(8,236,150)
Infrastructure	(18,382,815)	(1,063,811)	257	(19,446,369)
Total accumulated depreciation	<u>(28,481,150)</u>	<u>(1,964,935)</u>	<u>54,387</u>	<u>(30,391,698)</u>
Total capital assets, being depreciated, net	<u>33,861,021</u>	<u>(279,421)</u>	<u>(240)</u>	<u>33,581,360</u>
Governmental activities capital assets, net	<u>\$ 51,857,676</u>	<u>\$ 11,336,780</u>	<u>\$ (240)</u>	<u>\$ 63,194,216</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 311,025	\$ 852,635	\$ --	\$ 1,163,660
Construction in progress	7,123,481	126,989	--	7,250,470
Total capital assets, not being depreciated:	<u>7,434,506</u>	<u>979,624</u>	<u>--</u>	<u>8,414,130</u>
Capital assets being depreciated:				
Buildings	875,193	112,814	--	988,007
Improvements other than buildings	53,256,051	491,702	--	53,747,753
Machinery and equipment	6,441,890	734,236	--	7,176,126
Total capital assets, being depreciated:	<u>60,573,134</u>	<u>1,338,752</u>	<u>--</u>	<u>61,911,886</u>
Less accumulated depreciation for:				
Buildings	(454,555)	(22,305)	--	(476,860)
Improvements other than buildings	(22,177,507)	(956,677)	--	(23,134,184)
Machinery and equipment	(3,927,248)	(446,211)	--	(4,373,459)
Total accumulated depreciation	<u>(26,559,310)</u>	<u>(1,425,193)</u>	<u>--</u>	<u>(27,984,503)</u>
Total capital assets being, depreciated, net	<u>34,013,824</u>	<u>(86,441)</u>	<u>--</u>	<u>33,927,383</u>
Business-type activities capital assets, net	<u>\$ 41,448,330</u>	<u>\$ 893,183</u>	<u>\$ --</u>	<u>\$ 42,341,513</u>

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Capital Assets (Continued)

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

Governmental activities:	
General government	\$ 536,096
Public safety	357,354
Streets and roads	532,387
Intergovernmental services	382,419
Recreation	<u>156,679</u>
Total depreciation for governmental activities	<u>\$ 1,964,935</u>
Business-type activities:	
Solid waste	\$ 20,200
Water and sewer	971,285
Stormwater	240,393
Reuse	<u>193,315</u>
Total depreciation expense for business-type activities	<u>\$ 1,425,193</u>

Construction Commitments

The City has various active construction projects. At September 30, 2023, the City's commitments with contractors, with the CRA listed separately for illustration purposes, are as follows:

<u>Capital Projects</u>	<u>Spent-to- Date</u>	<u>Remaining Commitment</u>
Police Department Building	\$ 10,578,067	\$ 502,002
Equalization Basin	7,013,588	19,077
7th Street Extension	2,851,540	497,682
Ward I Phase III	143,778	42,571
Chloramine Project	118,491	3,539
Water Line R&R	110,293	56,353
Recreational Trail	<u>14,996</u>	<u>--</u>
Total capital projects	<u>\$ 20,830,753</u>	<u>\$ 1,121,224</u>
<u>CRA Projects</u>	<u>Spent-to- Date</u>	<u>Remaining Commitment</u>
Connor Park	\$ 4,300,522	\$ 33,188
CRA Parking Projects	567,267	270,317
Palmetto Women's Club	230,342	4,781
MLK Park Restrooms	38,141	27,374
Palmetto Bay Oyster Restoration	23,870	241,095
Linear Park Trail	<u>4,685</u>	<u>--</u>
Total CRA projects	<u>\$ 5,164,827</u>	<u>\$ 576,755</u>

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Financed Purchase Agreements

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

The assets acquired through these agreements as of September 30, 2023, are as follows:

	Year Ended September 30, 2023		
	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	
Asset:			
Machinery & Equipment by Type			
Police Vehicles & Equipment	\$ 1,023,513	\$ --	\$ 1,023,513
Light Duty & Equipment	714,888	1,665,044	2,379,932
Heavy Duty & Equipment	254,401	1,191,565	1,445,966
Office Systems	28,309	--	28,309
Total Assets	2,021,111	2,856,609	4,877,720
Less Accumulated Depreciation	(245,091)	(196,302)	(441,393)
Total Assets, net	<u>\$ 1,776,020</u>	<u>\$ 2,660,307</u>	<u>\$ 4,436,327</u>

During the fiscal year ending September 30, 2023, payments were made totaling \$913,370 which includes principal payments of \$875,031 and \$38,339 in interest. Annual installments remaining as of September 30, 2023, were as follows:

<u>Year</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>City-Wide</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2024	\$ 458,055	\$ 24,490	\$ 305,964	\$ 11,920	\$ 764,019	\$ 36,410	\$ 800,429
2025	292,933	15,856	151,643	7,608	444,576	23,464	468,040
2026	206,970	8,286	87,751	4,348	294,721	12,634	307,355
2027	80,679	2,660	32,072	2,301	112,751	4,961	117,712
2028	8,772	1,402	10,619	1,697	19,391	3,099	22,490
2029 - 2032	38,741	2,848	46,901	3,448	85,644	6,296	91,940
Total	<u>\$ 1,086,150</u>	<u>\$ 55,542</u>	<u>\$ 634,950</u>	<u>\$ 31,322</u>	<u>\$ 1,721,102</u>	<u>\$ 86,864</u>	<u>\$ 1,807,966</u>

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Long Term Liabilities

1. State Revolving Fund Loans

Reuse Loan

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

As of September 30, 2023, the City had drawn down loan funds totaling \$134,200 representing the administrative and planning allowances. Pledged revenues include water and sewer fund operating revenues, installation and connection fees, impact fees, and any local option sales tax revenues. The original amortization of the loan was to be repaid in forty semiannual payments of \$14,100 including interest which accrued semiannually at 3.18% (annual rate) of the unpaid balance. Payments began June 15, 2003 with the final maturity date of December 15, 2022. During fiscal year 2007, it was determined that no additional funding was necessary from the loan and it was finalized and the outstanding balance re-amortized. The interest rate and repayment term of the loan was not changed; however, the semiannual payment amount was changed to \$2,565.

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

During the fiscal year ending September 30, 2023, the final loan payment was made totaling \$2,565 which includes principal payments of \$2,525 and \$40 in interest.

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Long Term Liabilities (Continued)

Water/Sewer Loan - Design

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

As of September 30, 2023, the City had drawn down loan funds totaling \$369,094. The loan balance at the end of the year was \$287,801. Pledged revenues for the repayment of the loan are net water and sewer system revenues after payment of debt on the City's prior liens. The original amortization of the loan was to be repaid in forty semiannual payments of \$11,220 including interest which accrued semiannually at 1.13% (annual rate) of the unpaid balance. Payments began December 15, 2018 with the final maturity date of June 15, 2038. During fiscal year 2020, it was determined that the design phase of the project was finalized and the outstanding balance re-amortized. The interest rate and repayment term of the loan was not changed; however the semiannual payment amount was changed to \$10,456. The loan requires the City to make monthly loan deposits in a debt service account equal to the semiannual loan payment.

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

During the fiscal year ending September 30, 2023, loan payments were made totaling \$20,913 which includes principal payments of \$17,512 and \$3,401 in interest.

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

<u>Business-Type Activities</u>			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 17,710	\$ 3,203	\$ 20,913
2025	17,911	3,002	20,913
2026	18,114	2,799	20,913
2027	18,319	2,594	20,913
2028	18,527	2,386	20,913
2029 - 2033	95,832	8,733	104,565
2034 - 2038	101,388	3,177	104,565
Total	<u>\$ 287,801</u>	<u>\$ 25,894</u>	<u>\$ 313,695</u>

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Long Term Liabilities (Continued)

Water/Sewer Loan - Construction

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

As of September 30, 2023, the City had drawn down loan funds totaling \$6,582,603. The loan balance at the end of the year was \$5,566,145. Pledged revenues for the repayment of the loan are net water and sewer system revenues after payment of debt on the City's prior liens. The original amortization of the loan was to be repaid in forty semiannual payments of \$119,810 including interest which accrued semiannually at 0.75% (annual rate) of the unpaid balance.

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

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

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

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Long Term Liabilities (Continued)

During the fiscal year ending September 30, 2023, loan payments were made totaling \$380,056 which includes principal payments of \$336,707 and \$43,349 in interest.

Annual installments for the fiscal years ending September 30, are estimated based on the amount outstanding as of September 30, 2023 as follows:

Year	Business-Type Activities		
	Principal	Interest	Total
2024	\$ 339,115	\$ 40,941	\$ 380,056
2025	343,620	36,436	380,056
2026	346,060	33,996	380,056
2027	348,516	31,540	380,056
2028	350,991	29,065	380,056
2029-2033	1,792,689	107,591	1,900,280
2034-2038	1,857,237	43,043	1,900,280
2039	187,917	665	188,582
Total	\$ 5,566,145	\$ 323,277	\$ 5,889,422

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Long Term Liabilities (Continued)

2. Capital Improvement Revenue Loans

2014 Water/Sewer Loan

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

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

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

During the fiscal year ending September 30, 2023, loan payments were made totaling \$103,920 which includes principal payments of \$84,975 and \$18,945 in interest. Annual estimated installments for the fiscal years ending September 30, are as follows:

Year	Business-Type Activities		
	Principal	Interest	Debt Service
2024	\$ 87,597	\$ 16,323	\$ 103,920
2025	90,299	13,621	103,920
2026	93,085	10,835	103,920
2027	95,957	7,963	103,920
2028	98,917	5,003	103,920
2029	101,968	1,950	103,918
Total	\$ 567,823	\$ 55,695	\$ 623,518

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Long Term Liabilities (Continued)

Refunding Revenue Note, Series 2019

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

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

The refunding of the 2004, 2005, and 2007 loans resulted in a loss on refunding of \$504,015. The loss on refunding is the difference between the reacquisition price and the net carrying amount of the old debt. The loss on refunding is recognized on the statement of net position as a deferred outflow and amortized using a straight-line approach over the shorter of the remaining life of the old debt or the life of the new debt. Amortization of the deferred outflow is recognized as interest expense and totaled \$74,581 during the year ended September 30, 2023.

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

The allocation at September 30, 2023, was 18.88% to governmental activities and 81.12% to business-type activities.

During the fiscal year ending September 30, 2023 loan payments were made totaling \$1,123,216 which includes principal payments of \$1,051,000 and \$72,216 in interest. Annual estimated installments for the fiscal years ending September 30, are as follows:

Year	Governmental Activities		Business-Type Activities		City-Wide		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2024	\$ 181,912	\$ 10,403	\$ 781,389	\$ 44,692	\$ 963,301	\$ 55,095	\$ 1,018,396
2025	164,708	6,443	707,491	27,678	872,199	34,121	906,320
2026	72,855	3,284	312,944	14,102	385,799	17,386	403,185
2027	74,102	1,652	318,298	7,094	392,400	8,746	401,146
2028	18,468	207	79,332	885	97,800	1,092	98,892
Total	\$ 512,045	\$ 21,989	\$ 2,199,454	\$ 94,451	\$ 2,711,499	\$ 116,440	\$ 2,827,939

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Long Term Liabilities (Continued)

Police Department Note - Series 2021

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

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

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

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

During the fiscal year ending September 30, 2023, loan payments were made totaling \$555,887 which includes principal payments of \$489,000 and \$66,887 in interest.

Year	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 494,000	\$ 53,567	\$ 547,567
2025	501,000	47,547	548,547
2026	507,000	41,449	548,449
2027	513,000	35,278	548,278
2028	519,000	29,034	548,034
2029 - 2032	2,140,000	52,187	2,192,187
Total	<u>\$4,674,000</u>	<u>\$ 259,062</u>	<u>\$4,933,062</u>

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Long Term Liabilities (Continued)

CRA Loan Agreement 2006

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

The interest rate on the loan is 63.7% of the index rate plus 1.15%, payable quarterly in January, April, July and October. Principal shall be repaid in installments of \$54,938 in January, April, July and October. Final payment is due in July 2026. Prior to this fiscal year the London Interbank Offer Rate (LIBOR) was utilized as the index rate.

On April 10, 2023 the City adopted CRA Resolution 2023-01 authorizing the Executive Director of the CRA to execute the Amended and Restated Promissory Note Series 2006A. The purpose of this amendment was to facilitate the transfer from using the LIBOR rate to the Secured Overnight Financing Rate (SOFR).

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

During the fiscal year ending September 30, 2023, loan payments were made totaling \$249,205 which includes principal payments of \$219,750 and \$29,455 in interest. Annual estimated installments for the fiscal years ending September 30, are as follows:

<u>Year</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 219,750	\$ 28,842	\$ 248,592
2025	219,750	17,855	237,605
2026	200,098	6,867	206,965
Total	<u>\$ 639,598</u>	<u>\$ 53,564</u>	<u>\$ 693,162</u>

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Long Term Liabilities (Continued)

CRA Interlocal Agreement 2022

On November 10, 2020, the City entered into a ten year interlocal agreement with Manatee County for the construction of community pool. The County designed and constructed the pool and additional parking. The total development cost is \$7,147,716 of which the Community Redevelopment Agency was approved to contribute 28% or \$2,001,360 over ten years beginning in fiscal year 2023.

The Community Redevelopment Agency will reimburse the County in equal annual payments, with no interest, amortized over ten (10) years, commencing on the first October 1 after the County received a certificate of occupancy, and recurring on each October 1 thereafter until the CRA has reimbursed the County for the entire amount. The first annual payment began on October 1, 2023 with the final maturity date of October 1, 2031.

During the fiscal year ending September 30, 2023, loan payments were made total \$200,136 which includes principal only payments of \$200,136. Annual estimated installments for the fiscal years ending September 30, are as follows:

	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 200,136	\$ --	\$ 200,136
2025	200,136	--	200,136
2026	200,136	--	200,136
2027	200,136	--	200,136
2028	200,136	--	200,136
2029 - 2032	800,544	--	800,544
Total	<u><u>\$ 1,801,224</u></u>	<u><u>\$ --</u></u>	<u><u>\$ 1,801,224</u></u>

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Long Term Liabilities (Continued)

3. Conduit Debt

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

As of September 30, 2023, there were two series of Industrial Revenue Bonds outstanding with an aggregate principal amount payable of \$30,473,505.

4. Other Information

In accordance with loan covenants and Section 148 of the Internal Revenue Code, the City is required to rebate to the U.S. Treasury, every five years, earnings on loan proceeds in excess of bond yield. For the year ended September 30, 2023, no amounts were earned that are required to be rebated to the U.S. Treasury for 2023.

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

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

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Long Term Liabilities (Continued)

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Long-term direct borrowings					
2019 Loan	\$ 710,518	\$ --	\$ 198,473	\$ 512,045	\$ 181,912
2006 CRA Loan	859,348	--	219,750	639,598	219,750
2022 Half Cent Loan	5,163,000	--	489,000	4,674,000	494,000
Total Long-term direct borrowings	<u>6,732,866</u>	<u>--</u>	<u>907,223</u>	<u>5,825,643</u>	<u>895,662</u>
Intergovernmental Note Payable	--	2,001,360	200,136	1,801,224	200,136
Other post-employment benefits	461,223	38,775	35,162	464,836	--
Net pension liability	6,093,543	--	585,628	5,507,915	--
Financed purchase agreements	1,025,901	544,000	483,751	1,086,150	458,055
Compensated absences	689,356	437,628	323,361	803,623	200,904
Governmental activities long-term liabilities	<u>\$ 15,002,889</u>	<u>\$ 3,021,763</u>	<u>\$ 2,535,261</u>	<u>\$ 15,489,391</u>	<u>\$ 1,754,757</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type activities:					
Long-term direct borrowings					
2014 Loan	\$ 652,798	\$ --	\$ 84,975	\$ 567,823	\$ 87,597
2019 Loan	3,051,981	--	852,527	2,199,454	781,389
Total long-term direct borrowings	<u>3,704,779</u>	<u>--</u>	<u>937,502</u>	<u>2,767,277</u>	<u>868,986</u>
State revolving loans					
Reuse	2,525	--	2,525	--	--
Water - Design	305,313	--	17,512	287,801	17,710
Water - Construction	5,902,853	--	336,708	5,566,145	339,115
Total state revolving loans	<u>6,210,691</u>	<u>--</u>	<u>356,745</u>	<u>5,853,946</u>	<u>356,825</u>
Total loans payable	<u>9,915,470</u>	<u>--</u>	<u>1,294,247</u>	<u>8,621,223</u>	<u>1,225,811</u>
Other post-employment benefits	85,356	7,386	6,877	85,865	--
Net pension liability	609,594	--	127,572	482,022	--
Financed purchase agreements	860,231	168,169	393,450	634,950	305,964
Compensated absences	50,922	49,909	48,355	52,476	13,119
Total business-type activities long-term liabilities	<u>\$ 11,521,573</u>	<u>\$ 225,464</u>	<u>\$ 1,870,501</u>	<u>\$ 9,876,536</u>	<u>\$ 1,544,894</u>

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

I. Fund Balances

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

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

General Fund

Nonspendable - Inventory	\$ 329,516
--------------------------	------------

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

General Fund

Building Department - used to fund operations	\$ 3,755,898
Infrastructure half-cent sales tax - voter approved to be used for capital improvements	2,060,266
Impact fees - used to fund growth in general government	167,818
Impact fees - used to fund growth in law enforcement	20,858
Impact fees - used to fund growth in parks and recreation	406,327
Total Impact fees	595,003
Proceeds from the Hazel Smith Estate for the beautification and maintenance of the City's cemetery	3,685
Special law enforcement reserve	56,744
Financed purchase agreement proceeds - for capital assets	242,385
General Fund subtotal	6,713,981

Community Redevelopment Agency Fund

Used to alleviate slum and blight in the City per Florida Statute 163	5,901,938
Community Redevelopment Agency Fund subtotal	5,901,938

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

I. Fund Balances (Continued)

Road and Bridge Fund

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

Capital improvements	757,982
Impact fees - for the growth in transportation	645,536
Bocage legal settlement	6,501
Financed purchase agreement proceeds - for capital assets	10,083
General operating expenses	729,488
	<u>Road and Bridge Fund subtotal</u>
	2,149,590

Total Restricted Fund Balances \$ 14,765,509

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

General Fund

Trailer Park Trust - City Commission approval required	\$ 2,242,198
	<u>General Fund subtotal</u>
	2,242,198

Capital Projects Fund

Capital Projects	87,508
	<u>Capital Projects Fund subtotal</u>
	87,508
	<u>Total Committed Fund Balances</u>
	<u>\$ 2,329,706</u>

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

General Fund

Funding for Capital Improvements Program	\$ 283,900
Tree reserve - used to replant trees in the City	25,479
One-time operating expenses	289,271
	<u>Total Assigned Fund Balance</u>
	<u>\$ 598,650</u>

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

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

J. Encumbered Commitments

The following table lists the outstanding encumbrances at September 30, 2023. These encumbrances are reported in the financial statements based on the specific purpose of the resources that have been provided.

	Governmental Activities				
	<u>General Fund</u>	<u>CRA Fund</u>	<u>Road and Bridge Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Operating Encumbrances	\$ 236,771	\$ 196,336	\$ 24,817	\$ --	\$ 457,924
Operating Capital Projects	564,918	708,694	--	--	1,273,612
Capital Improvement Projects (CIP)	--	--	--	635,419	635,419
Total Encumbrances Outstanding	<u><u>\$ 801,689</u></u>	<u><u>\$ 905,030</u></u>	<u><u>\$ 24,817</u></u>	<u><u>\$ 635,419</u></u>	<u><u>\$ 2,366,955</u></u>
	Business-Type Activities				
	<u>Solid Waste Fund</u>	<u>Water and Sewer Fund</u>	<u>Stormwater Fund</u>	<u>Reuse Fund</u>	<u>Total</u>
Operating Encumbrances	\$ 2,500	\$ 1,053,706	\$ 46,431	\$ 2,500	\$ 1,105,137
Capital Improvement Projects (CIP)	--	361,901	--	--	361,901
Total Encumbrances Outstanding	<u><u>\$ 2,500</u></u>	<u><u>\$ 1,415,607</u></u>	<u><u>\$ 46,431</u></u>	<u><u>\$ 2,500</u></u>	<u><u>\$ 1,467,038</u></u>
Total Outstanding Encumbrances					<u><u>\$ 3,833,993</u></u>

V - OTHER INFORMATION

A. Risk Management

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

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

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

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

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

V - OTHER INFORMATION (CONTINUED)

A. Risk Management (Continued)

1. Unemployment Insurance

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

2. Worker's Compensation

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

B. Employee Pension Plans

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

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

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

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

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

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

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

V - OTHER INFORMATION (CONTINUED)

C. Palmetto General Employees' Pension Plan

Plan Administration

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

Plan Membership

	<u>Valuation</u> <u>as of</u> <u>October 1, 2022</u>	<u>Valuation</u> <u>as of</u> <u>October 1, 2023</u>
Retirees, beneficiaries, and DROP participants benefits	58	58
Terminated employees entitled to, but not yet receiving benefits	14	27
Active plan members	66	64
Total	<u>138</u>	<u>149</u>

Normal Retirement and Vesting

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

Early Retirement

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

Disability

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

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

V - OTHER INFORMATION (CONTINUED)

C. Palmetto General Employees' Pension Plan (Continued)

Termination of Employment

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

Death Benefits

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

Contributions

Participants are required to contribute 5% of their annual salary to the Plan. The City contributes an amount to make the fund actuarially sound. The City's contribution rate for fiscal year 2023 was 8.67%.

Deferred Retirement Option Program (DROP)

Effective October 18, 2004, the City approved an ordinance creating a deferred retirement option plan (DROP). In lieu of terminating employment, any member may elect to defer receipt of such service retirement pension and to participate in the DROP. A member's participation in the DROP may not exceed sixty months beginning at the time the member becomes eligible for Normal Retirement. A member may participate only once. An account is established for each member participating in the DROP. The member's DROP account consists of the monthly retirement benefit the member would have received had they terminated their employment and the earnings on those amounts. DROP accounts earn interest as elected by the plan member at an effective rate of 6.5% per annum, compounded monthly, or at the actual net rate of investment return realized by the plan. As of September 30, 2023, three employees are participating in the DROP program with a balance of \$273,227.

Net Pension Liability (Asset) of the City

The City's net pension liability was measured as of September 30, 2023. The total pension liability used to calculate the net pension liability was determined as of that date. The components of the net pension liability of the City at September 30, 2023, were as follows:

Total pension liability	\$ 18,336,178
Plan fiduciary net position	<u>(15,799,870)</u>
City's net pension liability (asset)	<u>\$ 2,536,308</u>
Plan fiduciary net position as a percentage of the total pension liability	86.17 %

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

V - OTHER INFORMATION (CONTINUED)

C. Palmetto General Employees' Pension Plan (Continued)

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

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of October 1, 2022, updated to September 30, 2023 using the following actuarial assumptions:

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

Mortality rates were based as follows:

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

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

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

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

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

Changes in Actuarial Assumptions

For measurement date September 30, 2023, as mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in the July 1, 2022 actuarial valuation for non-special-risk lives, with appropriate risk and collar adjustments made based on plan demographics.

Investment Policy Assumptions

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. For 2023 the inflation rate assumption of the investment advisor was 2.40%. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

V - OTHER INFORMATION (CONTINUED)

C. Palmetto General Employees' Pension Plan (Continued)

Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic equity	50.00 %	5.36 %
International equity	10.00 %	4.50 %
Fixed income	15.00 %	1.23 %
Global fixed income	5.00 %	1.23 %
Hedge funds	7.50 %	3.73 %
Real estate	12.50 %	4.26 %
Total	<u>100.00 %</u>	

Concentrations

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

Rate of Return

For the year ended September 30, 2023 the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 8.29%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

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

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

V - OTHER INFORMATION (CONTINUED)

C. Palmetto General Employees' Pension Plan (Continued)

CHANGES IN NET PENSION LIABILITY

	<u>Total Pension Liability</u> (a)	<u>Plan Fiduciary Net Position</u> (b)	<u>Net Pension Liability (Asset)</u> (a) - (b)
Reporting Period Ending September 30, 2022	\$ 18,152,270	\$ 15,203,003	\$ 2,949,267
Changes for a Year:			
Service cost	318,424	--	318,424
Interest	1,211,094	--	1,211,094
Differences between expected and actual experience	(288,485)	--	(288,485)
Changes of assumptions	--	--	--
Changes of benefit terms	--	--	--
Contributions - Employer	--	296,187	(296,187)
Contributions - Employee	--	170,814	(170,814)
Net investment income	--	1,231,007	(1,231,007)
Benefit payments, including refunds of employee contributions	(1,057,125)	(1,057,125)	--
Administrative expense	--	(44,016)	44,016
Net changes	<u>183,908</u>	<u>596,867</u>	<u>(412,959)</u>
Reporting Period Ending September 30, 2023	<u>\$ 18,336,178</u>	<u>\$ 15,799,870</u>	<u>\$ 2,536,308</u>

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

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

	<u>1.0% Decrease</u> 5.75%	<u>Current Discount Rate</u> 6.75%	<u>1.0% Increase</u> 7.75%
City's net pension liability	\$ 4,516,083	\$ 2,536,308	\$ 875,201

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

V - OTHER INFORMATION (CONTINUED)

C. Palmetto General Employees' Pension Plan (Continued)

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

For the year ended September 30, 2023, the City recognized pension expense of \$805,097. On September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between expected and actual expense	\$ 209,230	\$ 256,310
Changes of assumptions	46,115	--
Net difference between projected and actual earnings on pension plan investments	<u>1,602,880</u>	<u>--</u>
Total	<u><u>\$ 1,858,225</u></u>	<u><u>\$ 256,310</u></u>

The outcome of the deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the applicable year. There were no subsequent contributions for the year ended September 30, 2023. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30:

2024	\$ 416,803
2025	437,543
2026	792,810
2027	(45,241)
Thereafter	<u>--</u>
Total	<u><u>\$ 1,601,915</u></u>

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

V - OTHER INFORMATION (CONTINUED)

D. Palmetto Police Pension Plan

Plan Administration

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

Plan Membership

	<u>Valuation</u> <u>As of</u> <u>October 1, 2022</u>	<u>Valuation</u> <u>As of</u> <u>October 1, 2023</u>
Retirees, beneficiaries, and DROP participants receiving benefits	35	36
Terminated employees entitled to, but not yet receiving benefits	15	14
Active plan members	28	29
Total	<u>78</u>	<u>79</u>

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

V - OTHER INFORMATION (CONTINUED)

D. Palmetto Police Pension Plan (Continued)

Normal Retirement and Vesting

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

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

Early Retirement

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

Disability

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

Termination of Employment

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

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

V - OTHER INFORMATION (CONTINUED)

D. Palmetto Police Pension Plan (Continued)

Death Benefits

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

Contributions

Participants are required to contribute 5% of their annual salary to the Plan. Other contributions are received from the State of Florida and the City. The State of Florida contribution results from the City's share of insurance tax. The City contributes an amount to make the fund actuarially sound. The City's contribution rate was 17.55% for fiscal year 2023.

Deferred Retirement Option Program (DROP)

Effective October 7, 2002, the City approved an Ordinance No. 02-759 creating a deferred retirement option plan (DROP). In lieu of terminating employment, any member may elect to defer receipt of such service retirement pension and to participate in the DROP. A member's participation in the DROP may not exceed sixty months beginning at the time the election becomes effective. A member may participate only once. An account is established for each member participating in the DROP. The member's DROP account consists of the monthly retirement benefit the member would have received had they terminated their employment and the earnings on those amounts. DROP accounts earn interest as elected by the plan member at an effective rate of 6.5% per annum, compounded monthly, or at the actual net rate of investment return realized by the plan. As of September 30, 2023, three employees are participating in the DROP program with a balance of \$435,679.

Net Pension Liability (Asset) of the City

The City's net pension liability was measured as of September 30, 2023. The total pension liability used to calculate the net pension liability was determined as of that date. The components of the net pension liability of the City at September 30, 2023, and reported for fiscal year 2023, were as follows:

Total pension liability	\$ 18,022,300
Plan fiduciary net position	<u>(14,568,671)</u>
City's net pension liability (asset)	<u>\$ 3,453,629</u>
Plan fiduciary net position as a percentage of the total pension liability	80.84 %

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

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

V - OTHER INFORMATION (CONTINUED)

D. Palmetto Police Pension Plan (Continued)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of October 1, 2022, updated to September 30, 2023 using the following actuarial assumptions:

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

Mortality rates were based on as follows:

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

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

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

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

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

Changes in Actuarial Assumptions

For measurement date September 30, 2023, as mandated by Chapter 2015-157, Laws of Florida, This law mandates the use of the assumption used in either of the two more recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Millman's July 1, 2021 FRS valuation report for special-risk lives, with appropriate adjustments made based on plan demographics.

Investment Policy Assumptions

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. For 2023, the inflation rate assumption of the investment advisor was 2.50%.

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

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

V - OTHER INFORMATION (CONTINUED)

D. Palmetto Police Pension Plan (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2023 are summarized in the following table:

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

Concentrations

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

Rate of Return

For the year ended September 30, 2023, the annual money-weighted rate of return on Pension Plan investments, net of Pension Plan investment expense, was 9.20%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

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

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

V - OTHER INFORMATION (CONTINUED)

D. Palmetto Police Pension Plan (Continued)

CHANGES IN NET PENSION LIABILITY (ASSET)

	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Position Liability (Asset) (a) - (b)</u>
Reporting Period Ending September 30, 2022	\$ 17,607,266	\$ 13,853,394	\$ 3,753,872
Changes for a Year:			
Service cost	332,514	--	332,514
Interest	1,174,775	--	1,174,775
Differences between expected and actual experience	(20,832)	--	(20,832)
Changes of assumptions	--	--	--
Changes of benefits terms	--	--	--
Contributions - Employer	--	314,242	(314,242)
Contributions - State	--	171,077	(171,077)
Contributions - Employee	--	93,677	(93,677)
Net investment income	--	1,240,766	(1,240,766)
Benefit payments, including refunds of employee contributions	(1,071,423)	(1,071,423)	--
Administrative expense	--	(33,062)	33,062
Net changes	<u>415,034</u>	<u>715,277</u>	<u>(300,243)</u>
Reporting Period Ending September 30, 2023	<u><u>\$ 18,022,300</u></u>	<u><u>\$ 14,568,671</u></u>	<u><u>\$ 3,453,629</u></u>

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

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

	<u>1.0% Decrease 5.75%</u>	<u>Current Discount Rate 6.75%</u>	<u>1.0% Increase 7.75%</u>
City's net pension liability	\$ 5,478,360	\$ 3,453,629	\$ 1,761,007

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

V - OTHER INFORMATION (CONTINUED)

D. Palmetto Police Pension Plan (Continued)

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

For the year ended September 30, 2023, the City recognizes pension expense of \$1,000,292 and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ --	\$ 61,463
Net difference between projected and actual earnings on pension plan investments	<u>1,353,645</u>	<u>--</u>
	<u><u>\$ 1,353,645</u></u>	<u><u>\$ 61,463</u></u>

The outcome of the deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date is recognized as a reduction of the pension expense in the applicable year. There were no subsequent contributions for the year ended September 30, 2023. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:

2024	\$ 287,772
2025	371,335
2026	697,751
2027	(64,676)
2028	--
Thereafter	<u>--</u>
	<u><u>\$ 1,292,182</u></u>

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

V - OTHER INFORMATION (CONTINUED)

E. Aggregate Information for City Pension Plans

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

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Net Pension</u> <u>Liability</u>	<u>Deferred</u> <u>Inflows</u>	<u>Pension</u> <u>Expense</u>
Palmetto General Employees' Pension Plan	\$ 1,858,225	\$ 2,536,308	\$ 256,310	\$ 805,097
Palmetto Police Pension Plan	1,353,645	3,453,629	61,463	1,000,292
	<u>\$ 3,211,870</u>	<u>\$ 5,989,937</u>	<u>\$ 317,773</u>	<u>\$ 1,805,389</u>

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

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

	<u>Palmetto</u> <u>Police</u> <u>Officers'</u> <u>Pension Plan</u>	<u>Palmetto</u> <u>General</u> <u>Employees'</u> <u>Pension Plan</u>	<u>Total</u> <u>Fiduciary</u> <u>Funds</u>
Assets			
Accounts receivable	\$ 3,573	\$ 29,766	\$ 33,339
Interest and dividends receivable	7,126	29,681	36,807
Prepaid benefits	75,247	79,266	154,513
Investments			
Money market funds	377,902	257,100	635,002
U. S. government securities	1,074,194	2,422,557	3,496,751
Corporate bonds	421,967	1,289,276	1,711,243
Corporate stocks	--	8,275,091	8,275,091
Mutual funds	11,007,052	2,089,998	13,097,050
Alternative investments	1,623,761	1,344,664	2,968,425
Total Investments	<u>14,504,876</u>	<u>15,678,686</u>	<u>30,183,562</u>
Total Assets	<u>14,590,822</u>	<u>15,817,399</u>	<u>30,408,221</u>
Liabilities			
Accounts payable and accrued liabilities	443	--	443
Prepaid city contributions	21,708	17,529	39,237
Total liabilities	<u>22,151</u>	<u>17,529</u>	<u>39,680</u>
Net Position			
Restricted for pension benefits	<u>\$ 14,568,671</u>	<u>\$ 15,799,870</u>	<u>\$ 30,368,541</u>

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

V - OTHER INFORMATION (CONTINUED)

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

	<u>Palmetto Police Officers' Pension Plan</u>	<u>Palmetto General Employees' Pension Plan</u>	<u>Total Fiduciary Funds</u>
Additions			
Contributions			
Employer	\$ 314,242	\$ 296,187	\$ 610,429
Plan members	93,677	170,814	264,491
State (from the General Fund)	171,077	--	171,077
Total contributions	<u>578,996</u>	<u>467,001</u>	<u>1,045,997</u>
Investment earnings			
Interest	51,002	76,569	127,571
Dividends	410,418	255,906	666,324
Net decrease in the fair value of investments	814,985	996,258	1,811,243
Total investment earnings	<u>1,276,405</u>	<u>1,328,733</u>	<u>2,605,138</u>
Investment expense	<u>(35,639)</u>	<u>(97,727)</u>	<u>(133,366)</u>
Net investment earnings	<u>1,240,766</u>	<u>1,231,006</u>	<u>2,471,772</u>
Total additions	<u>1,819,762</u>	<u>1,698,007</u>	<u>3,517,769</u>
Deductions			
Benefits	1,049,713	1,001,947	2,051,660
Refunds of contributions	21,710	55,177	76,887
Administrative expenses	33,063	44,016	77,079
Total deductions	<u>1,104,486</u>	<u>1,101,140</u>	<u>2,205,626</u>
Change in net position	715,276	596,867	1,312,143
Net position, beginning of year	<u>13,853,395</u>	<u>15,203,003</u>	<u>29,056,398</u>
Net position, end of year	<u><u>\$ 14,568,671</u></u>	<u><u>\$ 15,799,870</u></u>	<u><u>\$ 30,368,541</u></u>

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

V - OTHER INFORMATION (CONTINUED)

G. Other Post-Employment Benefits

Plan Administration

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

Employees covered by benefit terms: At September 30, 2022 the date of the actuarial valuation, the following employees were covered by the benefit terms:

	<u>Measurement period</u> <u>As of</u> <u>September 30, 2023</u>
Inactive employees or beneficiaries currently receiving benefit payments	5
Active employees	103
	<u>108</u>

Benefits Provided

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

Total OPEB Liability

The City's total OPEB liability, as of September 30, 2023, was measured using a discount rate of 4.87%. The measurement for the OPEB expense was October 1, 2022 to September 30, 2023. The City's total OPEB liability was measured as of September 30, 2023.

Actuarial assumptions. The total OPEB liability in the September 30, 2023 actuarial valuation was determined using the following actuarial assumptions:

Inflation rate	2.50%
Salary increase rate	Varies by Service
Discount rate	4.87%
Initial healthcare cost trend rate	7.50%
Ultimate trend rate	4.00%
Years to ultimate	53

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

Mortality Rate Heathly Active Lives:

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

V - OTHER INFORMATION (CONTINUED)

G. Other Post-Employment Benefits (Continued)

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

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

Mortality Rate Healthy Inactive Lives:

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

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

Mortality Rate Disabled Lives:

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

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

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

V - OTHER INFORMATION (CONTINUED)

G. Other Post-Employment Benefits (Continued)

Discount Rate:

Given the City's decision not to fund the program, all future benefit payments were discounted using a high-quality municipal bond rate of 4.87%. The high-quality municipal bond rate was based on the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices nearest the measurement date. The S&P Municipal 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor's Ratings Services, Aa2 by Moody's or AA by Fitch. If there are multiple ratings, the lowest rating is used.

Changes in the Total OPEB Liability

	<u>Increase (Decrease)</u>
Beginning balance	\$ 546,578
Changes for the year:	
Service cost	20,012
Interest	26,149
Changes of assumptions	(4,795)
Benefit payments	<u>(37,243)</u>
Net changes	<u>4,123</u>
Ending balance	<u><u>\$ 550,701</u></u>

Changes in assumptions reflect a change in the discount rate from 4.77% for the reporting period ending September 30, 2022, to 4.87% for the reporting period ending September 30, 2023.

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

V - OTHER INFORMATION (CONTINUED)

G. Other Post-Employment Benefits (Continued)

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower (3.87%) or one percentage-point higher (5.87%) than the current discount rate:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	<u>3.87%</u>	<u>4.87%</u>	<u>5.87%</u>
Total OPEB liability	\$ 601,642	\$ 550,701	\$ 506,027

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

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

	<u>1% Decrease</u>	<u>Healthcare</u>	<u>1% Increase</u>
	<u>3.00%- 6.50%</u>	<u>Cost Trend</u>	<u>5.00%- 8.50%</u>
	<u>Rates</u>		
Total OPEB liability	\$ 490,922	\$ 550,701	\$ 620,833

For the year ended September 30, 2023, the City recognized OPEB expense of \$76,897. At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
	<u>of Resources</u>	<u>of Resources</u>
Differences between expected and actual experience	\$ 31,544	\$ 34,246
Changes of assumptions	110,677	13,668
Total	<u>\$ 142,221</u>	<u>\$ 47,914</u>

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

Year ended: September 30,

2024	\$ 28,573
2025	30,430
2026	28,263
2027	2,903
2028	4,825
Thereafter	(687)
Total	<u>\$ 94,307</u>

CITY OF PALMETTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

V - OTHER INFORMATION (CONTINUED)

H. Contingent Liabilities

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

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

I. Deferred Compensation Plan

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

J. Subsequent Events

Subsequent to September 30, 2023, the City does not have any subsequent events materially affected the financial statements.



REQUIRED SUPPLEMENTARY INFORMATION

PAGE

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

Budget (GAAP Basis) and Actual

Schedule of Revenues, Expenditures, and Changes in Fund Balance - General Fund	106
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Community Redevelopment Agency	107
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Road and Bridge Fund	108

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

Pension Trust Funds

Palmetto General Employees' Pension Plan

Schedule of Changes in the City's Net Pension Liability and Related Ratios	109
Schedule of Contributions	112
Schedule of Investment Returns	116

Palmetto Police Officers' Pension Plan

Schedule of Changes in the City's Net Pension Liability and Related Ratios	118
Schedule of Contributions	121
Schedule of Investment Returns	125

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

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

This page intentionally left blank



CITY OF PALMETTO, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET
(GAAP BASIS) AND ACTUAL
GENERAL FUND
For the Year Ended September 30, 2023

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes				
Property	\$ 6,822,105	\$ 6,834,213	\$ 6,834,210	\$ (3)
Sales	1,172,107	2,877,365	2,879,983	2,618
Utility	1,234,631	1,549,270	1,549,267	(3)
Motor fuel	11,500	7,090	7,089	(1)
Other	916,899	1,086,673	1,090,507	3,834
Permits, fees, and special assessments	1,596,278	2,431,469	2,431,468	(1)
Intergovernmental revenues	6,000	86,804	393,526	306,722
Fines and forfeitures	32,500	59,086	61,295	2,209
Charges for services	730,464	745,527	721,260	(24,267)
Interest earnings	19,000	338,187	500,526	162,339
Miscellaneous	235,943	345,215	323,532	(21,683)
Impact fees	--	78,296	78,295	(1)
Total revenues	12,777,427	16,439,195	16,870,958	431,763
EXPENDITURES				
Current				
General government				
Commission	327,728	327,728	313,109	14,619
City Clerk	2,910,868	2,929,580	2,897,581	31,999
City Attorney	322,213	347,213	324,802	22,411
Finance	774,467	779,257	723,072	56,185
Human resources	266,182	266,182	238,861	27,321
Total general government	4,601,458	4,649,960	4,497,425	152,535
Public Safety				
Police	5,261,759	5,425,157	5,113,823	311,334
Code enforcement	173,592	180,520	167,709	12,811
Planning and zoning	204,020	207,389	131,329	76,060
Building department	529,406	532,659	414,698	117,961
Total public safety	6,168,777	6,345,725	5,827,559	518,166
Recreation				
Parks and recreation	785,711	794,802	549,564	245,238
Events and facilities	199,751	203,031	154,250	48,781
Total recreation	985,462	997,833	703,814	294,019
Economic and physical environment				
Information technology	697,032	738,206	708,733	29,473
Public works administration	627,234	632,346	558,664	73,682
Fleet management	254,273	254,273	223,349	30,924
Total economic and physical environment	1,578,539	1,624,825	1,490,746	134,079
Capital outlay	649,833	8,315,410	6,558,622	1,756,788
Debt service principal and interest	462,934	1,012,293	1,021,510	(9,217)
Total expenditures	14,447,003	22,946,046	20,099,676	2,846,370
Excess (deficiency) of revenues over (under) expenditures	(1,669,576)	(6,506,851)	(3,228,718)	3,278,133
OTHER FINANCING SOURCES (USES)				
Transfers in	1,157,076	1,157,076	1,157,076	--
Transfers out	--	(239,333)	(239,333)	--
Financed purchases	440,000	480,642	480,642	--
Total other financing sources (uses)	1,597,076	1,398,385	1,398,385	--
Net change in fund sources (uses)	(72,500)	(5,108,466)	(1,830,333)	3,278,133
Fund balances - beginning	20,302,709	20,302,709	20,302,709	--
Fund balances - ending	\$ 20,230,209	\$ 15,194,243	\$ 18,472,376	\$ 3,278,133

CITY OF PALMETTO, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET
(GAAP BASIS) AND ACTUAL
COMMUNITY REDEVELOPMENT AGENCY (CRA) FUND
For the Year Ended September 30, 2023

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes				
Property	\$ 5,020,934	\$ 4,981,783	\$ 4,981,783	\$ --
Intergovernmental revenues	--	208,442	58,441	(150,001)
Interest earnings	11,000	150,532	197,026	46,494
Miscellaneous	8,000	16,945	16,959	14
Total revenues	5,039,934	5,357,702	5,254,209	(103,493)
EXPENDITURES				
Economic and physical environment	2,523,621	2,998,206	4,052,755	(1,054,549)
Capital outlay				
Streets	100,000	931,953	566,562	365,391
Other	4,175,535	7,274,734	2,644,102	4,630,632
Debt service principal and interest	460,756	458,488	457,943	545
Total expenditures	7,259,912	11,663,381	7,721,362	3,942,019
Excess (deficiency) of revenues over (under) expenditures	(2,219,978)	(6,305,679)	(2,467,153)	3,838,526
OTHER FINANCING SOURCES (USES)				
Transfers out	(113,688)	(113,688)	(113,688)	--
Financed purchases	80,000	63,358	63,358	--
Intergovernmental note proceeds	--	--	2,001,360	2,001,360
Total other financing sources (uses)	(33,688)	(50,330)	1,951,030	2,001,360
Net change in fund sources (uses)	(2,253,666)	(6,356,009)	(516,123)	5,839,886
Fund balances - beginning	6,418,061	6,418,061	6,418,061	--
Fund balances - ending	\$ 4,164,395	\$ 62,052	\$ 5,901,938	\$ 5,839,886

CITY OF PALMETTO, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET
(GAAP BASIS) AND ACTUAL
ROAD AND BRIDGE FUND
For the Year Ended September 30, 2023

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes				
Motor fuel	\$ 1,626,408	\$ 1,776,845	\$ 1,772,531	\$ (4,314)
Intergovernmental revenues	--	1,219	1,219	--
Charges for services	161,202	161,202	85,092	(76,110)
Interest earnings	5,000	36,643	50,305	13,662
Miscellaneous	--	24,240	27,308	3,068
Impact fees	--	42,397	42,395	(2)
Total revenues	1,792,610	2,042,546	1,978,850	(63,696)
EXPENDITURES				
Highways and streets	1,356,366	1,377,076	786,535	590,541
Capital outlay				
Streets	--	17,406	6,925	10,481
Debt service principal and interest	250,070	246,311	245,506	805
Total expenditures	1,606,436	1,640,793	1,038,966	601,827
Excess (deficiency) of revenues over (under) expenditures	186,174	401,753	939,884	538,131
OTHER FINANCING SOURCES (USES)				
Transfers out	(191,174)	(1,145,786)	(1,145,786)	--
Total other financing sources (uses)	(191,174)	(1,145,786)	(1,145,786)	--
Net change in fund sources (uses)	(5,000)	(744,033)	(205,902)	538,131
Fund balances - beginning	2,355,492	2,355,492	2,355,492	--
Fund balances - ending	\$ 2,350,492	\$ 1,611,459	\$ 2,149,590	\$ 538,131

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

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

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

	2020	2021	2022	2023
Total pension liability				
Service cost	\$ 391,459	\$ 364,575	\$ 312,483	\$ 318,424
Interest	1,136,455	1,129,819	1,154,979	1,211,094
Changes of benefit terms	--	--	624,091	--
Differences between expected and actual experience	(276,753)	(255,942)	418,459	(288,485)
Changes of assumptions	(265,003)	184,458	--	--
Benefit payments, including refunds of employee contributions	(1,123,245)	(984,909)	(1,063,897)	(1,057,125)
Net change in total pension liability	(137,087)	438,001	1,446,115	183,908
Total pension liability - beginning	16,405,241	16,268,154	16,706,155	18,152,270
Total pension liability - ending (a)	<u>\$ 16,268,154</u>	<u>\$ 16,706,155</u>	<u>\$ 18,152,270</u>	<u>\$ 18,336,178</u>
Plan fiduciary net position				
Contributions - employer	\$ 626,893	\$ 496,359	\$ 496,359	\$ 296,187
Contributions - employee	169,707	164,884	161,806	170,814
Net investment income	1,074,774	2,999,120	(3,020,122)	1,231,007
Benefit payments, including refunds of employee contributions	(1,123,245)	(984,909)	(1,063,897)	(1,057,125)
Administrative expense	(29,818)	(42,035)	(40,113)	(44,016)
Net change in plan fiduciary net position	718,311	2,633,419	(3,465,967)	596,867
Plan fiduciary net position - beginning	15,327,211	16,045,522	18,678,941	15,203,003
Plan fiduciary net position - ending (b)	<u>\$ 16,045,522</u>	<u>\$ 18,678,941</u>	<u>\$ 15,212,974</u>	<u>\$ 15,799,870</u>
City's net pension liability (asset)- ending (a - b)	<u>\$ 222,632</u>	<u>\$ (1,972,786)</u>	<u>\$ 2,939,296</u>	<u>\$ 2,536,308</u>
Plan fiduciary net position as a percentage of the total pension liability (asset)	98.63 %	111.81 %	83.81 %	86.17 %
Covered payroll (2)	\$ 3,394,133	\$ 3,297,706	\$ 3,236,111	\$ 3,416,276
City's net pension liability as a percentage of covered payroll	6.56 %	(59.82)%	91.14 %	74.24 %

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

Notes to the Schedule:

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

Changes of benefit terms:

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

Changes of assumptions:

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

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

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

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

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

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

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

Notes to the Schedule:

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

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

Normal retirement age (3):

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

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

	2020	2021	2022	2023
Actuarially determined contribution	\$ 626,896	\$ 492,018	\$ 486,388	\$ 296,191
Contributions in relation to the actuarially determined contributions	626,893	496,359	486,388	296,187
Contribution deficiency (excess)	\$ 3	\$ (4,341)	\$ --	\$ 4
Covered payroll (2)	\$ 3,394,133	\$ 3,297,706	\$ 3,236,111	\$ 3,416,276
Contributions as a percentage of covered payroll	18.47 %	15.05 %	15.03 %	8.67 %

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

Early retirement age:

A 10% probability of early retirement is assumed for each year of early retirement eligibility between the ages of 55 and 59. This assumption was approved by the Board as the result of an Experience Study dated August 25, 2021.

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

Salary increases:

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

Disability Rates:

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

Termination rates:

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

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

Terminal leave pay:

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

Notes to the Schedule:

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

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

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

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

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

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

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

	September 30, 2020	September 30, 2021	September 30, 2022	September 30, 2023
Annual money-weighted rate of return net of investment expense	7.09 %	18.49 %	(16.06)%	8.29 %

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

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

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

	2020	2021	2022	2023
Total pension liability				
Service cost	\$ 396,835	\$ 307,206	\$ 328,906	\$ 332,513
Interest	1,062,027	1,105,469	1,151,960	1,174,775
Changes of benefit terms	--	--	588,624	--
Differences between expected and actual experience	439,144	(199,535)	(142,726)	(20,832)
Changes of assumptions	(316,881)	348,580	--	--
Benefit payments, including refunds of employee contributions	(881,144)	(860,659)	(936,091)	(1,071,423)
Net change in total pension liability	699,981	701,061	990,673	415,033
Total pension liability - beginning	15,215,552	15,915,533	16,616,594	17,607,267
Total pension liability - ending (a)	<u>\$ 15,915,533</u>	<u>\$ 16,616,594</u>	<u>\$ 17,607,267</u>	<u>\$ 18,022,300</u>
Plan fiduciary net position				
Contributions - employer	\$ 406,200	\$ 351,060	\$ 348,905	\$ 314,242
Contributions - state	133,879	144,799	139,825	171,077
Contributions - employee	90,800	82,768	91,827	93,677
Net investment income	1,134,529	2,610,556	(2,682,721)	1,240,766
Benefit payments, including refunds of employee contributions	(881,144)	(860,659)	(936,091)	(1,071,423)
Administrative expense	(30,590)	(31,703)	(36,276)	(32,063)
Net change in plan fiduciary net position	853,674	2,296,821	(3,074,531)	716,276
Plan fiduciary net position - beginning	13,777,431	14,631,105	16,927,926	13,853,395
Plan fiduciary net position - ending (b)	<u>\$ 14,631,105</u>	<u>16,927,926</u>	<u>13,853,395</u>	<u>14,569,671</u>
City's net pension liability (asset) - ending (a - b)	<u>\$ 1,284,428</u>	<u>\$ (311,332)</u>	<u>\$ 3,753,872</u>	<u>\$ 3,452,629</u>
Plan fiduciary net position as a percentage of the total pension liability (asset)	91.93 %	101.87 %	78.68 %	80.84 %
Covered payroll (2)	\$ 1,816,002	\$ 1,655,365	\$ 1,836,536	\$ 1,873,530
City's net pension liability as a percentage of covered payroll	70.73 %	(18.81)%	204.40 %	184.28 %

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

Notes to the Schedule:

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

Changes in benefit terms:

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

Changes of assumptions:

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

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

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

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

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

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

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

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

Notes to the Schedule:

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

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

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

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

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

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Actuarially determined contribution	\$ 540,079	\$ 461,185	\$ 488,702	\$ 476,064
Contributions in relation to the actuarially determined contributions	<u>540,079</u>	<u>482,227</u>	<u>488,730</u>	<u>485,319</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ (21,042)</u>	<u>\$ (28)</u>	<u>\$ (9,255)</u>
Covered payroll (2)	\$ 1,816,002	\$ 1,655,365	\$ 1,836,536	\$ 1,873,530
Contributions as a percentage of covered payroll	29.74 %	29.13 %	26.61 %	25.90 %

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

Salary increases:

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

Disability rates:

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

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

Termination rates:

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

Terminal leave pay:

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

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

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

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

Changes in benefit terms:

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

Changes of assumptions:

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

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

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

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

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

	September 30, 2019	September 30, 2020	September 30, 2021	September 30, 2022	September 30, 2023
Annual money-weighted rate of return net of investment expense	3.17 %	8.37 %	18.15 %	(16.10)%	9.20 %

CITY OF PALMETTO, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS
Last Ten Fiscal Years (1)

	2018	2019	2020
Total OPEB liability			
Service cost	\$ 15,911	\$ 15,026	\$ 18,238
Interest	10,898	12,290	14,017
Differences between expected and actual experience	--	--	73,604
Changes of assumptions	(12,960)	15,158	103,917
Benefit payment	<u>(17,581)</u>	<u>(19,075)</u>	<u>(24,510)</u>
Net change in total OPEB liability	(3,732)	23,399	185,266
Total OPEB liability - beginning	<u>292,186</u>	<u>288,454</u>	<u>311,853</u>
Total OPEB liability - ending	<u><u>288,454</u></u>	<u><u>311,853</u></u>	<u><u>497,119</u></u>
 Covered payroll	 5,312,728	 5,859,514	 5,856,860
 Total OPEB liability as a percentage of covered payroll	 5.43 %	 5.00 %	 8.49 %

Notes to the Schedule:

Changes in benefit terms: There are no changes in benefit terms during the year ended September 30, 2023.

Covered-employee payroll was projected one year forward from the valuation date for the reporting period ending September 30, 2023.

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

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

- Fiscal Year Ending September 30, 2023: 4.87%
- Fiscal Year Ending September 30, 2022: 4.77%
- Fiscal Year Ending September 30, 2021: 2.43%

Also reflected as assumption changes are:

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

Benefit Payment: The plan sponsor did not provide actual net benefits paid by the Plan for the fiscal year ending on September 30, 2023. Expected net benefit payments produced by the valuation model for the same period are shown in the table above.

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

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

CITY OF PALMETTO, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS
Last Ten Fiscal Years (1)

	<u>2021</u>	<u>2022</u>	<u>2023</u>
Total OPEB liability			
Service cost	\$ 27,909	\$ 24,143	\$ 20,012
Interest	10,967	11,209	26,149
Differences between expected and actual experience	--	(47,944)	--
Changes of assumptions	(13,481)	86,532	(4,795)
Benefit payment	<u>(25,203)</u>	<u>(24,673)</u>	<u>(37,243)</u>
Net change in total OPEB liability	192	49,267	4,123
Total OPEB liability - beginning	<u>497,119</u>	<u>497,311</u>	<u>546,578</u>
Total OPEB liability - ending	<u><u>497,311</u></u>	<u><u>546,578</u></u>	<u><u>550,701</u></u>
Covered-employee payroll	6,153,803	5,570,069	5,853,029
Total OPEB liability as a percentage of covered payroll	8.08 %	9.81 %	9.41 %

This page intentionally left blank





COMBINING FUND STATEMENTS AND SCHEDULES

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

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

PAGE

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual - Capital Projects Fund	130
Combining Statement of Fiduciary Net Position - Fiduciary Funds	131
Combining Statement of Changes in Fiduciary Net Position - Fiduciary Funds	132

CITY OF PALMETTO, FLORIDA
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET
(GAAP BASIS) AND ACTUAL
CAPITAL PROJECTS FUND
For the Year Ended September 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ --	\$ 3,200,000	\$ --	\$ (3,200,000)
Non-revenue sources	--	1,918,803	--	(1,918,803)
Total revenues	--	5,118,803	--	(5,118,803)
EXPENDITURES				
Capital outlay				
Streets	--	5,827,440	3,425,672	2,401,768
Other	--	485,308	99,834	385,474
Total expenditures	--	6,312,748	3,525,506	2,787,242
Excess (deficiency) of revenues over (under) expenditures	--	(1,193,945)	(3,525,506)	(2,331,561)
OTHER FINANCING SOURCES (USES)				
Transfers in	--	1,193,945	1,193,945	--
Total other financing sources (uses)	--	1,193,945	1,193,945	--
Net change in fund sources (uses)	--	--	(2,331,561)	(2,331,561)
Fund balances - beginning	876,865	876,865	876,865	--
Fund balances - ending (deficit)	<u>\$ 876,865</u>	<u>\$ 876,865</u>	<u>\$ (1,454,696)</u>	<u>\$ (2,331,561)</u>

Notes to the Schedule:

For the Fiscal Year ending September 30, 2023 the Capital Projects fund is classified as a major fund. Historically, this fund has been considered a non-major fund and it is anticipated that it will be classified as such in future years.

CITY OF PALMETTO, FLORIDA
OTHER SUPPLEMENTARY INFORMATION
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
September 30, 2023

	Palmetto Police Officers' Pension Plan	Palmetto General Employees' Pension Plan	Total Fiduciary Funds
ASSETS			
Accounts receivable	\$ 3,573	\$ 29,766	\$ 33,339
Interest and dividends receivable	7,126	29,681	36,807
Prepaid benefits	75,247	79,266	154,513
Investments			
Money market funds	377,902	257,100	635,002
U. S. government securities	1,074,194	2,422,557	3,496,751
Corporate bonds	421,967	1,289,276	1,711,243
Corporate stocks	--	8,275,091	8,275,091
Mutual funds	11,007,052	2,089,998	13,097,050
Alternative investments	1,623,761	1,344,664	2,968,425
Total investments	<u>14,504,876</u>	<u>15,678,686</u>	<u>30,183,562</u>
Total assets	<u>14,590,822</u>	<u>15,817,399</u>	<u>30,408,221</u>
LIABILITIES			
Accounts payable	443	--	443
Prepaid city contributions	21,708	17,529	39,237
Total liabilities	<u>22,151</u>	<u>17,529</u>	<u>39,680</u>
NET POSITION			
Restricted for pension benefits	<u>\$ 14,568,671</u>	<u>\$ 15,799,870</u>	<u>\$ 30,368,541</u>

CITY OF PALMETTO, FLORIDA
OTHER SUPPLEMENTARY INFORMATION
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended September 30, 2023

	Palmetto Police Officers' Pension Plan	Palmetto General Employees' Pension Plan	Total Fiduciary Funds
ADDITIONS			
Contributions:			
Employer	\$ 314,242	\$ 296,187	\$ 610,429
Plan members	93,677	170,814	264,491
State (from the General Fund)	171,077	--	171,077
Total contributions:	<u>578,996</u>	<u>467,001</u>	<u>1,045,997</u>
Investment earnings (loss)			
Interest	51,002	76,569	127,571
Dividends	410,418	255,906	666,324
Net decrease in the fair value of investments	814,985	996,258	1,811,243
Total investment earnings (loss)	<u>1,276,405</u>	<u>1,328,733</u>	<u>2,605,138</u>
Less investment expense	<u>(35,639)</u>	<u>(97,727)</u>	<u>(133,366)</u>
Net investment earnings (loss)	<u>1,240,766</u>	<u>1,231,006</u>	<u>2,471,772</u>
Total additions	<u>1,819,762</u>	<u>1,698,007</u>	<u>3,517,769</u>
DEDUCTIONS			
Benefits	1,049,713	1,001,947	2,051,660
Refunds of contributions	21,710	55,177	76,887
Administrative expenses	33,063	44,016	77,079
Total deductions	<u>1,104,486</u>	<u>1,101,140</u>	<u>2,205,626</u>
Change in net position	715,276	596,867	1,312,143
Net position, beginning of year	<u>13,853,395</u>	<u>15,203,003</u>	<u>29,056,398</u>
Net position, end of year	<u>\$ 14,568,671</u>	<u>\$ 15,799,870</u>	<u>\$ 30,368,541</u>



STATISTICAL SECTION

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

	PAGE
Financial Trends	
Net Position by Component	134
Changes in Net Position	136
Fund Balances, Governmental Funds	140
Changes in Fund Balances of Governmental Funds	142
Revenue Capacity	
Governmental Activities Tax Revenues by Source	144
Assessed and Estimated Actual Value of Taxable Property	145
Property Tax Rates, Direct and Overlapping Governments	147
Principal Property Tax Payers	148
Property Tax Levies and Collections	149
Debt Capacity	
Ratios of Outstanding Debt by Type	150
Ratio of General Bonded Debt Outstanding	151
Computation of Direct and Overlapping Debt	152
Demographic and Economic Information	
Demographic Statistics	153
Principal Employers in Manatee County	154
Operating Information	
Full-time Equivalent City Government Employees by Function	155
Operating Indicators by Function	156
Capital Asset Statistics by Function	158

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

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

	Fiscal Year			
	2014	2015 (1)	2016	2017
Governmental Activities				
Net investment in capital assets	\$ 32,241,516	\$ 33,319,038	\$ 33,506,241	\$ 34,364,152
Restricted	3,193,316	3,567,422	4,378,810	5,751,126
Unrestricted	6,679,783	3,030,809	3,140,557	4,160,584
Governmental Activities net position	<u>\$ 42,114,615</u>	<u>\$ 39,917,269</u>	<u>\$ 41,025,608</u>	<u>\$ 44,275,862</u>
Business-type Activities				
Net investment in capital assets	21,989,061	21,533,620	22,947,006	24,414,011
Restricted	245,743	906,723	1,012,806	1,120,585
Unrestricted	2,929,840	3,731,428	3,937,734	4,927,292
Total business-type activities net position	<u>\$ 25,164,644</u>	<u>\$ 26,171,771</u>	<u>\$ 27,897,546</u>	<u>\$ 30,461,888</u>
Primary Government				
Net investment in capital assets	\$ 54,230,577	\$ 54,852,658	\$ 56,453,247	\$ 58,778,163
Restricted	3,439,059	4,474,145	5,391,616	6,871,711
Unrestricted	9,609,623	6,762,237	7,078,291	9,087,876
Total primary government net position	<u>\$ 67,279,259</u>	<u>\$ 66,089,040</u>	<u>\$ 68,923,154</u>	<u>\$ 74,737,750</u>

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

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 35,933,864	\$ 38,025,148	\$ 42,038,825	\$ 42,336,583	\$ 46,051,743	\$ 55,584,069
8,872,485	9,505,182	9,963,795	13,856,493	17,913,648	14,765,521
3,620,287	5,111,856	6,461,109	9,391,757	7,077,299	8,165,282
<u>\$ 48,426,636</u>	<u>\$ 52,642,186</u>	<u>\$ 58,463,729</u>	<u>\$ 65,584,833</u>	<u>\$ 71,042,690</u>	<u>\$ 78,514,872</u>
24,524,166	26,379,526	29,161,052	30,001,681	31,154,040	33,294,040
1,121,064	653,354	1,269,654	1,233,042	1,494,400	1,049,323
7,184,686	9,128,614	9,191,740	10,954,989	12,507,274	14,032,018
<u>\$ 32,829,916</u>	<u>\$ 36,161,494</u>	<u>\$ 39,622,446</u>	<u>\$ 42,189,712</u>	<u>\$ 45,155,714</u>	<u>\$ 48,375,381</u>
\$ 60,458,030	\$ 64,404,674	\$ 71,199,877	\$ 72,338,264	\$ 77,205,783	\$ 88,878,109
9,993,549	10,158,536	11,233,449	15,089,535	19,408,048	15,814,844
10,804,973	14,240,470	15,652,849	20,346,746	19,584,573	22,197,300
<u>\$ 81,256,552</u>	<u>\$ 88,803,680</u>	<u>\$ 98,086,175</u>	<u>\$ 107,774,545</u>	<u>\$ 116,198,404</u>	<u>\$ 126,890,253</u>

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

	Fiscal Year			
	2014	2015	2016	2017
		(1)		
Expenses				
Governmental activities:				
General government	\$ 3,434,529	\$ 2,761,333	\$ 3,063,567	\$ 3,202,580
Public Safety (net of indirect allocations)	4,489,409	4,447,435	4,773,190	4,712,040
Highways and streets	1,332,919	1,030,938	1,163,107	1,004,315
Recreation	636,947	648,017	632,666	650,416
Intergovernmental (net of indirect allocation)	2,634,057	2,713,354	2,699,069	2,993,731
Interest on long-term debt	129,675	120,874	116,363	112,689
Total governmental activities expenses	12,657,536	11,721,951	12,447,962	12,675,771
Business-type activities:				
Solid waste	2,200,590	2,180,098	2,001,620	2,001,143
Water and sewer	4,744,118	4,919,816	5,255,761	5,136,548
Stormwater	612,953	574,894	593,910	559,892
Reuse	113,245	130,437	158,216	143,347
Total business-type activities expenses	7,670,906	7,805,245	8,009,507	7,840,930
Total primary government expenses	20,328,442	19,527,196	20,457,469	20,516,701
Program revenues				
Governmental activities:				
Charges for services				
General government	163,793	480,864	521,631	429,653
Public safety	375,222	146,175	188,432	197,235
Highways and streets	139,397	113,236	88,597	248,239
Recreation	600	35,139	33,706	40,285
Operating grants and contributions	--	29,693	5,470	1,952
Capital grants and contributions	334,025	554,283	220,296	224,402
Total governmental activities program revenues	1,013,037	1,359,390	1,058,132	1,141,766
Business-type activities:				
Charges for services				
Solid waste	2,177,967	2,272,215	2,170,087	2,151,687
Water and sewer	5,615,854	6,638,840	6,935,577	7,213,578
Stormwater	785,144	781,649	786,912	778,978
Reuse	282,522	389,078	397,958	409,888
Capital grants and contributions	960,091	67,137	41,303	394,126
Total business-type activities program revenues	9,821,578	10,148,919	10,331,837	10,948,257
Total primary government program revenues	10,834,615	11,508,309	11,389,969	12,090,023
Net (Expense)/Revenue				
Government activities	(11,644,499)	(10,362,561)	(11,389,830)	(11,534,005)
Business-type activities	2,150,672	2,343,674	2,322,330	3,107,327
Total primary government net expense	(9,493,827)	(8,018,887)	(9,067,500)	(8,426,678)

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 3,389,085	\$ 4,029,064	\$ 4,029,897	\$ 4,248,135	\$ 4,850,158	\$ 5,193,999
4,922,734	4,450,463	4,248,695	3,798,610	5,959,349	6,408,471
1,455,875	1,529,769	1,355,491	967,761	2,133,957	1,341,366
691,519	679,524	684,068	631,505	882,654	900,776
3,087,537	3,134,261	3,185,980	3,168,983	4,301,339	6,038,967
123,283	205,543	72,095	69,635	116,201	147,933
13,670,033	14,028,624	13,576,226	12,884,629	18,243,658	20,031,512
2,324,223	2,067,018	2,180,346	2,215,866	2,354,169	3,041,996
5,272,179	5,500,925	5,543,719	5,799,859	5,919,901	7,235,617
497,092	686,512	517,802	473,322	681,327	582,347
165,525	169,525	281,797	309,877	247,170	249,434
8,259,019	8,423,980	8,523,664	8,798,924	9,202,567	11,109,394
21,929,052	22,452,604	22,099,890	21,683,553	27,446,225	31,140,906
881,869	843,384	1,174,634	1,111,828	1,816,716	1,341,365
244,484	314,232	345,746	204,808	204,157	186,933
203,537	186,468	397,761	134,868	144,834	159,279
143,064	116,625	89,499	26,666	--	--
6,000	110,862	62,720	28,158	406,621	104,987
506,276	82,790	101,093	353,228	1,308,432	3,305,683
1,985,230	1,654,361	2,171,453	1,859,556	3,880,760	5,098,247
2,166,408	2,220,651	2,313,825	2,424,494	2,492,021	2,729,314
7,595,756	7,625,127	7,902,819	8,086,956	8,420,776	9,014,454
798,498	810,387	880,405	921,755	971,049	1,026,402
436,377	444,348	495,506	544,465	573,033	622,441
134,437	834,777	1,011,727	142,664	300,371	1,282,275
11,131,476	11,935,290	12,604,282	12,120,334	12,757,250	14,674,886
13,116,706	13,589,651	14,775,735	13,979,890	16,638,010	19,773,133
(11,684,803)	(12,374,263)	(11,404,773)	(11,025,073)	(14,362,898)	(14,933,265)
2,872,457	3,511,310	4,080,618	3,321,410	3,554,683	3,565,492
(8,812,346)	(8,862,953)	(7,324,155)	(7,703,663)	(10,808,215)	(11,367,773)

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

	Fiscal Year			
	2014	2015	2016	2017
		(1)		
Net (Expense)/Revenue				
Government activities	\$ (11,644,499)	\$ (10,362,561)	\$ (11,389,830)	\$ (11,534,005)
Business-type activities	2,150,672	2,343,674	2,322,330	3,107,327
Total primary government net expense	(9,493,827)	(8,018,887)	(9,067,500)	(8,426,678)
General Revenues and Other Changes in Net Position				
Government activities:				
Taxes				
Property taxes	6,252,171	6,557,041	7,261,107	7,744,097
Sales taxes	912,455	950,806	987,991	1,648,177
Utility taxes	1,088,481	1,096,095	1,107,225	1,143,031
Motor fuel taxes	1,298,344	1,428,522	1,528,050	1,591,988
Other taxes	853,806	781,298	813,066	844,339
Franchise fees	856,531	904,809	848,579	882,834
Interest and investment earnings	107,545	111,708	123,720	138,093
Other general revenues	--	244,338	192,608	179,765
Transfers	(759,572)	406,595	458,963	611,935
Total government activities	10,609,761	12,481,212	13,321,309	14,784,259
Business-type activities:				
Investment earnings	11,326	23,362	36,754	68,950
Transfers	759,572	(406,595)	(458,963)	(611,935)
Total business-type activities	770,898	(383,233)	(422,209)	(542,985)
Total primary government	11,380,659	12,097,979	12,899,100	14,241,274
Change in Net Position				
Government activities	(1,034,738)	2,118,651	1,931,479	3,250,254
Business-type activities	2,921,570	1,960,441	1,900,121	2,564,342
Total primary government	\$ 1,886,832	\$ 4,079,092	\$ 3,831,600	\$ 5,814,596

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

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ (11,684,803)	\$ (12,374,263)	\$ (11,404,773)	\$ (11,025,073)	\$ (14,362,898)	\$ (14,933,265)
2,872,457	3,511,310	4,080,618	3,321,410	3,554,683	3,565,492
(8,812,346)	(8,862,953)	(7,324,155)	(7,703,663)	(10,808,215)	(11,367,773)
8,277,283	8,716,041	9,379,278	9,977,632	10,520,061	11,815,993
2,030,235	2,022,593	2,024,823	2,405,574	2,803,367	2,879,983
1,187,993	1,249,304	1,227,589	1,242,277	1,325,561	1,549,267
1,590,376	1,603,218	1,529,630	1,597,359	1,696,928	1,779,620
858,059	873,901	870,176	899,926	1,026,087	1,090,507
906,516	927,890	882,651	921,440	1,060,551	1,209,624
199,260	505,239	425,435	63,568	(124,465)	750,162
167,382	297,954	112,643	237,028	859,972	478,077
643,814	393,673	774,091	801,373	652,631	852,214
15,860,918	16,589,813	17,226,316	18,146,177	19,820,693	22,405,447
144,230	213,941	154,425	47,229	63,950	506,389
(643,814)	(393,673)	(774,091)	(801,373)	(652,631)	(852,214)
(499,584)	(179,732)	(619,666)	(754,144)	(588,681)	(345,825)
15,361,334	16,410,081	16,606,650	17,392,033	19,232,012	22,059,622
4,176,115	4,215,550	5,821,543	7,121,104	5,457,795	7,472,182
2,372,873	3,331,578	3,460,952	2,567,266	2,966,002	3,219,667
\$ 6,548,988	\$ 7,547,128	\$ 9,282,495	\$ 9,688,370	\$ 8,423,797	\$ 10,691,849

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

	Fiscal Year			
	2014	2015	2016	2017
General fund				
Nonspendable - Inventory	\$ 319,834	\$ 318,269	\$ 275,926	\$ 278,290
Restricted	477,674	615,227	844,837	1,563,003
Committed	1,983,593	2,003,079	2,039,206	2,075,406
Assigned	343,795	199,142	393,991	350,837
Unassigned	4,077,272	4,586,884	4,652,720	5,101,766
Total general fund	<u>\$ 7,202,168</u>	<u>\$ 7,722,601</u>	<u>\$ 8,206,680</u>	<u>\$ 9,369,302</u>
All other governmental funds				
Unreserved, reported in:				
Restricted	3,320,385	3,556,542	3,670,011	4,301,268
Committed	281,583	262,856	846,341	975,801
Unassigned	--	--	--	--
Total all other governmental funds	<u>\$ 3,601,968</u>	<u>\$ 3,819,398</u>	<u>\$ 4,516,352</u>	<u>\$ 5,277,069</u>

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 263,417	\$ 292,142	\$ 281,992	\$ 294,675	\$ 284,036	\$ 329,516
3,052,271	3,885,242	4,989,482	6,730,065	9,140,095	6,713,981
2,020,887	2,057,086	2,079,406	2,171,852	2,341,101	2,242,198
316,356	393,205	294,066	589,999	2,617,894	598,650
4,246,647	5,167,811	6,110,072	7,050,884	5,919,583	8,588,031
<u>\$ 9,899,578</u>	<u>\$ 11,795,486</u>	<u>\$ 13,755,018</u>	<u>\$ 16,837,475</u>	<u>\$ 20,302,709</u>	<u>\$ 18,472,376</u>
5,820,214	5,663,246	5,019,719	7,528,922	8,773,553	8,051,528
707,814	641,096	662,457	1,094,842	876,865	87,508
--	--	--	--	--	(1,542,204)
<u>\$ 6,528,028</u>	<u>\$ 6,304,342</u>	<u>\$ 5,682,176</u>	<u>\$ 8,623,764</u>	<u>\$ 9,650,418</u>	<u>\$ 6,596,832</u>

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

	Fiscal Year			
	2014	2015	2016	2017
Revenues				
Taxes	\$ 10,405,257	\$ 10,813,762	\$ 11,697,439	\$ 12,971,632
Permits, fees, and special assessments	1,135,631	1,312,655	1,314,226	1,293,917
Intergovernmental revenues	334,025	511,887	229,447	226,354
Charges for services	783,332	874,483	716,463	894,464
Fines and forfeitures	58,255	53,414	47,122	38,955
Interest earnings	107,545	111,708	123,720	138,093
Impact fees	65,417	34,422	64,528	108,684
Miscellaneous	255,752	279,535	215,230	200,756
Total revenues	13,145,214	13,991,866	14,408,175	15,872,855
Expenditures				
General government	2,767,181	2,896,947	3,111,603	3,299,997
Public safety	4,264,229	4,337,159	4,456,172	4,653,229
Highways and streets	757,656	635,317	740,798	664,664
Economic and physical environment	2,483,372	2,587,428	2,522,372	2,807,943
Recreation	598,012	637,539	617,505	650,987
Capital outlay	2,636,068	2,323,322	1,724,190	2,008,448
Debt service				
Principal retirement	339,802	629,785	663,096	681,294
Interest	347,493	120,954	116,369	112,689
Total expenditures	14,193,813	14,168,451	13,952,105	14,879,251
Excess of revenues over (under) expenditures	(1,048,599)	(176,585)	456,070	993,604
Other financing sources (uses)				
Transfers in	1,358,442	1,146,055	3,207,657	1,379,591
Transfers out	(2,118,014)	(739,460)	(2,748,694)	(767,656)
Loan proceeds	--	--	--	--
Financed purchases	291,500	507,853	266,000	317,800
Reallocation of loan	(342,717)	--	--	--
Proceeds from issuance of debt	--	--	--	--
Payments from issuance of debt	--	--	--	--
Total other financing sources (uses)	(810,789)	914,448	724,963	929,735
Net change in fund balances	\$ (1,859,388)	\$ 737,863	\$ 1,181,033	\$ 1,923,339
Debt service as a percentage of non-capital expenditures	5.95 %	6.34 %	6.37 %	6.17 %

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 13,943,946	\$ 14,465,057	\$ 15,031,496	\$ 16,122,768	\$ 17,372,004	\$ 19,115,370
1,678,070	1,663,967	1,977,998	1,986,017	2,785,964	2,431,468
109,597	311,108	493,261	346,865	994,248	453,186
859,465	959,227	956,080	951,309	950,404	806,352
96,605	61,499	47,005	49,541	65,020	61,295
199,260	505,239	425,435	61,869	(124,465)	747,857
266,009	189,529	471,655	290,679	777,373	120,690
192,710	318,499	158,830	257,172	869,352	367,799
17,345,662	18,474,125	19,561,760	20,066,220	23,689,900	24,104,017
3,492,141	3,640,161	3,826,284	3,956,487	4,028,271	4,497,425
4,786,308	4,971,856	5,048,610	4,972,870	5,393,903	5,827,559
990,841	1,114,485	859,195	456,533	1,576,396	786,535
2,927,091	3,000,909	2,904,712	3,227,296	3,796,359	5,543,501
678,255	660,240	658,915	632,357	709,165	703,814
2,923,392	3,301,217	5,218,525	1,353,914	8,928,913	13,301,717
790,830	749,019	749,813	806,297	1,403,287	1,591,108
123,283	205,546	72,097	55,552	102,119	133,851
16,712,141	17,643,433	19,338,151	15,461,306	25,938,413	32,385,510
633,521	830,692	223,609	4,604,914	(2,248,513)	(8,281,493)
1,284,956	1,507,744	1,456,261	1,278,666	1,794,673	2,351,021
(641,142)	(1,114,071)	(682,170)	(583,487)	(1,142,042)	(1,498,807)
--	--	--	--	--	2,001,360
503,900	337,105	339,666	723,953	451,769	544,000
--	--	--	--	--	--
--	1,350,466	--	--	5,636,000	--
--	(1,239,714)	--	--	--	--
1,147,714	841,530	1,113,757	1,419,132	6,740,400	3,397,574
\$ 1,781,235	\$ 1,672,222	\$ 1,337,366	\$ 6,024,046	\$ 4,491,887	\$ (4,883,919)
6.63 %	6.66 %	5.82 %	6.11 %	8.85 %	9.04 %

This page intentionally left blank



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

Fiscal year	Tax Year	Property Tax (1)	Sales Tax (2)	Utility Tax	Motor Fuel Tax	Other Taxes	Total
2014	2013	\$ 6,252,171	\$ 912,455	\$ 1,088,481	\$ 1,298,344	\$ 853,806	\$ 10,405,257
2015 (1)	2014	6,557,041	950,806	1,096,095	1,428,522	781,298	10,813,762
2016	2015	7,261,107	987,991	1,107,225	1,528,050	813,066	11,697,439
2017	2016	7,744,097	1,648,177	1,143,031	1,591,988	844,339	12,971,632
2018	2017	8,277,283	2,030,235	1,187,993	1,590,376	858,059	13,943,946
2019	2018	8,716,041	2,022,593	1,249,304	1,603,218	873,901	14,465,057
2020	2019	9,379,278	2,024,823	1,227,589	1,529,630	870,176	15,031,496
2021	2020	9,977,632	2,405,574	1,242,277	1,597,359	899,926	16,122,768
2022	2021	10,518,845	2,803,368	1,325,561	1,696,929	1,026,086	17,370,789
2023	2022	11,815,993	2,879,983	1,549,267	1,779,620	1,090,507	19,115,370

Change:

2014 - 2023	88.99 %	215.63 %	42.33 %	37.07 %	27.72 %	83.71 %
-------------	---------	----------	---------	---------	---------	---------

(1) Tax Increment Financing (TIF) received by the Community Redevelopment Agency is included as property tax revenue.

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

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

Fiscal year	Tax Year	Real Property (1)				Personal Property (2)
		Residential Property	Commercial Property (2)	Other Property		
2015	2014	\$ 546,047,253	\$ 173,714,875	\$ 130,736,017	\$	54,537,589
2016	2015	575,879,259	183,047,888	148,321,535		54,046,711
2017	2016	604,560,649	204,843,261	153,101,726		51,876,829
2018	2017	649,526,269	209,755,805	154,950,980		53,628,021
2019	2018	694,988,610	217,548,089	157,583,187		53,995,762
2020	2019	733,426,973	241,055,351	156,333,325		58,497,253
2021	2020	779,548,181	263,434,706	173,296,636		60,558,341
2022	2021	831,766,351	275,493,246	193,251,599		66,278,907
2023	2022	961,729,500	301,674,826	205,829,674		70,800,839
2024	2023	1,114,746,020	335,606,115	224,122,147		86,177,413

Source: Manatee County Property Appraiser's Office

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

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

(3) Adopted Millage Rate

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

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

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

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

Website: https://www.manateepao.gov/DATA/Tax_Roll_Data/2023_Final/drpc_final2023.txt

Website: https://www.manateepao.gov/DATA/Tax_Roll_Data/2023_Final/DR403V.pdf

Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate (3)	Estimated Actual Taxable Value (4)	Assessed Value as a Percent of Actual Value
\$ 225,659,674	\$ 679,376,060	5.7171	\$ 679,376,060	100.0 %
244,350,184	716,945,209	5.9671	716,945,209	100.0 %
249,085,938	765,296,527	5.9671	765,296,527	100.0 %
258,248,553	809,612,522	5.9671	809,612,522	100.0 %
272,163,608	851,952,040	5.9671	851,952,040	100.0 %
275,174,735	914,138,167	5.9671	914,138,167	100.0 %
297,899,571	978,938,293	5.9671	978,938,293	100.0 %
325,794,699	1,040,995,404	5.9671	1,040,995,404	100.0 %
354,304,570	1,185,730,269	5.9671	1,185,730,269	100.0 %
399,613,101	1,361,038,594	5.9671	1,361,038,594	100.0 %

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

Fiscal year	Tax Year	City Direct Rates		Overlapping Rates	
		(1)			Total
		General Fund (1)	School District (2)	County (2)	
2014	2013	5.7171	7.5720	6.9900	20.2791
2015	2014	5.7171	7.3760	6.9800	20.0731
2016	2015	5.9671	7.2670	6.3100	19.5441
2017	2016	5.9671	6.9200	6.9400	19.8271
2018	2017	5.9671	6.6080	6.9400	19.5151
2019	2018	5.9671	7.3310	6.9100	20.2081
2020	2019	5.9671	7.1350	6.9275	20.0296
2021	2020	5.9671	6.9720	6.9121	19.8512
2022	2021	5.9710	6.8760	6.6977	19.5447
2023	2022	5.9671	5.9671	6.5220	18.4562

Sources:

(1) Office of the City Clerk

(2) Manatee County Tax Collector's Office

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

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

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

Taxpayer	2023			2014		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Florida Power & Light Co	\$ 23,539,955	1	1.73 %	\$ 7,252,279	2	1.11 %
Wal-Mart Stores East LP	15,498,816	2	1.14 %	14,043,948	1	2.14 %
Palm Bay MHC Holdings LLC	13,817,862	3	1.02 %			
Colonial Manor MHC Holdings LLC	11,946,621	4	0.88 %			0.74 %
Palmetto Mobile Home Club Inc.	11,466,975	5	0.84 %	5,134,726	8	
SS Palmetto LLC	11,136,907	6	0.82 %			
Palmetto, City of	9,344,003	7	0.69 %			
Pacific Tomato Growers LTD	8,482,399	8	0.62 %	5,138,697	7	0.81 %
Weiler, David L	8,014,953	9	0.59 %			
Publix Super Markets, Inc	7,921,670	10	0.58 %	4,500,000	10	0.66 %
Space Box LLC				6,365,803	6	1.05 %
39368 LLC				6,923,821	3	1.05 %
Sanctuary Cove				6,447,834	4	0.98 %
Palmetto Dunes LTD				6,373,709	5	0.92 %
Tropical Isles Co-Op Inc				5,085,858	9	0.63 %
	<u>\$ 121,170,161</u>		<u>8.91 %</u>	<u>\$ 67,266,675</u>		<u>10.09 %</u>

Note

Total taxable assessed value	\$1,361,038,594	\$ 652,758,340
------------------------------	-----------------	----------------

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

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

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

This page intentionally left blank



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

Fiscal Year	Tax Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy (1)		Collections in Subsequent Years	Total Collections to Date	
			Amount (1)	Percentage of Levy		Amount	Percentage of Levy
2014	2013	\$ 3,752,330	\$ 3,623,920	96.6 %	\$ 6,831	\$ 3,630,751	96.8 %
2015	2014	3,889,099	3,755,416	96.6 %	9,017	3,764,433	96.8 %
2016	2015	4,278,064	4,134,271	96.6 %	4,777	4,139,048	96.8 %
2017	2016	4,557,792	4,383,765	96.2 %	5,667	4,389,432	96.3 %
2018	2017	4,842,830	4,668,081	96.4 %	2,136	4,670,217	96.4 %
2019	2018	5,081,681	4,892,753	96.3 %	3,721	4,896,474	96.4 %
2020	2019	5,450,432	5,264,945	96.6 %	8,900	5,273,845	96.8 %
2021	2020	5,836,193	5,631,120	96.5 %	1,707	5,632,827	96.5 %
2022	2021	6,198,484	5,995,133	96.7 %	2,613	5,997,746	96.8 %
2023	2022	7,106,360	6,825,250	96.0 %	2,584	6,827,834	96.1 %

Notes:

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

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

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

Fiscal Year	Governmental Activities		Business-type activities			Total Primary Government (1)	Percentage of Personal Income	Per Capita
	Bank Qualified Loans	Financed Purchase Agreement	Bank Qualified Loans	State Revolving Loan Funds	Financed Purchase Agreement			
2014	\$4,547,953	\$489,532	\$9,388,019	\$1,210,313	\$1,632,738	\$17,268,555	3.06 %	\$ 1,349
2015	4,196,661	718,812	8,768,536	1,053,602	1,277,667	16,015,278	3.06 %	1,224
2016	3,839,607	678,764	8,125,454	892,106	1,161,853	14,697,784	2.71 %	1,124
2017	3,476,242	678,635	7,453,918	725,667	1,096,954	13,431,416	2.55 %	1,021
2018	3,086,339	781,608	6,751,582	922,887	941,748	12,484,164	2.24 %	942
2019	2,803,460	763,322	6,411,804	2,017,512	714,365	12,710,463	1.97 %	951
2020	2,395,737	760,896	5,526,806	6,783,397	819,202	16,286,038	1.74 %	1,192
2021	1,984,558	1,089,730	4,624,571	6,571,435	1,028,348	15,298,642	1.69 %	1,146
2022	6,732,866	1,025,901	3,704,779	6,210,691	860,231	18,534,468	2.22 %	1,375
2023	5,825,643	1,086,151	2,767,277	5,853,946	634,950	16,167,967	1.69 %	1,161

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

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Assessed Value (2)</u>	<u>Gross Bonded Debt (3)</u>	<u>Net Bonded Debt (3)</u>	<u>Percentage of Actual Taxable Value of Property (3)</u>	<u>Per Capita (3)</u>
2014	12,799	\$ 679,376,060	\$ --	\$ --	0 %	\$ --
2015	13,082	716,945,209	-	-	0 %	-
2016	13,082	765,296,527	-	-	0 %	-
2017	13,156	809,612,522	-	-	0 %	-
2018	13,259	851,952,040	-	-	0 %	-
2019	13,360	914,138,167	-	-	0 %	-
2020	13,661	978,938,293	-	-	0 %	-
2021	13,348	1,040,995,404	-	-	0 %	-
2022	13,480	1,185,730,269	-	-	0 %	-
2023	13,927	1,361,038,594	-	-	0 %	-

Source:

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

(2) Manatee County Property Appraiser's Office

(3) Office of the City Clerk

CITY OF PALMETTO, FLORIDA
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
AS OF SEPTEMBER 30, 2023

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Direct:			
City of Palmetto	\$ 17,969,191	100.00 %	\$ 17,969,191
Subtotal direct debt			<u>17,969,191</u>
Overlapping (2):			
Manatee County	289,170,000	3.17 %	9,161,925
Manatee County School Board	483,041,650	3.17 %	<u>15,304,462</u>
Subtotal overlapping debt			<u>24,466,387</u>
Total direct and overlapping debt			<u><u>\$ 42,435,578</u></u>

Source: Manatee County Government and Manatee County School Board ACFR

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

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

(3) The calculations of direct debt is the total long-term direct borrowings, intergovernmental note payable and finance purchase agreements as noted in the long-term liabilities, section H.

CITY OF PALMETTO, FLORIDA
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

<u>Fiscal year</u>	<u>City Population</u>	<u>Personal Income thousand \$(2)</u>	<u>Personal Income Per Capita (2)</u>	<u>Median Age (3)</u>	<u>School Enrollment (4)</u>	<u>Manatee County Unemployment Rate (5)</u>
2014	12,799	\$ 638,197	\$ 49,863	46	46,800	6.10%
2015	13,082	626,903	47,921	46	47,700	5.10%
2016	13,082	655,918	50,139	46	48,600	4.70%
2017	13,156	683,204	51,931	46	48,867	3.50%
2018	13,259	716,357	54,028	48	49,152	2.90%
2019	13,360	751,735	56,268	46	48,853	2.90%
2020	13,661	793,445	58,081	43	49,436	5.20%
2021	13,348	827,416	61,988	49	48,826	3.70%
2022	13,480	835,598	61,988	49	52,000	3.70%
2023	13,927	954,181	68,513	49	52,000	2.80%

Source:

(1) University of Florida, Bureau of Economic and Business Research. Florida Estimates of Population 2022

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

(3) United States Census Bureau

(4) Manatee County School Board. School enrollment exceeds the City population because the school system serves the entire county via Manatee County. FY2021-2022 Manatee County School Board Annual Comprehensive Financial Report page 171.

(5) U.S. Bureau of Labor Statistics as of September 2022.

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

Employer	2023			2014		
	Employees	Rank	Percentage of Total County Employment (1)	Employees	Rank	Percentage of Total County Employment (1)
Manatee County School Board	6,864	1	3.67 %	5,500	1	4.196 %
Manatee Healthcare System	2,500	2	1.34 %	1,445	4	1.102 %
Manatee County Government	2,288	4	1.22 %	1,727	3	1.318 %
Publix	2,224	3	1.19 %	875	8	0.668 %
Beall's Inc.	1,857	5	0.99 %	1,924	2	1.468 %
Blake Medical Center	1,500	6	0.80 %	1,100	6	0.839 %
Manatee County Sheriff's Department	1,213	7	0.65 %	1,092	7	0.833 %
Tropicana Products, Inc.	1,000	8	0.53 %	1,200	5	0.915 %
IMG Academies	800	9	0.43 %	564	9	0.430 %
State College of Florida, Manatee-Sarasota	710	10	0.38 %	472	10	0.360 %
Total	<u>20,956</u>		<u>11.20 %</u>	<u>15,899</u>		<u>12.13 %</u>

Note

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

Source:

(1) Data was unavailable specifically for the City of Palmetto. The above information is based on the county in which the City resides. Manatee County 2023 Annual Comprehensive Financial Report.

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

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

	Full-time Equivalent Employees as of September 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Function										
General government	20.0	19.0	19.0	19.5	19.0	19.0	18.6	16.7	18.0	18.0
Intergovernmental	13.5	12.5	12.0	12.0	12.0	12.0	15.0	15.0	14.0	12.0
Public safety										
Police										
Officers	36.0	35.5	35.0	35.0	35.0	35.0	30.1	32.8	34.5	34.6
Civilians	22.0	22.0	22.0	22.0	22.0	22.0	22.0	20.5	23.8	25.5
Highways and streets										
Maintenance	5.0	10.0	10.0	10.0	10.0	10.0	7.0	7.0	9.5	4.0
Sanitation	2.0	2.0	2.0	3.0	2.0	2.0	3.0	2.0	2.6	3.0
Culture and recreation	8.0	8.0	8.0	9.0	8.0	8.0	8.0	5.0	9.4	6.0
Water	11.0	6.0	6.0	6.0	6.0	6.0	10.0	10.0	14.5	9.0
Sewer	6.0	7.0	7.0	7.0	7.0	7.0	6.0	7.0	9.0	5.0
Total	<u>123.5</u>	<u>122.0</u>	<u>121.0</u>	<u>123.5</u>	<u>121.0</u>	<u>121.0</u>	<u>119.7</u>	<u>116.0</u>	<u>135.3</u>	<u>117.1</u>

Source: Payroll Reports: Cost Center Analysis

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

Function	Fiscal Year			
	2014	2015	2016	2017
Police (1)				
Total calls/incidents (2)	19,819	17,930	15,092	18,713
Adult arrests	986	884	732	709
Juvenile arrests	149	193	156	132
Traffic violations	1,950	1,754	1,414	1,424
Traffic crash reports (2)	551	651	687	678
Water				
New connections (3)	11	14	14	20
Average daily consumption (4) (million of gallons)	1	1	1	1
Average daily capacity (4) (million of gallons)	2	2	2	2
Wastewater				
New connections (3)	11	11	9	12
Average daily sewage treatment (4) (million of gallons)	1	1	1	1
Average daily capacity (4) (million of gallons)	2	2	2	2
Reuse				
New connections (4)	-	25	30	38
Average daily consumption (4) (million of gallons)	1	1	1	1
Average daily capacity (4) (million of gallons)	3	3	3	3

N/A Information is not available

Source: (1) Palmetto PD

(2) Data available from FY2020

(3) Palmetto Customer Service

(4) Palmetto Public Works

Fiscal Year					
2018	2019	2020	2021	2022	2023
18,948	23,109	21,662	19,885	11,361	19,376
961	735	598	542	392	658
125	100	73	71	41	128
1,891	1,793	1,471	1,363	843	2,115
689	733	569	677	372	661
51	45	64	310	20	19
1	1	1	1	1	1
2	2	2	2	2	2
47	48	63	310	2	92
1	1	1	2	2	1
2	2	2	2	2	2
149	63	49	18	19	57
1	1	1	1	1	1
3	3	3	6	6	5

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

Function	Fiscal Year			
	2014	2015	2016	2017
Public Safety (1)				
Police				
Stations	1	1	1	1
Patrol units	44	46	45	44
K-9 units	3	3	-	-
Highway and Streets (2)				
Streets (miles)	42	42	42	42
Traffic signals	12	12	12	12
Streetlights	1,111	928	928	928
Culture and Recreation (3)				
Parks acreage	95	101	101	101
Parks	12	13	13	13
Tennis courts	1	1	1	1
Utility Infrastructure (3)				
Water mains (miles)	67	74	74	74
Sewer (miles)	49	68	68	69
Storm sewers (miles)	12	27	27	64
Reclaimed water (miles)	24	33	33	33

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

Fiscal Year					
2018	2019	2020	2021	2022	2023
1	1	1	1	1	1
48	48	42	48	44	44
-	--	--	--	--	--
42	42	47	49	49	49
12	12	12	12	12	13
706	928	928	748	808	1,021
91	101	77	77	77	96
13	13	13	13	13	13
1	1	1	1	1	1
74	74	76	77	77	77
57	69	67	68	68	68
64	64	65	66	66	66
32	33	47	48	48	48



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Palmetto, Florida (the "City"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 25, 2024.

Report on Internal Control Over Financial Reporting

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

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

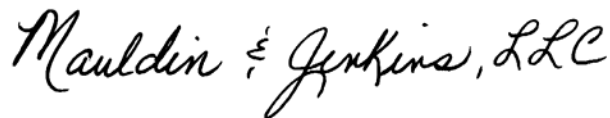
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The script is cursive and fluid, with the letters "M", "J", and "L" being particularly prominent.

Bradenton, Florida
March 25, 2024



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Palmetto, Florida's (the "City") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal program for the year ended September 30, 2023. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Bradenton, Florida
March 25, 2024

Mauldin & Jenkins, LLC

CITY OF PALMETTO, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

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

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

___ yes X no

Significant deficiencies identified not considered
to be material weaknesses?

___ yes X none reported

Noncompliance material to financial statements noted?

___ yes X no

Federal Programs

Internal control over major federal programs:

Material weaknesses identified?

___ yes X no

Significant deficiencies identified not considered
to be material weaknesses?

___ yes X none reported

Type of auditor's report issued on compliance for
major federal programs?

Unmodified

Any audit findings disclosed that are required to
be reported in accordance with 2 CFR 200.516(a)?

___ yes X no

Assistance Listing Number

21.027 – COVID-19

14.228

Name of Federal Program or Cluster

U.S. Department of the Treasury –

Coronavirus State and Local Fiscal Recovery Funds

U.S. Department of Housing and Urban Development

Community Development Block Grant

Dollar threshold used to distinguish between
Type A and Type B federal programs:

\$750,000

Auditee qualified as low-risk auditee?

___ yes X no

State Financial Assistance Projects

There was not an audit of major state financial assistance projects as of September 30, 2023 due to the total amount expended being less than \$750,000.

CITY OF PALMETTO, FLORIDA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

**SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES**

None.

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

None noted.

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

None.

CITY OF PALMETTO, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
For the Year Ended September 30, 2023

<u>Federal Agency/Federal Program</u>	<u>Assistance Listing</u>	<u>Pass Through Entity Identifying Number/Grant ID Number</u>	<u>Passed Through to Subrecipients</u>	<u>Expenditure</u>
DEPARTMENT OF ECONOMIC OPPORTUNITY				
Passed through the Florida Department of Economic Opportunity Community Development Block Grant	14.228	20DB-OO-08-51-02-E02	N/A	\$ 2,851,540
TOTAL DEPARTMENT OF ECONOMIC OPPORTUNITY				<u>2,851,540</u>
DEPARTMENT OF JUSTICE				
Bulletproof Vest Partnership Program	16.607	N/A	N/A	3,600
TOTAL DEPARTMENT OF JUSTICE				<u>3,600</u>
DEPARTMENT OF US TREASURY				
Passed through the Florida Division of Emergency Management Coronavirus State and Local Fiscal Recovery Funds	21.027	Y5257	N/A	1,029,874
TOTAL DEPARTMENT OF US TREASURY				<u>1,029,874</u>
DEPARTMENT OF HOMELAND SECURITY				
Passed through the Florida Division of Emergency Management Disaster Grants -(Presidentially Declared Disaster)	97.036	Z3208	N/A	539,412
TOTAL DEPARTMENT OF HOMELAND SECURITY				<u>539,412</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u>\$ 4,424,426</u>

CITY OF PALMETTO, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
For the Year Ended September 30, 2023

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal grant activity of the City of Palmetto, Florida (City) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Audits*. Some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Because the schedule presents only a selected portion of the City's operations, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City. The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE B - CONTINGENCIES

Grant monies received and distributed by the City are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based on prior experience, the City does not believe that such allowances, if any, would have a material effect on the financial position of the City. As of March 25, 2024, there were no material questioned or disallowed costs as a result of grant audits in process or completed.



INDEPENDENT AUDITOR'S MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the City of Palmetto, Florida (the "City"), as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated March 25, 2024.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditor's Report on Compliance for each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance, and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated March 25, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed in the notes to the financial statements.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

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

Special District Component Units

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

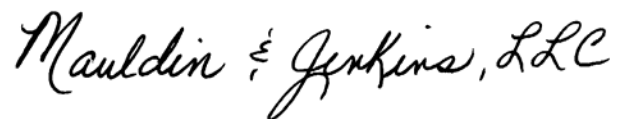
Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, the Mayor and Members of the City Commission, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Bradenton, Florida
March 25, 2024

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



INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the City of Palmetto, Florida's (the "City") compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2023. Management of the City is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

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

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

Mauldin & Jenkins, LLC

Bradenton, Florida
March 25, 2024