# CITY OF PALATKA, FLORIDA

**Annual Financial Report**
**September 30, 2025**

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**List of City Officials**
As of 09/30/2025

**Elected Officials**

Roberta M. Correa, Mayor - Commissioner

Anne Henderson Davis, Commissioner

Justin R. Campbell, Sr, Commissioner

Will Jones, Commissioner

Rufus J. Borom, Commissioner

**Appointed Official**

Chief Jason L. Shaw, Sr
Acting City Manager

**Finance Department**

Chantel Pierre, CPA
Finance Director

Jennifer Thompson
Financial Services Supervisor

Peggy Baughman
Grants Accountant

Sherri Ramirez
Finance Specialist I

Sarah Porath
Finance Specialist II

# INDEPENDENT AUDITOR'S REPORT

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

## Report on the Audit of the Financial Statements

### *Opinions*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information of the City of Palatka, Florida (the "City") as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information of the City of Palatka, Florida, as of September 30, 2025, 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 ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("Government Auditing Standards"). 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.

West Palm Beach
Phone (561) 655-2664

Miami
Phone (305) 331-8768

Hollywood
Phone (954) 966-4435

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* and Chapter 10.550, Rules of the auditor general we:

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

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison information on pages 5–17 and 18–28 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards and state financial assistance, as required by section 215.97(10)(b), Florida Statutes, and Chapter 10.550, Rules of the auditor general of the State of Florida 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 the schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Information***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2026 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

*HCT Certified Public Accountants & Consultants, LLC*

Hollywood, Florida

June 29, 2026

As management of the City of Palatka, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2025.

Financial Highlights

- The net position of the City at the close of the fiscal year was $91,536,934. The total unrestricted net position of the City ended the fiscal year at a positive $7,196,789.
- The City's total net position decreased by ($172,266). Governmental net position increased by $1,303,980 or 4.00% and the Enterprise funds net position decreased by ($1,476,246) or 4.5%.
- The total net position of each Enterprise fund was: Water $33,842,807, Sanitation $3,394,497, Golf Course $1,151,542, and Airport $19,127,344.
- As of September 30, 2025, the City's governmental funds reported combined ending fund balances of $8,586,170, a decrease of ($2,082,939) or 19.52%.
- At the end of the fiscal year, unassigned fund balance for the General Fund was $4,339,458 or 24.36% of total General Fund expenditures. Downtown Redevelopment Agency fund balance was $3,121,420. Better Place Plan fund balance was $159,366. Special Revenues fund balance was a deficit of ($4,881).
- Net positions of the General, Police Officers', and Firefighters' Pension Trust Funds changed are $24,964,218, $15,025,403, and $12,443,033 respectively.

**Overview of Financial Statements**

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

**Government-wide Financial Statements**

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

The *Statement of Net Position* presents information on all of the City of Palatka's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the two reported as net position. The City has deferred outflows or deferred inflows that are pension related in the government-wide statements. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

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

The *Government-wide Financial Statements* distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, streets and drainage, economic development and culture and recreation. The business type activities of the City include the utility (water and wastewater), the airport, the golf course, sanitation, and the component unit, the gas authority.

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

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

## Fund Financial Statements

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

### *Governmental Funds*

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

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

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

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

The basic governmental fund financial statements can be found on pages 20-23 of this report.

### *Proprietary Funds*

The City maintains several enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water, Golf Course, Airport, and Sanitation operations, as does the independent Component Unit Gas Authority.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the funds listed above, all of which are considered to be major funds of the City.

The proprietary fund financial statements can be found on pages 24–26 of this report.

### *Fiduciary Funds*

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 27-28 of this report.

## Notes to the Financial Statements

The notes provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29-65 of this report.

***Other Information***

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning budgetary comparisons and the City's net liabilities, contributions and investment returns relating to its pension plans and the City's total liability for other postemployment benefits (OPEB) to its employees. Required supplementary information can be found on pages 73-82 of this report.

Supplementary information can be found beginning on page 84 of this report.

**Government-wide Financial Analysis**

**Net Position**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $91,536,934 at the close of the most recent fiscal year. There were deferred outflows of resources of $2,889,381 and deferred inflows of resources of $3,193,007.

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

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| | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| **Assets:** | | | | | | |
| Current and other assets | $ 10,967,511 | $ 12,983,723 | $ 12,577,649 | $ 14,192,516 | 23,545,160 | 27,176,239 |
| Capital assets | 33,621,540 | 27,760,611 | 71,930,957 | 68,204,935 | 105,552,497 | 95,965,546 |
| **Total assets** | 44,589,051 | 40,744,334 | 84,508,606 | 82,397,451 | 129,097,657 | 123,141,785 |
| **Deferred outflows of resources:** | | | | | | |
| Pension related items | 591,395 | 2,048,215 | 397,908 | 655,101 | 989,303 | 2,703,316 |
| OPEB related items | - | 34,196 | - | 18,592 | - | 52,788 |
| Debt Retirement | 1,900,078 | 1,900,079 | - | - | 1,900,078 | 1,900,079 |
| **Total deferred outflows of resources** | 2,491,473 | 3,982,490 | 397,908 | 673,693 | 2,889,381 | 4,656,183 |
| **Total assets and deferred outflows of resources** | $ 47,080,524 | $ 44,726,824 | $ 84,906,514 | $ 83,071,144 | $ 131,987,039 | $ 127,797,968 |
| **Liabilities:** | | | | | | |
| Current and other liabilities | 2,287,342 | 2,314,615 | 1,708,187 | 1,694,433 | 3,995,529 | 4,009,048 |
| Long-term liabilities outstanding | 8,935,753 | 9,296,229 | 24,325,815 | 22,342,370 | 33,261,568 | 31,638,599 |
| **Total liabilities** | 11,223,095 | 11,610,844 | 26,034,002 | 24,036,803 | 37,257,097 | 35,647,647 |
| **Deferred inflows of resources:** | | | | | | |
| Pension related items | 1,564,235 | 194,543 | 1,043,097 | 62,222 | 2,607,332 | 256,765 |
| OPEB related items | 178,452 | 110,675 | 87,783 | 60,175 | 266,235 | 170,850 |
| Other items | - | - | 319,440 | 13,506 | 319,440 | 13,506 |
| **Total deferred inflows of resources** | 1,742,687 | 305,218 | 1,450,320 | 135,903 | 3,193,007 | 441,121 |
| **Net position:** | | | | | | |
| Invested in capital assets | 29,217,787 | 25,054,992 | 51,508,306 | 47,862,365 | 80,726,093 | 72,917,357 |
| Restricted items | 3,605,957 | 4,059,441 | 8,095 | 8,095 | 3,614,052 | 4,067,536 |
| Unrestricted | 1,290,998 | 3,696,329 | 5,905,791 | 11,027,978 | 7,196,789 | 14,724,307 |
| **Total net position** | 34,114,742 | 32,810,762 | 57,422,192 | 58,898,438 | 91,536,934 | 91,709,200 |
| **Total liabilities and deferred inflows of resources and net position** | 47,080,524 | 44,726,824 | 84,906,514 | 83,071,144 | 131,987,039 | 127,797,968 |

An additional portion of the City's net position $3,614,053 or 3.97% represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is a positive amount of $7,196,789.

## Change in Net Position

The City's total net position decreased by ($172,266) over the previous year as a result of an increase of $1,303,980 from governmental activities and a decrease of ($1,476,246) from business-type activities.

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| | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| **Revenues:** | | | | | | |
| Program revenues: | | | | | | |
| Charge for services | $ 2,757,514 | $ 2,914,330 | $ 13,987,800 | $ 13,375,495 | $ 16,745,314 | $ 16,289,825 |
| Operating grant and contribution | 715,218 | 309,758 | - | - | 715,218 | 309,758 |
| Capital grants and contributions | 2,008,805 | 1,248,831 | 3,682,295 | 6,833,757 | 5,691,100 | 8,082,588 |
| General revenues: | | | | | | |
| Property taxes | 5,248,717 | 4,697,289 | - | - | 5,248,717 | 4,697,289 |
| Sales taxes and other unrestricted shared revenues | 2,636,527 | 2,488,654 | - | - | 2,636,527 | 2,488,654 |
| Other taxes | 3,819,406 | 3,847,952 | - | - | 3,819,406 | 3,847,952 |
| Other revenues | 752,016 | 1,535,329 | 4,923 | 504,870 | 756,939 | 2,040,199 |
| **Total revenues** | 17,938,203 | 17,042,143 | 17,675,018 | 20,714,122 | 35,613,221 | 37,756,265 |
| **Program expenses:** | | | | | | |
| General government | 6,484,360 | 5,448,899 | - | - | 6,484,360 | 5,448,899 |
| Public safety | 10,012,500 | 8,439,505 | - | - | 10,012,500 | 8,439,505 |
| Physical environment | - | - | - | - | - | - |
| Transportation | 1,806,064 | 1,706,442 | - | - | 1,806,064 | 1,706,442 |
| Economic environment | 348,471 | 175,517 | - | - | 348,471 | 175,517 |
| Human services | 128,712 | 88,888 | - | - | 128,712 | 88,888 |
| Culture/recreation | 1,135,938 | 1,040,210 | - | - | 1,135,938 | 1,040,210 |
| Interest on long-term debt | 74,391 | 45,521 | - | - | 74,391 | 45,521 |
| Water | - | - | 8,541,999 | 6,419,554 | 8,541,999 | 6,419,554 |
| Sanitation | - | - | 3,363,058 | 2,704,834 | 3,363,058 | 2,704,834 |
| Golf course | - | - | 176,283 | 244,558 | 176,283 | 244,558 |
| Airport | - | - | 2,279,985 | 1,983,167 | 2,279,985 | 1,983,167 |
| **Total expenses** | 19,990,436 | 16,944,982 | 14,361,325 | 11,352,113 | 34,351,761 | 28,297,095 |
| Increase (decrease) in net assets before transfer in (out) | (2,052,233) | 97,161 | 3,313,693 | 9,362,009 | 1,261,460 | 9,459,170 |
| Miscellaneous | - | - | - | 214,557 | - | - |
| Transfer in/(out) | 2,952,206 | 1,871,088 | (2,952,204) | (1,871,088) | 2 | - |
| Increase (decrease) in net position | 899,973 | 1,968,249 | 361,489 | 7,705,478 | 1,261,462 | 9,459,170 |
| Net position at beginning of year | 32,810,762 | 30,842,513 | 58,898,432 | 51,870,906 | 91,709,194 | 82,713,419 |
| Prior Period Adjustment | - | - | - | (677,952) | - | (677,952) |
| Net position at beginning of year, restated | 33,214,769 | 30,842,513 | 57,060,703 | 51,192,954 | 90,275,472 | 82,035,467 |
| Net position at end of year | $ 34,114,742 | $ 32,810,762 | $ 57,422,192 | $ 58,898,432 | $ 91,536,934 | $ 91,494,637 |

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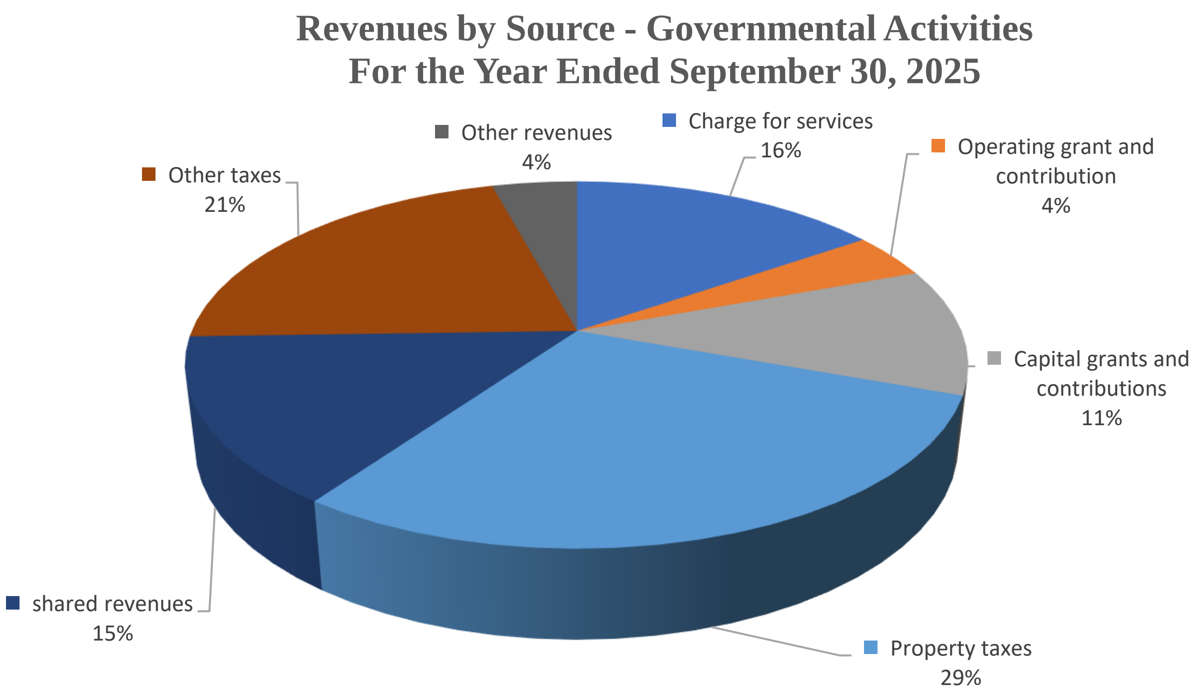
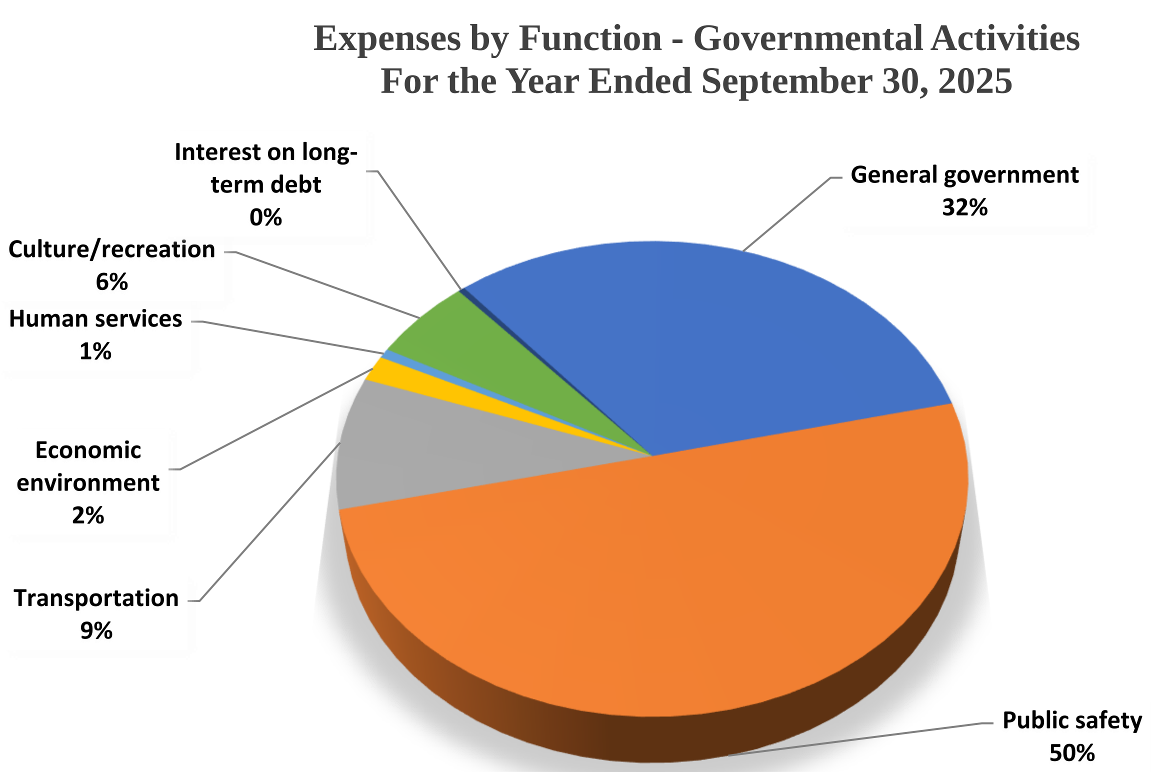

Revenues by Source - Governmental Activities
For the Year Ended September 30, 2025
Other revenues
4%
Charge for services
16%
Operating grant and
contribution
4%
Other taxes
21%
Capital grants and
contributions
11%
shared revenues
15%
Property taxes
29%


Expenses by Function - Governmental Activities
For the Year Ended September 30, 2025
Interest on long-
term debt
0%
General government
32%
Culture/recreation
6%
Human services
1%
Economic
environment
2%
Transportation
9%
Public safety
50%

***Business-type Activities***

Business-type activities decreased the City's net position by ($1,476,240), resulting in a total business-type activities net position of $57,422,192 at year-end. Key elements of this decrease were as follows:

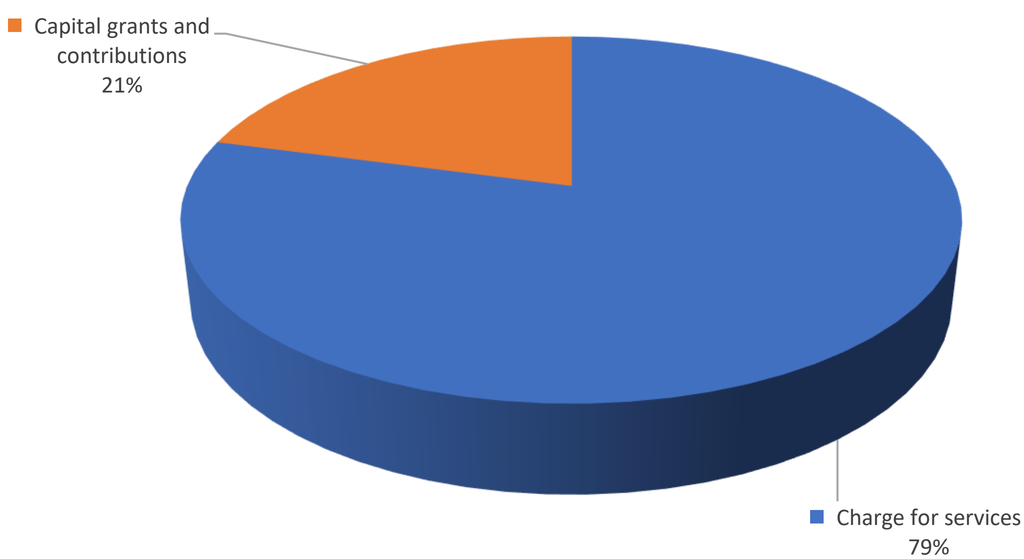
The Water fund had an operating income of $806,139 in addition to net nonoperating expenses of ($222,252) resulting in gain of $583,887 before capital contributions and transfers. After capital contributions and transfers, the net position increased by $682,827. The net position at the end of the fiscal year in the Water fund totaled $33,842,808.

The Sanitation Fund reported operating income of $286,807, but the fund's net position decreased by ($190,947) due to non-operating activity and other changes from the prior year. The ending net position was $3,394,497.

The Golf Course fund net position increased by $8,604. The net position at the end of the fiscal year in the Golf Course fund was $1,151,542.

The Airport fund received capital contributions of $3,682,295 for various capital projects throughout the fiscal year. These funds were used for projects that included pavement, marking, and lighting rehabilitation of taxiways, taxi lanes, and runways. The operating loss for the Airport was $1,181,642, which includes depreciation totaling $903,427. That was further impacted by a decrease of total non-operating revenue, bringing the change in net position of the fund to ($138,995). The net position at the end of the fiscal year in the Airport fund totaled $19,127,345.

**Revenues by Source - Business-type Activities**
**For the Year Ended September 30, 2025**



***Financial Analysis of the City's Funds***

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

***Governmental Funds***

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending net position of $34,114,742, an increase of $899,973 for the current year. This total includes net invested in capital asset, net of related debt of $29,217,787, restricted net assets of $3,605,958, and unrestricted of $1,290,997 which is available for spending at the government's discretion.

***General Fund***

The General Fund is the chief operating fund of the City. At the end of the current fiscal year General fund balance was $5,310,265, a decrease of $1,660,227, from the prior year.

Local tax revenues are the primary sources of the City's tax revenue and are a combination of property tax, franchise, utility, sales tax and local option gas taxes. Total taxes increased by $670,755 from the prior year.

Ad valorem taxes, which were accounted for in the general and special revenue funds was 6.4000 mills, and generated $4,050,673 which was an increase of $172,807 from the prior year. The City is in its ninth year of implementing a special assessment for fire protection services that generated $2,106,973 in revenues.

Total revenues for the General Fund increased by $43,071 from the prior year. The General Fund had an increase of $2,565,799 in expenditures. Unassigned fund balance for the General Fund totaled $4,339,458, a decrease of ($1,721,219) or 28.40% from the prior year.

***Special Revenue Funds***

The Downtown Redevelopment fund balance was $3,121,420, an increase of $622,112 from the prior year. This increase was the result of a taxes revenues of $1,198,043.

The Better Place Plan fund ended the fiscal year with a balance of $159,366, a decrease of ($1,044,842), from the prior year.

The Grants fund ended the fiscal year with a balance of ($4,881).

***Proprietary Funds***

Proprietary funds are used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the cost (expenses, including depreciation) of providing goods and services to the general public on a continuing basis is financed through user charges. The City operates four proprietary enterprise funds: the Water, Golf Course Fund, Sanitation Fund, and Airport Fund. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. As of September 30, 2025, total proprietary fund net position amounted to $57,422,192.

***Water Fund***

The Water Fund accounts for operations of the City's water and sewer systems. Operating revenue increased by $290,407 or 3.29% from the prior year. Operating expenses, increased by a total of $2,116,221 or 34.14%. Unrestricted net position at the end of the fiscal year for the water fund amounted to $4,323,281.

***Sanitation Fund***

There was a decrease in operating revenue of ($30,310) or (0.85%) from the prior year. Expenses increased by $607,854. Unrestricted net position for the sanitation fund equaled $2,557,359.

***Golf Course Fund***

The City entered into a franchise agreement in February 2017 for operation of golf course. Operating revenues booked increased by $62,755 from the prior year. Operating expenses decreased by $68,490 or 28.01%, leading to operating income of $9,010. Unrestricted net position for the golf course fund equaled negative ($187,390).

***Airport Fund***

Operating revenue increased by $228,833 and operating expenses increased by $296,917 over the prior year. This resulted in a continued negative unrestricted net position balance of ($693,460) at fiscal year-end.

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

**General Fund Budgetary Highlights**

A comparison of actual revenues versus the final budget reflects that actual revenues, excluding transfers, were ($651,837) less than budgeted, primarily composed of unbudgeted refunds from prior year health insurance claims paid and sale of surplus equipment. There were significant variances in actual versus final budget revenue and expenditures. The City had several unanticipated general fund revenues and general fund expenditures for the fiscal year.

## Capital Asset and Debt Administration

**City of Palatka Capital Assets (Net of Depreciation)**
**September 30, 2025 and 2024**

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| Land and Improvements | $ 7,570,788 | $ 5,761,789 | $ 8,087,696 | $ 8,101,871 | $ 15,658,484 | $ 13,863,660 |
| Buildings and Improvements | 3,837,364 | 2,257,126 | 12,145,158 | 12,820,748 | 15,982,522 | 15,077,874 |
| Infrastructure | 14,076,398 | 14,570,286 | - | - | 14,076,398 | 14,570,286 |
| Furniture and Equipment | 2,810,294 | 2,315,021 | 4,241,945 | 3,838,400 | 7,052,239 | 6,153,421 |
| Intangibles | (1,701) | - | - | - | (1,701) | - |
| Water/Sewer Distribtion System | - | - | 17,489,176 | 17,582,132 | 17,489,176 | 17,582,132 |
| Plant Assets and Equipment | - | - | 17,022,121 | 17,571,925 | 17,022,121 | 17,571,925 |
| Construction in Progress | 5,328,397 | 2,856,389 | 12,944,861 | 8,289,860 | 18,273,258 | 11,146,249 |
| Total | $ 33,621,540 | $ 27,760,611 | $ 71,930,957 | $ 68,204,935 | $105,552,497 | $ 95,965,547 |

### *Capital Assets*

The capital assets of the governmental funds are those assets used in the performance of general governmental functions and exclude the assets of the Enterprise Funds. As of September 30, 2025, the governmental capital assets of the City amounted to $33,621,540, net of depreciation. This was an increase of $5,860,929 over the prior year. Capital assets are recorded at historical cost or estimated historical cost, except for contributed assets, which are recorded at estimated acquisition value at the date of contribution.

The City’s investment in capital assets for its governmental and business-type activities as of September 30, 2025, (net of accumulated depreciation) amounts to $105,552,497. This investment in capital assets includes land, buildings, infrastructure, improvements, furniture, equipment, water and sewer distribution system and construction in progress. The total increase in the City’s net investment in capital assets was $9,586,951.

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

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

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

### *Long-term Debt*

At the end of the current fiscal year, the City had total debt outstanding of $22,910,279.

**City of Palatka Long-term Debt Obligations**
**For the Years Ended September 30, 2025 and 2024**

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| Revenue Bonds | $ - | $ - | $ 4,735,643 | $ 4,968,756 | $ 4,735,643 | $ 4,968,756 |
| Notes Payable | 1,907,754 | 2,096,863 | 15,052,943 | 15,031,642 | 16,960,697 | 17,128,505 |
| Capital Lease Obligations | 398,521 | 608,756 | 452,987 | 204,262 | 851,508 | 813,018 |
| Water/Sewer Agreements | - | - | - | - | - | - |
| Total | $ 2,306,275 | $ 2,705,619 | $ 20,241,573 | $ 20,204,660 | $ 22,547,848 | $ 22,910,279 |

The City's total long-term debt decreased ($362,431), from the prior year. The decrease is attributed to the following:

- Governmental activities:
  - Payments of notes of $189,109.
  - New capital leases of $57,225.
- Business-type activities:
  - Total payments made of bonds, notes, and leases of $3,211,632.
  - New Drinking water state revolving fund loan of $2,106,399.

Other long-term liability activity included:

- Governmental activities:
  - Governmental obligations for compensated absences decreased by (4.02%) or ($24,395).
  - Total OPEB obligations decreased by ($134,293) or (47.25%) to arrive at a total obligation of $284,248.
  - Net pension liability increased by $197,556, or 3.44% to arrive at a total obligation of $5,738,563.
- Business-type activities:
  - Compensated absences decreased by (25.32%) or ($49,489).
  - Total OPEB obligations decreased by ($87,741) or (62.75%) to arrive at a total obligation of $139,825.
  - Net pension liability increased by $1,991,105 or 52.91% to arrive at a total obligation of $3,763,339.

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

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

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

For the FY 2024-2025 budget, City staff proposed a balanced General Fund budget with the use of reserves to balance the budget. The City Commission kept the City's millage rate the same as FY 2023-2024, 6.4000 mills. The inclusion of the annual special assessment for fire protection services allows for the millage rate to avoid an increase.

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

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

## Request for Information

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

# City of Palatka, Florida
# Statement of Net Position
# September 30, 2025

| | Primary Government | | | Component Unit |
|---|---|---|---|---|
| | Governmental Activities | Business-Type Activities | Total | Palatka Gas Authority |
| **Assets:** | | | | |
| Cash and cash equivalents | $ 8,131,049 | $ 7,470,724 | $ 15,601,773 | $ 4,313,847 |
| Investments | - | - | - | - |
| Accounts receivable, net | 110,607 | 1,015,331 | 1,125,938 | 1,194,426 |
| Internal balances | 359,475 | (359,475) | - | - |
| Due from other governments | 1,250,217 | 1,426,472 | 2,676,689 | - |
| Inventory | - | 193,774 | 193,774 | 141,479 |
| Prepaid expenses | - | - | - | - |
| Restricted cash and cash equivalents | 1,116,163 | 2,830,823 | 3,946,986 | - |
| Restricted investments | - | - | - | 1,104,243 |
| Capital assets: | | | | |
| Nondepreciable | 12,899,185 | 21,032,557 | 33,931,742 | 211,543 |
| Depreciable, net | 20,722,355 | 50,898,400 | 71,620,755 | 4,965,216 |
| Total assets | 44,589,051 | 84,508,606 | 129,097,657 | 11,930,754 |
| **Deferred outflows of resources:** | | | | |
| Pension related items | 591,395 | 397,908 | 989,303 | 245,492 |
| OPEB related items | - | - | - | - |
| Debt Retirement | 1,900,078 | - | 1,900,078 | |
| Total deferred outflows of resources | 2,491,473 | 397,908 | 2,889,381 | 245,492 |
| **Liabilities:** | | | | |
| Accounts payable and accrued liabilities | 2,286,947 | 1,684,361 | 3,971,308 | $ 2,298,043 |
| Deposits | 395 | 23,826 | 24,221 | 1,541,469 |
| Due to other governments | - | - | - | - |
| Non-current liabilities: | | | | |
| Due within in one year | 298,271 | - | 298,271 | - |
| Due in more than one year | 8,637,481 | 24,325,815 | 32,963,296 | 841,845 |
| Total liabilities | 11,223,095 | 26,034,002 | 37,257,097 | 4,681,357 |
| **Deferred inflows of resources:** | | | | |
| Pension related items | 1,564,235 | 1,043,097 | 2,607,332 | - |
| OPEB related items | 178,452 | 87,783 | 266,235 | 19,887 |
| Unearned revenues | - | 319,440 | 319,440 | - |
| Total deferred inflows of resources | 1,742,687 | 1,450,320 | 3,193,007 | 19,887 |
| **Net position** | | | | |
| Net Invested in capital assets, net of related debt | 29,217,787 | 51,508,306 | 80,726,093 | 5,176,759 |
| Restricted for: | | | | |
| Law enforcement | 84,362 | - | 84,362 | - |
| Fire safety education | 43,266 | - | 43,266 | - |
| Fire protection | 8,350 | - | 8,350 | - |
| Cemetery improvements | 189,194 | - | 189,194 | - |
| Capital project | 159,365 | - | 159,365 | - |
| Dowtown redevelopment | 3,121,420 | 8,095 | 3,129,515 | - |
| Unrestricted | 1,290,998 | 5,905,791 | 7,196,789 | 2,298,241 |
| Total net position | $ 34,114,742 | $ 57,422,192 | $ 91,536,934 | $ 7,475,000 |

The accompanying notes are an integral part of the financial statements

# City of Palatka, Florida
# Statements of Activities
# Year Ended September 30, 2025

| Functions/Programs | Expenses | Charges for services | Operating grants and contributions | Capital grants and contributions | Primary Government: Governmental Activities | Primary Government: Business-Type Activities | Primary Government: Total | Component Unit: Palatka gas authority |
|---|---|---|---|---|---|---|---|---|
| **Primary government** | | | | | | | | |
| Governmental activties: | | | | | | | | |
| General government | $ 6,484,360 | $ 205,567 | $ 377,333 | $ 87,320 | $ (5,814,140) | $ - | $ (5,814,140) | $ - |
| Public safety | 10,012,500 | 2,450,342 | 222,885 | - | (7,339,273) | - | (7,339,273) | - |
| Physical environment | - | - | - | 298,791 | 298,791 | - | 298,791 | - |
| Transportation | 1,806,064 | 62,564 | - | - | (1,743,500) | - | (1,743,500) | - |
| Economic environment | 348,471 | - | 115,000 | 409,688 | 176,217 | - | 176,217 | - |
| Human services | 128,712 | - | - | - | (128,712) | - | (128,712) | - |
| Culture and recreation | 1,135,938 | 39,041 | - | 1,213,006 | 116,109 | - | 116,109 | - |
| Interest on long-term debt | 74,391 | - | - | - | (74,391) | - | (74,391) | - |
| Total governmental activities | 19,990,436 | 2,757,514 | 715,218 | 2,008,805 | (14,508,899) | - | (14,508,899) | - |
| Business-type activties: | | | | | | | | |
| Water | 8,541,999 | 9,120,963 | - | 2,562,330 | - | 3,141,294 | 3,141,294 | - |
| Sanitation | 3,363,058 | 3,583,466 | - | - | - | 220,408 | 220,408 | - |
| Golf Course | 176,283 | 185,078 | - | - | - | 8,795 | 8,795 | - |
| Airport | 2,279,985 | 1,098,293 | - | 1,119,965 | - | (61,727) | (61,727) | - |
| Total business-type activities | 14,361,325 | 13,987,800 | - | 3,682,295 | - | 3,308,770 | 3,308,770 | - |
| Total primary government | 34,351,761 | 16,745,314 | 715,218 | 5,691,100 | (14,508,899) | 3,308,770 | (11,200,129) | - |
| **Component unit** | | | | | | | | |
| Palatka Gas Authority | $ 2,709,462 | $ 2,780,594 | $ - | $ 5,700 | - | - | - | 76,832 |
| General revenues and transfers | | | | | | | | |
| General revenues: | | | | | | | | |
| Property taxes | | | | | 5,248,717 | - | 5,248,717 | - |
| Sales tax and intergovernmental unrestricted shared revenues | | | | | 2,636,527 | - | 2,636,527 | - |
| Franchise taxes | | | | | 1,214,520 | - | 1,214,520 | - |
| Utility taxes | | | | | 2,214,248 | - | 2,214,248 | - |
| Communications service tax | | | | | 390,638 | - | 390,638 | - |
| Investment earnings | | | | | 625,285 | 4,923 | 630,208 | 42,734 |
| Contribution from componet unit | | | | | 50,677 | - | 50,677 | - |
| Proceeds from debt issuance | | | | | - | - | | |
| Miscellaneous | | | | | 76,054 | - | 76,054 | 478,158 |
| Transfers | | | | | 2,952,206 | (2,952,204) | 2 | - |
| Total general revenues and transfers | | | | | 15,408,872 | (2,947,281) | 12,461,591 | 520,892 |
| Change in net position | | | | | 899,973 | 361,489 | 1,261,462 | 597,724 |
| Net position - beginning of year | | | | | 33,214,769 | 57,060,703 | 90,275,472 | 6,877,276 |
| Net position - end of year | | | | | $ 34,114,742 | $ 57,422,192 | $ 91,536,934 | $ 7,475,000 |

The accompanying notes are an integral part of the financial statements

# City of Palatka, Florida
# Balance Sheet
# Governmental Funds
# September 30, 2025

| | General Fund | Downtown Redevelopment Agency Fund | Better Place Plan Fund | Special Revenues Fund | Total Governmental Funds |
|---|---|---|---|---|---|
| Assets: | | | | | |
| Cash and cash equivalents | $ 5,380,104 | $ 3,156,004 | $ (405,059) | $ - | $ 8,131,049 |
| Restricted cash and cash equivalents | - | - | - | 1,116,163 | 1,116,163 |
| Accounts receivable, net | 110,607 | - | - | - | 110,607 |
| Due from other funds | 218,315 | - | - | - | 218,315 |
| Due from other government | 105,905 | - | 1,144,312 | - | 1,250,217 |
| Prepaid expenses | - | - | - | - | - |
| Long-term advances to other funds | 141,160 | - | - | - | 141,160 |
| Total assets | $ 5,956,091 | $ 3,156,004 | $ 739,253 | $ 1,116,163 | $ 10,967,511 |
| Liabilities and fund balances: | | | | | |
| Liabilities: | | | | | |
| Accounts payable | $ 445,526 | $ 34,584 | $ 358,427 | $ - | $ 838,537 |
| Due to other funds | 94,000 | - | - | - | 94,000 |
| Unearned revenue | 105,905 | - | 221,461 | 1,121,044 | 1,448,410 |
| Deposits | 395 | - | - | - | 395 |
| Total liabilities | 645,826 | 34,584 | 579,888 | 1,121,044 | 2,381,342 |
| Deferred inflows of resources | | | | | |
| Unavailable revenue | - | - | - | - | - |
| Fund balances: | | | | | |
| Non-spendable | 141,160 | - | - | - | 141,160 |
| Restricted | 616,592 | 3,121,420 | 159,365 | - | 3,897,377 |
| Committed | 213,055 | - | - | - | 213,055 |
| Unassigned | 4,339,458 | - | - | (4,881) | 4,334,577 |
| Total fund balances | 5,310,265 | 3,121,420 | 159,365 | (4,881) | 8,586,169 |
| Total liabilities, deferred inflows of resources and fund balances | $ 5,956,091 | $ 3,156,004 | $ 739,253 | $ 1,116,163 | $ 10,967,511 |

The accompanying notes are an integral part of the financial statements

# City of Palatka, Florida
# Reconciliation of the Balance Sheet to the Statement of Net Position
# Governmental Funds
# September 30, 2025

| | |
|---|---|
| Fund balance – total governmental funds | $ 8,586,169 |
| Amounts reported for governmental activities in the statement of net position are different because: | |
| Capital assets used in governmental activities are not reported in the governmental funds. | |
| Capital assets, net | 33,621,540 |
| Long-term liabilities are not reported in the governmental funds | |
| Bonds and notes payable | (1,907,754) |
| Deferred Outflow for Debt Retirement | 1,900,077 |
| Capital leases | (398,521) |
| Compensated absences | (606,666) |
| Total OPEB liability | (284,248) |
| Net pension liability | (5,738,563) |
| Deferred outflows and inflows associated with pensions and OPEB are not reported in the governmental funds. | |
| Deferred outflows-pension | 591,395 |
| Deferred inflows-pension | (1,470,235) |
| Deferred outflows-OPEB | - |
| Deferred inflows-OPEB | (178,452) |
| Change in net position of governmental activities | $ 34,114,742 |

The accompanying notes are an integral part of the financial statements

# City of Palatka, Florida
# Statement of Revenues, Expenditures, and Changes in Fund Balances
# Governmental Funds
# Year Ended September 30, 2025

| | General Fund | Downtown Redevelopment Agency Fund | Better Place Plan Fund | Special Revenues Fund | Total Governmental Funds |
|---|---|---|---|---|---|
| Revenues | | | | | |
| Taxes | $ 6,474,597 | $ 1,198,043 | $ 1,443,616 | $ - | $ 9,116,256 |
| Permits, fees, and special assements | 3,583,135 | - | - | - | 3,583,135 |
| Intergovernmental | 1,816,822 | - | 1,599,118 | 409,688 | 3,825,628 |
| Charges for services | 265,560 | - | - | - | 265,560 |
| Fines and forfeitures | 220,995 | - | - | - | 220,995 |
| Miscellaneous | 926,630 | - | - | - | 926,630 |
| Total revenues | 13,287,739 | 1,198,043 | 3,042,734 | 409,688 | 17,938,204 |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government | 3,980,840 | - | 1,853,845 | 359,827 | 6,194,512 |
| Public safety | 9,648,702 | - | - | - | 9,648,702 |
| Physical environment | - | - | - | - | - |
| Transportation | 1,436,670 | - | - | - | 1,436,670 |
| Economic environment | - | 348,471 | - | - | 348,471 |
| Human services | 124,851 | - | - | - | 124,851 |
| Culture and recreation | 925,642 | - | - | - | 925,642 |
| Capital Outlay | 1,305,534 | - | 2,480,295 | 49,861 | 3,835,690 |
| Debt service: | - | - | - | - | |
| Principal retirement | 327,263 | - | 72,080 | - | 399,343 |
| Interest and fiscal charges | 63,185 | - | 11,206 | - | 74,391 |
| Total expenditures | 17,812,687 | 348,471 | 4,417,426 | 409,688 | 22,988,272 |
| Excess of revenues over (under) expenditures | (4,524,948) | 849,572 | (1,374,692) | - | (5,050,068) |
| Other financing sources (uses) | | | | | |
| Transfers in | 3,053,319 | - | 363,406 | - | 3,416,725 |
| Transfers out | (203,520) | (227,459) | (33,540) | - | (464,519) |
| Issuance of debt | - | - | - | - | - |
| Capital lease issuance | - | - | - | - | - |
| Sale of surplus property | - | - | - | - | - |
| Capital contributions | - | - | - | - | - |
| Total other financing sources (uses) | 2,849,799 | (227,459) | 329,866 | - | 2,952,206 |
| Net change in fund balance | (1,675,149) | 622,113 | (1,044,826) | - | (2,097,862) |
| Fund balances - beginning of year | 6,985,414 | 2,499,307 | 1,204,191 | (4,881) | 10,684,031 |
| Fund balances - end of year | $ 5,310,265 | $ 3,121,420 | $ 159,365 | $ (4,881) | $ 8,586,169 |

The accompanying notes are an integral part of the financial statements

# City of Palatka, Florida
## Reconciliation Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities
## Governmental Funds
## Year Ended September 30, 2025

| | | |
|---|---|---|
| Net change in fund balance – total governmental funds | | $ (2,097,862) |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| Governmental fund report capital outlay as expenditures. However, in the statement of activities the cost of those assets is depreciated over their estimated useful lives. | | |
| Acquisitions of capital assets | 4,175,858 | |
| Loss on disposal of capital assets | (218,469) | |
| Current year depreciation expense | (1,237,197) | 2,720,192 |
| Repayment of debt principal is an expenditure in the governmental funds, but the repayment does does not effect net position of governmental activities. | | |
| Principal retirement | | 399,343 |
| Deferred Outflow of Debt Retirement | | |
| 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. | | |
| Compensated absences | | (131,416) |
| Net changes in net pension liability and total OPEB liability and related deferred outflows and inflows are reported in the statement of activities but not in the governmental funds. | | |
| Net pension liability | 197,556 | |
| Deferred outflows-pension | (1,456,820) | |
| Deferred inflows-pension | 1,369,692 | |
| Total OPEB liability | (134,293) | |
| Deferred outflows-OPEB | (34,196) | |
| Deferred inflows-OPEB | 67,777 | 9,716 |
| Change in net position of governmental activities | | $ 899,973 |

The accompanying notes are an integral part of the financial statements

# City of Palatka, Florida
# Statement of Net Position
# Proprietary Funds
# September 30, 2025

| | Enterprise Funds | | | | |
|---|---|---|---|---|---|
| | Water Fund | Sanitation Fund | Golf Course Fund | Airport Fund | Total Enterprise Funds |
| **Current assets** | | | | | |
| Cash and cash equivalents | $ 3,892,856 | $ 3,590,270 | $ (12,702) | $ 300 | $ 7,470,724 |
| Restricted cash and cash equivalents | 2,336,064 | 317,664 | - | 169,000 | 2,822,728 |
| Accounts receivable, net | 666,986 | 240,373 | 107,972 | - | 1,015,331 |
| Due from other funds | - | - | - | 94,000 | 94,000 |
| Due from other government | 1,101,717 | - | - | 324,755 | 1,426,472 |
| Inventory | 151,798 | - | - | 41,976 | 193,774 |
| Total current assets | 8,149,421 | 4,148,307 | 95,270 | 630,031 | 13,023,029 |
| **Noncurrent assets** | | | | | |
| Restricted cash and cash equivalents | 8,095 | - | - | - | 8,095 |
| Capital assets, net | 48,294,383 | 1,998,339 | 1,791,920 | 19,846,315 | 71,930,957 |
| Total noncurrent assets | 48,302,478 | 1,998,339 | 1,791,920 | 19,846,315 | 71,939,052 |
| Total Assets | $ 56,451,899 | $ 6,146,646 | $ 1,887,190 | $ 20,476,346 | $ 84,962,081 |
| **Deferred outflows of resourses** | | | | | |
| Pension related | 224,100 | 132,671 | - | 41,137 | 397,908 |
| Total deferred outflows of resourses | 224,100 | 132,671 | - | 41,137 | 397,908 |
| **Current liabilities:** | | | | | |
| Accounts payable and accrued liabilities | 941,307 | 58,636 | 143,968 | 540,450 | $ 1,684,361 |
| Due to other funds | - | - | 138,692 | 79,623 | 218,315 |
| Deposits | - | - | - | 23,826 | 23,826 |
| Total current liabilities | 941,307 | 58,636 | 282,660 | 643,899 | 1,926,502 |
| **Noncurrent liabilities:** | | | | | |
| Total OPEB liability | 87,977 | 38,334 | - | 13,513 | 139,824 |
| Net pension liability | 2,148,459 | 1,254,789 | - | 360,092 | 3,763,340 |
| Advances from other funds | - | - | - | 141,160 | 141,160 |
| Other long-term liabilities | 18,782,951 | 1,161,201 | 452,988 | 25,511 | 20,422,651 |
| Total noncurrent liabilities | 21,019,387 | 2,454,324 | 452,988 | 540,276 | 24,466,975 |
| Total liabilities | 21,960,694 | 2,512,960 | 735,648 | 1,184,175 | 26,393,477 |
| **Deferred inflows of resources** | | | | | |
| Pension related | 590,244 | 347,792 | - | 105,061 | 1,043,097 |
| OPEB related | 55,232 | 24,067 | - | 8,484 | 87,783 |
| Deferred revenues | 227,022 | - | - | 92,418 | 319,440 |
| Total deferred inflows of resources | 872,498 | 371,859 | - | 205,963 | 1,450,320 |
| **Net position** | | | | | |
| Net innvestment in capital assets | 29,511,432 | 837,138 | 1,338,932 | 19,820,804 | 51,508,306 |
| Restricted for capital projects | 8,095 | - | - | - | 8,095 |
| Unrestricted | 4,323,280 | 2,557,360 | (187,390) | (693,459) | 5,999,791 |
| Total net position | $ 33,842,807 | $ 3,394,498 | $ 1,151,542 | $ 19,127,345 | $ 57,516,192 |

The accompanying notes are an integral part of the financial statements

# City of Palatka, Florida
## Statement of Revenues, Expenditures, and Changes in Fund Net Position
## Proprietary Funds
## Year Ended September 30, 2025

| | Enterprise Funds | | | | |
|---|---|---|---|---|---|
| | Water Fund | Sanitation Fund | Golf Course Fund | Airport Fund | Total Enterprise Funds |
| Operating revenues | | | | | |
| User fees | $ 9,090,094 | $ 3,515,043 | $ - | $ 1,086,767 | $ 13,691,904 |
| Other operating revenues | 30,869 | 68,423 | 185,078 | 11,526 | 295,896 |
| Total operating revenues | 9,120,963 | 3,583,466 | 185,078 | 1,098,293 | 13,987,800 |
| Operating expenses | | | | | |
| Personal services | 3,584,385 | 1,873,008 | - | 587,242 | 6,044,635 |
| Physical environment | 926,509 | - | - | - | 926,509 |
| Operating expenses | 2,259,094 | 1,009,504 | 111,661 | 789,266 | 4,169,525 |
| Depreciation | 1,544,836 | 414,147 | 64,407 | 903,427 | 2,926,817 |
| Total expenditures | 8,314,824 | 3,296,659 | 176,068 | 2,279,935 | 14,067,486 |
| Operating income (loss) | 806,139 | 286,807 | 9,010 | (1,181,642) | (79,686) |
| Nonoperating revenues (expenses) | | | | | |
| Investment earnings | 4,923 | - | - | - | 4,923 |
| Interest expense | (227,175) | (66,399) | (215) | (50) | (293,839) |
| Total nonoperating revenues (expenses) | (222,252) | (66,399) | (215) | (50) | (288,916) |
| Income (loss) before capital contributions and transfers | 583,887 | 220,408 | 8,795 | (1,181,692) | (368,602) |
| Capital contributions and transfers | | | | | |
| Capital contributions | 2,562,330 | - | - | 1,119,965 | 3,682,295 |
| Transfers in | - | 111,229 | - | 100,000 | 211,229 |
| Transfers out | (2,463,390) | (522,584) | (191) | (177,268) | (3,163,433) |
| Total other financing sources (uses) | 98,940 | (411,355) | (191) | 1,042,697 | 730,091 |
| Net change in fund balance | 682,827 | (190,947) | 8,604 | (138,995) | 361,489 |
| Fund balances - beginning of year | 33,159,980 | 3,585,445 | 1,142,938 | 19,266,340 | 57,154,703 |
| Fund balances - end of year | $ 33,842,807 | $ 3,394,498 | $ 1,151,542 | $ 19,127,345 | $ 57,516,192 |

The accompanying notes are an integral part of the financial statements

# City of Palatka, Florida
# Statement of Cash Flows
# Proprietary Funds
# Year Ended September 30, 2025

| | Water Fund | Sanitation Fund | Golf Course Fund | Airport Fund | Total Enterprise Fund |
|---|---|---|---|---|---|
| Cash flows from operating activities: | | | | | |
| Receipts from customers | $ 8,777,841 | $ 3,584,224 | $ 169,681 | $ 1,093,789 | $ 13,625,535 |
| Payments to suppliers | (2,970,792) | (772,398) | 62,137 | (1,008,309) | (4,689,362) |
| Payments to employees | (3,419,161) | (1,817,373) | - | (131,858) | (5,368,392) |
| Net cash provided by (used in) operating activities | 2,387,888 | 994,453 | 231,818 | (46,377) | 3,567,781 |
| Cash flows from non-capital financing activities: | | | | | |
| Transfers in | - | 111,229 | - | 100,000 | 211,229 |
| Transfers out | (2,463,390) | (522,584) | (191) | (177,268) | (3,163,433) |
| Net cash provided by non-capital financing activities | (2,463,390) | (411,355) | (191) | (77,268) | (2,952,204) |
| Cash flows from capital and related financing activities: | | | | | |
| Capital contributions | 2,562,330 | - | - | 1,119,965 | 3,682,295 |
| Acquisition and construct of capital assets | (4,556,507) | (215,771) | (426,754) | (996,269) | (6,195,301) |
| Debt issuance | 2,797,496 | - | - | - | 2,797,496 |
| Principal paid on debt | (3,009,308) | - | - | - | (3,009,308) |
| Interest paid on debt | (227,175) | (66,399) | (215) | (50) | (293,839) |
| Net cash provided by (used in) capital and related financing activities | (2,433,164) | (282,170) | (426,969) | 123,646 | (3,018,657) |
| Cash flows from investing activities: | | | | | |
| Interest received | 4,923 | - | - | - | 4,923 |
| Net cash provided by investing activities | 4,923 | - | - | - | 4,923 |
| Net increase (decrease) in cash and cash equivalents | (2,503,743) | 300,928 | (195,342) | 1 | (2,398,157) |
| Cash and cash equivalents at beginning of year | 8,740,758 | 3,607,006 | 182,640 | 169,300 | 12,699,705 |
| Cash and cash equivalents at end of year | $ 6,237,015 | $ 3,907,934 | $ (12,702) | $ 169,301 | $ 10,301,548 |
| Cash flows from operating activities: | | | | | |
| Operating (loss) | $ 806,139 | $ 286,807 | $ 9,010 | $ (1,181,642) | $ (79,686) |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | | | | |
| Depreciation and amortization | 1,544,836 | 414,147 | 64,407 | 903,427 | 2,926,817 |
| Change in assets and liabilities: | | | | | |
| (Increase) decrease in receivables, net | 63,531 | (20,693) | (24,915) | - | 17,923 |
| (Increase) decrease in due from other governments | (406,653) | - | - | (324,755) | (731,408) |
| (Increase) decrease in inventory | 22,305 | - | - | (29,821) | (7,516) |
| (Increase) decrease in deferred outflows | 163,656 | - | - | 9,970 | 173,626 |
| Increase (decrease) in accounts payable and accrued liabilities | 2,077,179 | 850 | 143,236 | 513,862 | 2,735,127 |
| Increase (decrease) in due to other funds | - | - | 9,419 | (50,000) | (40,581) |
| Increase (decrease) in compensated absences | (37,227) | 35,911 | - | 25,511 | 24,194 |
| Increase (decrease) in total OPEB liability | 226,321 | (37,784) | - | (307) | 188,230 |
| Increase (decrease) in customer deposits | - | - | - | (6,379) | (6,379) |
| Increase (decrease) in net pension liability | 3,166,536 | - | - | 189,079 | 3,355,615 |
| Increase (decrease) in deferred inflows | 958,440 | 351,731 | - | 202,309 | 1,512,480 |
| Net cash provided by (used in) operating activities | $ 8,585,063 | $ 1,030,969 | $ 201,157 | $ 251,254 | $ 10,068,443 |
| Cash and cash equivalents: | | | | | |
| Unrestricted | $ 3,892,856 | $ 3,590,270 | $ (12,702) | $ 300 | $ 7,470,724 |
| Restricted | 2,344,159 | 317,664 | - | 169,000 | 2,830,823 |
| Total cash and cash equivalents | $ 6,237,015 | $ 3,907,934 | $ (12,702) | $ 169,300 | $ 10,301,547 |

The accompanying notes are an integral part of the financial statements

**City of Palatka, Florida**
**Statement of Fiduciary Net Position**
**Pension Trust Funds**
**September 30, 2025**

| | | Total |
|---|---|---|
| **Assets** | | |
| Investments: | | |
| Money market and other cash equivalents | $ | 1,013,352 |
| Fixed income | | 1,722,668 |
| Equity | | 2,760,289 |
| Mutual funds - fixed income | | 13,447,032 |
| Mutual funds - equities | | 29,577,266 |
| Pooled/Common/Commingled funds - equity | | 1,675,797 |
| Pooled/Common/Commingled funds - real estate | | 2,186,500 |
| Total investments | | 52,382,904 |
| Accounts receivable | | 269,887 |
| Total assets | $ | 52,652,791 |
| Liabilities | $ | 220,137 |
| Net position: | | |
| Restricted for pension benefits | | 52,432,654 |
| Total Liabilities and Net Position | $ | 52,652,791 |

The accompanying notes are an integral part of the financial statements

**City of Palatka, Florida**
**Statement of Changes in Fiduciary Net Position**
**Pension Trust Funds**
**Year Ended September 30, 2025**

| | Total |
|---|---|
| **Additions** | |
| **Contributions** | |
| Employer | $ 2,878,025 |
| Member | 608,334 |
| State on behalf, through general fund | 207,389 |
| Total contributions | 3,693,748 |
| **Investment income** | |
| Net appreciation (depreciation) in fair value of investments | 3,918,800 |
| Interest & dividends | 1,487,275 |
| Less investment fee | (192,415) |
| Net investment income | 5,213,660 |
| Total additions | 8,907,408 |
| **Deductions** | |
| Member benefits | 3,514,744 |
| Withdrawals | 346,390 |
| Refunds of member contributions | 82,671 |
| Administrative expense | 177,964 |
| Total deductions | 4,121,769 |
| **Change in net position** | 4,785,639 |
| **Net position restricted for pension benefits, beginning of the year** | 47,647,015 |
| **Net position restricted for pension benefits, end of the year** | $ 52,432,654 |

The accompanying notes are an integral part of the financial statements

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### *Reporting Entity*

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

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

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

### *Blended Component Unit*

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

### *Discretely Presented Component Unit*

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

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

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

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

The Palatka Gas Authority
518 Main Street
Palatka, Florida 32177

### *Related Organization*

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

### *Joint Ventures*

The City did not participate in any joint ventures during the 2024-2025 fiscal year.

### *Basis of Presentation*

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

### *Government-wide Financial Statements*

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City and its component units. For the most part, the effect of interfund activity has been removed from these statements. Interfund services provided and used, if any, are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

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

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

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

### *Fund Financial Statements*

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

The City reports the following major governmental funds:

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

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

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

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

The City reports the following major enterprise funds:

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

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

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

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

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

### *Fund Financial Statements (Continued)*

The City has no nonmajor governmental funds.

Additionally, the City reports the following fiduciary funds:

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

### *Measurement Focus and Basis of Accounting*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

### *Cash and Cash Equivalents*

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

### *Accounts Receivable*

Receivables are stated at net realizable value, reduced by an allowance for uncollectable accounts, where appropriate. Accounts receivable of the Enterprise Funds are net of a $15,879 allowance. Accounts receivable of the Gas Authority are net of $15,590 allowance.

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

### *Investments*

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

### *Inventories*

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

### *Long-term Receivables*

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

### *Capital Assets*

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

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

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

### *Capital Assets (Continued)*

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

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

For its business-type activities, interest earnings are offset against construction costs for qualified projects financed with tax-exempt debt. No interest costs were capitalized during 2025.

### *Claims and Judgments*

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

### *Compensated Absences*

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

### *Property Taxes*

The Putnam County Tax Collector bills and collects property taxes for the City. At September 30, 2025, property taxes receivable was not material.

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

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

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

***Operating Revenues and Expenses***

The enterprise funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

***Pensions***

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

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

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

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

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

### *Restricted Net Position*

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

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

The City has no net position restricted by enabling legislation.

### *Fund Balance*

The City follows the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* to classify fund balances for governmental funds into specifically defined classifications. The classifications comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent.

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

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

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

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

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

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

### *Fund Balance (Continued)*

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

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

### *Use of Estimates*

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

## NOTE 2 – DEPOSITS AND INVESTMENTS

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

| | Primary Government | Component Unit |
|---|---|---|
| Statement of net position: | | |
| Cash and equivalents | $ 15,601,773 | $ 4,313,847 |
| Restricted cash and equivalents | 3,946,986 | - |
| Restricted investments | - | 1,104,243 |
| Statement of fiduciary net position: | | |
| Money market and other cash equivalents | 1,013,352 | - |
| Investments | 51,369,552 | - |
| Total deposits and investments | $ 71,931,663 | $ 5,418,090 |

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## NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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

| | Primary Government | Component Unit |
|---|---|---|
| Deposits with financial institutions (including certificates of deposit) | $ 20,562,111 | $ 4,313,847 |
| Investments - other than pension | - | 1,104,243 |
| Investments - pension | 51,369,552 | - |
| Total deposits and investments | $ 71,931,663 | $ 5,418,090 |

### *Deposits*

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

### *Investments*

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

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

The City's investments at September 30, 2025 are summarized in the following table:

| | | Maturities | | | |
|---|---|---|---|---|---|
| | | 0-5 years | 5-10 years | 10+ years | n/a |
| Pension investments: | | | | | |
| Fixed income | $ 1,722,668 | $ 1,722,668 | $ - | $ - | $ - |
| Equity | 2,760,289 | 1,283,273 | 822,460 | 654,557 | - |
| Mutual funds (fixed income) | 13,447,032 | - | - | - | 13,447,032 |
| Mutual funds (equities) | 29,577,266 | - | - | - | 29,577,266 |
| Pooled/Common/Commingled funds - equity | 2,186,500 | - | - | - | 2,186,500 |
| Total pension investments | $ 49,693,755 | $ 3,005,941 | $ 822,460 | $ 654,558 | $ 45,210,798 |

## NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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

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

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

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

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

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

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

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

## NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

### *Investments (Continued)*

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

## NOTE 3 – FAIR VALUE MEASUREMENT

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

The City has the following recurring fair value measurements as of September 30, 2025:

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

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

| | Fair Value | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|---|---|---|---|---|
| Investments: | | | | |
| Fixed income | $ 1,722,668 | $ 1,722,668 | $ - | $ - |
| Equity | 2,760,289 | 2,349,691 | 410,598 | - |
| Mutual funds (fixed income) | 29,577,266 | 13,447,032 | - | - |
| Mutual funds (equities) | 13,447,032 | 11,446,762 | 2,000,270 | - |
| Pooled/Common/Commingled funds - equity | 2,186,500 | 1,861,254 | 325,246 | - |
| Total pension investments | 49,693,755 | 30,827,407 | 2,736,114 | - |

## NOTE 4 – INTERFUND BALANCES AND TRANSFERS

At September 30, 2025, interfund balances consist of:

- A long-term advance from the General Fund to the Airport Fund of $141,160.
- Temporary loans from the General Fund to Airport Fund and Golf Course Fund of $79,623 and $138,692, respectively, expected to be repaid within the next fiscal year.

Interfund transfers for the year ended September 30, 2025 consisted of the following:

| Transfers from: | General fund | Downtown redev. fund | Better place plan fund | Special revenues fund | Water fund | Sanitation fund | Golf course fund | Airport fund | Total |
|---|---|---|---|---|---|---|---|---|---|
| Transfers to: | | | | | | | | | |
| General fund | - | $ 110,604 | $ 33,540 | $ - | $ 2,209,132 | $ 191 | $ 522,584 | $ 177,268 | $ 3,053,319 |
| Downtown redev. fund | - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | - |
| Better place plan fund | - | $ - | $ 363,406 | $ - | $ - | $ - | $ - | $ - | 363,406 |
| Special revenues fund | - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | - |
| Water fund | - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | - |
| Sanitation fund | - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | - |
| Golf course fund | 56,971 | $ - | $ - | $ - | $ 54,258 | $ - | $ - | $ - | 111,229 |
| Airport | 100,000 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | 100,000 |
| Total | $ 156,971 | $ 110,604 | $ 396,946 | $ - | $ 2,263,390 | $ 191 | $ 522,584 | $ 177,268 | $ 3,627,954 |

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

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## NOTE 5 – CAPITAL ASSETS ACTIVITY

During the year ended September 30, 2025, the following changes in capital assets occurred:

| Primary Government | Balance October 1, 2024 | Additions | Deletions | Transfers | Balance September 30, 2025 |
|---|---|---|---|---|---|
| Governmental activities: | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land and improvements | $ 5,761,789 | $1,808,999 | $ - | $ - | $ 7,570,788 |
| Construction in progress | 2,856,389 | 2,472,008 | - | - | 5,328,397 |
| Total not being depreciated | 8,618,178 | 4,281,007 | - | - | 12,899,185 |
| Capital assets being depreciated: | | | | | |
| Buildings and improvements | 8,349,055 | 1,823,100 | - | - | 10,172,155 |
| Infrastructure | 25,031,752 | - | - | - | 25,031,752 |
| Furniture and equipment | 6,312,127 | 994,019 | (218,469) | - | 7,087,677 |
| Intangibles | 247,544 | - | - | - | 247,544 |
| Total being depreciated | 39,940,478 | 2,817,119 | (218,469) | - | 42,539,128 |
| Less accumulated depreciation for: | | | | | |
| Buildings and improvements | 6,091,929 | 242,862 | - | - | 6,334,791 |
| Infrastructure | 10,461,466 | 493,888 | - | - | 10,955,354 |
| Furniture and equipment | 3,997,106 | 498,746 | (218,469) | - | 4,277,383 |
| Intangibles | 247,544 | 1,701 | - | - | 249,245 |
| Total accumulated depreciation | 20,798,045 | 1,237,197 | (218,469) | - | 21,816,773 |
| Total being depreciated, net | 19,142,433 | 1,579,922 | - | - | 20,722,355 |
| Governmental activities capital assets, net | $ 27,760,611 | $ 5,860,929 | $ - | $ - | $ 33,621,540 |

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

| | |
|---|---|
| **Governmental activities:** | |
| General government | $289,848 |
| Public safety | 363,798 |
| Transportation | 369,394 |
| Human services | 3,861 |
| Culture and recreation | 210,296 |
| **Total depreciation expense governmental activities** | $ 1,237,197 |

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## NOTE 5 – CAPITAL ASSETS ACTIVITY (CONTINUED)

| | Balance October 1, 2024 | Additions | Deletions | Transfers | Balance September 30, 2025 |
|---|---|---|---|---|---|
| Business-type activities: | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land and improvements | $ 8,101,871 | $ - | $ (14,175) | $ - | $ 8,087,696 |
| Construction in progress | 8,289,860 | 4,655,001 | - | - | 12,944,861 |
| Total not being depreciated | 16,391,731 | 4,655,001 | (14,175) | - | 21,032,557 |
| Capital assets being depreciated: | | | | | |
| Buildings and improvements | 28,045,158 | 196,013 | - | - | 28,241,171 |
| Furniture and equipment | 8,281,643 | 1,059,891 | - | - | 9,341,534 |
| Water and sewer distribution system | 24,668,074 | 504,415 | - | - | 25,172,489 |
| Plant assets and equipment | 37,793,502 | 242,584 | - | - | 38,036,086 |
| Total being depreciated | 98,788,377 | 2,002,903 | - | - | 100,791,280 |
| Less accumulated depreciation for: | | | | | |
| Buildings and improvements | 15,224,411 | 871,602 | - | - | 16,096,013 |
| Furniture and equipment | 4,443,243 | 656,346 | - | - | 5,099,589 |
| Water and sewer distribution system | 7,085,942 | 597,371 | - | - | 7,683,313 |
| Plant assets and equipment | 20,221,577 | 792,388 | - | - | 21,013,965 |
| Total accumulated depreciation | 46,975,173 | 2,917,707 | - | - | 49,892,880 |
| Total being depreciated, net | 51,813,204 | (914,804) | - | - | 50,898,400 |
| Business-types activities capital assets, net | $ 68,204,935 | $ 3,740,197 | $ (14,175) | $ - | $ 71,930,957 |

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

| | |
|---|---|
| **Business-type activities:** | |
| Water | $ 1,544,836 |
| Sanitation | $ 64,407 |
| Golf Course | $ 414,147 |
| Airport | $ 903,427 |
| **Total depreciation expense business-type activities** | $ 2,926,817 |

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## NOTE 5 – CAPITAL ASSETS ACTIVITY (CONTINUED)

| Gas Authority capital assets | Balance October 1, 2024 | Additions | Deletions | Transfers | Balance September 30, 2025 |
|---|---|---|---|---|---|
| Capital assets not being depreciated: | | | | | |
| Land | $ 211,543 | $ - | $ - | $ - | $ 211,543 |
| Total not being depreciated | 211,543 | - | - | - | 211,543 |
| Capital assets being depreciated: | | | | | |
| Buildings and improvements | 1,467,709 | 10,540 | - | - | 1,478,249 |
| Furniture and equipment | 1,839,077 | 39,696 | (137,322) | - | 1,741,451 |
| Plant assets and equipment | 7,230,453 | 172,482 | (613,014) | - | 6,789,921 |
| Total being depreciated | 10,537,239 | 222,718 | (750,336) | - | 10,009,621 |
| Less accumulated depreciation for: | | | | | |
| Buildings and improvements | 617,857 | 37,403 | - | - | 655,260 |
| Furniture and equipment | 992,374 | 143,715 | (576,872) | - | 559,217 |
| Plant assets and equipment | 3,685,473 | 144,456 | - | - | 3,829,929 |
| Total accumulated depreciation | 5,295,704 | 325,574 | (576,872) | - | 5,044,406 |
| Total being depreciated, net | 5,241,535 | (102,856) | (173,464) | - | 5,312,143 |
| Gas Authority capital assets, net | $ 5,453,078 | $ (102,856) | $ (173,464) | $ - | $ 5,176,758 |

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## NOTE 6 – LONG-TERM OBLIGATIONS

Revenue Bonds and Notes:

| | |
|---|---|
| **Governmental Activities** | |
| $1,251,000 Public Improvement Revenue Note, Series 2024, payable in semiannual installments ranging from $20,000 to $50,000 through October 2043, plus interest at 5.08% per annum, also payable semiannually, secured by non-ad valorem revenues. During the current year, no payments were due or made. | $ 1,251,000 |
| $300,000 North CRA road project loan, payable in annual installments ranging from $10,706 to $20,376 through February 2039, plus interest at 3.64%, paybale semiannually, revenue source - non-ad valorem revenues. | $ 184,433 |
| Total | $ 1,435,433 |
| **Business-type Activities** | |
| $5,620,357 Florida Municipal Loan Council Refunding Revenue Note, Series 2020; payable in varying installments through October 1, 2040, bearing a fixed interest rate of 2.73%, secured by a pledge of Half-Cent Sales Tax Revenues, Public Service Tax Revenues, and Communications Service Tax Revenues. Interest payments are due every April 1 beginning on April 1, 2021. Principal and interest payments are due every October 1, beginning October 1, 2021. | 4,735,643 |
| $4,268,622 Drinking Water State Revolving Fund Loan, plus capitalized interest of $15,953, payable in semiannual installments of $142,476, including interest at 2.61%, through January 2029, from net revenues of the water and sewer system. The proceeds were used to repay the portion of interim loan for construction of the drinking water treatment/distribution project, that was not covered by a DEP grant. The approximate amount of the pledge is equal to the remaining principal and interest of $1,432,271. During the current year, the City recognized net revenues of $2,379,096, and paid principal and interest payments in the amount of $272,474. | 3,181,486 |
| $10,922,306, Water Reuse System State Revolving Loan; interest rate of 3.20% - 3.64%. Repayment will begin in October 2025 in 34 semiannual payments. Secured by a pledge of the net revenues of the water system after satisfaction of senior obligations. | 9,399,971 |
| $714,914 Water Reuse System State Revolving Loan; interest rate of 1.34%. Repayment began in September 2005 in 30 semiannual payments. Secured by a pledge of the net revenues of the water and sewer system after satisfaction of senior obligations. During the current year, the City recognized net revenues of $2,379,096, and made $26,821 principal and interest payments. | 359,196 |
| $1,749,000 Public Improvement Revenue Note, Series 2024, payable in semiannual installments ranging from $13,000 to $40,000 through October 2043, plus interest at 5.08% per annum, also payable semiannually, secured by non-ad valorem revenues. During the current year, no payments were due or made. | 1,749,000 |
| Total | $ 19,425,296 |

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

### Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements

In addition to other requirements to disclose information related to debt in notes to financial statements, The City is disclosing in the notes to financial statements summarized information about the following items:

a. There are no unused lines of credit
b. There are no assets pledged as collateral for debt
c. There are no terms specified in debt agreements related to significant (1) events of default with finance-related consequences, (2) termination events with finance related consequences, and (3) subjective acceleration clauses.

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

| Year Ending September 30, 2025 | Governmental Activities Principal | Governmental Activities Interest | Business-type Activities Principal | Business-type Activities Interest |
|---|---|---|---|---|
| 2026 | 53,251 | 68,986 | 754,937 | 237,789 |
| 2027 | 56,219 | 66,425 | 1,290,205 | 221,351 |
| 2028 | 59,204 | 63,730 | 1,306,689 | 204,395 |
| 2029 | 61,372 | 60,890 | 1,329,504 | 186,914 |
| 2030-2034 | 354,229 | 257,147 | 5,384,706 | 740,149 |
| 2035-2039 | 404,968 | 158,183 | 5,357,071 | 424,237 |
| 2040-2044 | 404,073 | 52,990 | 3,366,745 | 93,483 |
| 2045-2049 | - | - | - | - |
| Totals | $ 1,393,316 | $ 728,351 | $ 18,789,857 | $ 2,108,318 |

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

| | Balance October 1, 2024 | Additions | Deletions | Balance September 30, 2025 | Due Within One Year |
|---|---|---|---|---|---|
| Revenue bonds and notes | $ 2,096,863 | $ - | $189,109 | $ 1,907,754 | $138,755 |
| Capital leases | 608,756 | 57,225 | 267,460 | 398,521 | 159,517 |
| Compensated absences | 631,061 | 5,161 | 29,556 | 606,666 | - |
| Total OPEB liability | 418,541 | - | 134,293 | 284,248 | - |
| Net pension liability | 5,541,007 | 197,556 | - | 5,738,563 | - |
| Totals | $ 9,296,228 | $ 259,942 | $ 620,418 | $ 8,935,752 | $ 298,272 |

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

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

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

| | Balance October 1, 2024 | Additions | Deletions | Balance September 30, 2025 | Due Within One Year |
|---|---|---|---|---|---|
| Florida Municipal Loan Council refunded revenue bonds series 2020 | $ 4,968,756 | $ - | $233,113 | $ 4,735,643 | $ 240,669 |
| Drinking water state revolving fund loan | 1,334,230 | 2,106,399 | 259,143 | 3,181,486 | 432,944 |
| State revolving fund loan | 10,922,306 | 691,097 | 2,213,432 | 9,399,971 | - |
| Emergency water fund loan | 383,969 | - | 24,773 | 359,196 | 24,772 |
| Vehicles Loan | 642,137 | - | 278,847 | 363,290 | 96,961 |
| Public works facility improvement note | 1,749,000 | - | - | 1,749,000 | - |
| Total revenue bonds and notes | 20,000,398 | 2,797,496 | 3,009,308 | 19,788,586 | 795,346 |
| Capital leases | 204,262 | 451,049 | 202,324 | 452,987 | 131,783 |
| County water/sewer agreement | - | - | - | - | - |
| Compensated absences | 244,944 | 5,476 | 54,965 | 195,455 | - |
| Total OPEB liability | 227,566 | - | 87,741 | 139,825 | - |
| Net pension liability | 1,772,234 | 1,991,105 | - | 3,763,339 | - |
| Totals | $ 22,449,404 | $ 5,245,126 | $ 3,354,338 | $ 24,340,192 | $ 927,129 |

## Capital Leases

### *Governmental Activities*

The City continued to pay a $680,000, 3.38% 2018 capital lease for fire engine due in quarterly installments of approximately $77,000 to $85,000, $420,000 capital lease for police vehicles at 1.14% with the final payment of $85,000 due 10/01/25. These leases are payable from the General Fund and reported in governmental activities in furniture and equipment.

### *Business-type Activities*

Additionally, the City has a $289,257, 2.04% capital lease for a sanitation truck in semi-annual payments of approximately $23,000 and a 419,000, 1.80% capital lease for two sanitation trucks in semi-annual payments of approximately $30,000. During the year, the City entered into a capital lease for a new sanitation vehicle. All three leases are payable from the Sanitation Fund and are reported in business-type activities in furniture and equipment. During the fiscal year 2024, the City entered into a $274,223 capital lease for a sanitation rear loader and vehicles for the airport at 3.28% with annual payments of $2,513 which is payable from the Sanitation and Airport Funds.

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

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

| | Governmental Activities | Business-type Activities |
|---|---|---|
| 2025 | 285,504 | 96,926 |
| 2026 | 210,040 | 102,327 |
| 2027 | 220,033 | 108,010 |
| 2028 | 155,458 | 56,232 |
| 2029-2033 | - | 225,192 |
| Less: amount representing interest | (117,430) | (65,532) |
| Present value of net minimum lease payments | $ 753,605 | $ 523,155 |

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

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

| | Business-type Activties |
|---|---|
| Restricted assets: | |
| Cash and equivalent | $ 2,830,823 |
| Total | 2,830,823 |
| Liabilities payable from restricted assets: | |
| Current portion of debt service: | |
| Principal | 754,937 |
| Interest | 237,789 |
| Payable from current portion of debt service | 992,726 |
| Long-term debt service payable from restricted assets | $ 1,838,097 |

## NOTE 8 – FUND BALANCE CLASSIFICATIONS

| | General fund | Redevelopment Agency Fund | Better Place Plan Fund | Special Revenues Fund | Total Governmental Funds |
|---|---|---|---|---|---|
| Nonspendable: | | | | | |
| Advances | $ 141,160 | $ - | $ - | $ - | $ 141,160 |
| Restricted for: | | | | | |
| Law enforcement | 76,016 | - | - | - | 76,016 |
| Fire safety education | 43,266 | - | - | - | 43,266 |
| Fire protection | 8,350 | - | - | - | 8,350 |
| Programming and recreation | 29,022 | - | - | - | 29,022 |
| Transportation | 248,744 | - | - | - | 248,744 |
| Cemetery improvements | 189,194 | - | - | - | 189,194 |
| Capital projects | 22,000 | - | 159,365 | - | 181,365 |
| Downtown redevelopment | - | 3,121,420 | - | - | 3,121,420 |
| Total restricted | 616,592 | 3,121,420 | 159,365 | - | 3,897,377 |
| Committed for: | | | | | |
| Law enforcement | 8,346 | - | - | - | 8,346 |
| Tree mitigation | 3,579 | - | - | - | 3,579 |
| Demolition and lot cleanup | 201,130 | - | - | - | 201,130 |
| Total committed | 213,055 | - | - | - | 213,055 |
| Unassigned | 4,339,458 | - | - | (4,881) | 4,334,577 |
| Total fund balance | $ 5,310,265 | $ 3,121,420 | $ 159,365 | $ (4,881) | $ 8,586,169 |

**The remainder of this plan was intentionally left blank**

## NOTE 9 – PENSION PLANS

### *Defined Benefit Plan*

*Plan Description.* The City sponsors a single-employer public employee retirement system (the "System") administered by the City of Palatka, Pension Boards of Trustees. The General Pension Board consists of five members, including the City Manager, two City Commission appointees, one member elected by a majority of the other covered General employees, and one citizen having financial experience appointed by the City Commission. The Police Officer Pension Board and Firefighters Pension Board each consist of two City Commission appointees, two members of the Plan elected by a majority of the other covered members and a fifth member elected by the other four board trustees and appointed by the City Commission. The System administers the City Employees Retirement Plan (the "Plan") which provides three employee contributory defined benefit pension plans. Members of the Plan include employees of the City and the Palatka Gas Authority. Nonemployer contributions are made by the State of Florida on behalf of Police Officers and Firefighters who participate in the System. For the year ended September 30, 2025, the City recognized $119,914 and $87,475 in the General Fund for State contributions to the Police Officers' and Firefighters' Retirement Funds, respectively. The City accounts for the Plan in three Pension Trust Funds, corresponding to three benefit groups as follows:

*General* – all members not included in Police Officers and Firefighters
*Police Officers* – all state-certified police officers
*Firefighters* – all state-certified firefighters

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

## NOTE 9 – PENSION PLANS (CONTINUED)

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

Current membership in the Plan as of September 30, 2025 is as follows:

| | General | Police Officers | Fire Fighters | Total |
|---|---|---|---|---|
| Inactive plan members or beneficiaries | | | | |
| currently receiving benefits | 118 | 35 | 15 | 168 |
| Inactive plan members entitled to but | | 18 | | |
| not yet receiving benefits | 53 | 30 | 14 | 97 |
| Active plan members | 107 | 26 | 25 | 158 |
| Total | 278 | 109 | 54 | 423 |

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

*Concentrations*. As of September 30, 2025, the Plans did not hold investments in any one organization that represents 5% or more of the Plans' fiduciary net position.

*Rate of Return*. For the year ended September 30, 2025, the annual money-weighted rate of return on General, Police Officers, and Firefighters Pension Plans investments, net of pension plan investment expense was (10.86)%, (11.34)%, and (11)%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense adjusted for the changing amounts actually invested.

*Deferred Retirement Option Program (DROP)*. Eligibility is met with satisfaction of normal retirement requirements. Participation is not to exceed five years, or for police officers and firefighters, beyond attaining 35 or 34 years, respectively, of credited service, if earlier. General and Police DROP participants may choose actual net rate of return as reported by the Fund's monitor each September 30 or a fixed 6.5% per annum compounded monthly. Effective beginning with the year ending September 30, 2008 the rate of return was limited to 0% for general members in DROP. Rate for Firefighter DROP participants is the greater of: 1) net rate of investment return or 2) 5.0%. The DROP balance as of September 30, 2025 was $311,469, $124,931, and $0, respectively, for general, police officer and firefighters.

*Net Pension Liability*. The City's net pension liability was measured as of September 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated October 1, 2024 and rolled forward to that date.

## NOTE 9 – PENSION PLANS (CONTINUED)

The components of the net pension liability for the plans at September 30, 2025 were as follows:

| | City of Palatka - General | Palatka Gas Authority | Total General Retirement Fund |
|---|---|---|---|
| Total pension liability | $ 26,344,390 | $ 4,249,642 | $ 30,594,032 |
| Plan fiduciary net position | (21,496,582) | (3,467,636) | (24,964,218) |
| Net pension liability | $ 4,847,809 | $ 782,005 | $ 5,629,814 |
| Pension fiduciary net position as a percentage of the total pension liability | 81.60% | 81.60% | 81.60% |

| | Police Officers' | Firefighters' |
|---|---|---|
| Total pension liability | $ 17,804,920 | $ 14,317,586 |
| Plan fiduciary net position | (15,025,403) | (12,443,033) |
| Net pension liability | $ 2,779,517 | $ 1,874,553 |
| Pension fiduciary net position as a percentage of the total pension liability | 84.39% | 86.91% |

*Actuarial assumptions*. The total pension liability was determined by an actuarial valuation as of October 1, 2024, rolled forward to September 30, 2025, using the following actuarial assumptions, applied to all periods included in the measurement:

| | General | Police Officers | Fire Fighters |
|---|---|---|---|
| Investment rate of return | 7.40% | 7.50% | 7.40% |
| Projected salary increases* | Service based | Service based | Service based |
| * Includes inflation at | 2.50% | 2.50% | 2.50% |
| Discount rate | 7.40% | 7.50% | 7.40% |

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

## NOTE 9 – PENSION PLANS (CONTINUED)

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

Best estimates of arithmetic real rates of return for each major asset class included in all three pension plans' target asset allocations as of September, 30 2025 are summarized in the following table:

| | Target Allocation | | | Long-term Expected Real Rate of Return |
|---|---|---|---|---|
| **Asset class:** | General | Police Officers' | Firefighters' | All Plans |
| Domestic equity | 52.0% | 52.0% | 52.0% | 7.80% |
| Internation equity | 8.0% | 8.0% | 8.0% | 3.80% |
| Bonds | 20.0% | 20.0% | 20.0% | 1.80% |
| High yields bonds | 4.0% | 4.0% | 4.0% | 4.20% |
| Convertibles | 5.0% | 5.0% | 5.0% | 6.30% |
| Private real estate | 5.0% | 5.0% | 5.0% | 5.40% |
| Infrastructure | 5.0% | 5.0% | 5.0% | 6.40% |
| Cash | 1.0% | 1.0% | 1.0% | -0.10% |
| **Total** | 100.0% | 100.0% | 100.0% | |

*Discount Rate*. The discount rate used to measure the total pension liability was 7.40% for the General and Firefighter's Plan and 7.50% for the Police Plan. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

## NOTE 9 – PENSION PLANS (CONTINUED)

### *Changes in the Net Pension Liability (General)*

| | Total Plan | | |
|---|---|---|---|
| | Increase (Decrease) | | |
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
| **Balance - beginning of year** | $ 29,205,826 | $ 22,693,463 | $ 6,512,363 |
| **Changes for the year:** | | | |
| Service cost | 673,175 | - | 673,175 |
| Interest | 2,125,397 | - | 2,125,397 |
| Changes in benefit terms | - | - | - |
| Difference between expected and actual experience | 552,256 | - | 552,256 |
| Changes of assumptions | 352,219 | - | 352,219 |
| Contributions-employer | - | 1,844,312 | (1,844,312) |
| Contributions-employees | - | 360,573 | (360,573) |
| Net investment income | - | 2,448,335 | (2,448,335) |
| Benefit payments, including refunds of employee contributions | (2,314,841) | (2,314,841) | - |
| Administrative expense | - | (67,624) | 67,624 |
| Net changes | 1,388,206 | 2,270,755 | (882,549) |
| **Balance - end of year** | $ 30,594,032 | $ 24,964,218 | $ 5,629,814 |

| | City of Palatka | | |
|---|---|---|---|
| | Increase (Decrease) | | |
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
| **Balance - beginning of year** | $ 25,149,137 | $ 19,541,341 | $ 5,607,796 |
| **Changes for the year:** | | | |
| Service cost | 579,671 | - | 579,671 |
| Interest | 1,830,179 | - | 1,830,179 |
| Changes in benefit terms | - | - | - |
| Difference between expected and actual experience | 475,548 | - | 475,548 |
| Changes of assumptions | 303,296 | - | 303,296 |
| Contributions-employer | - | 1,588,137 | (1,588,137) |
| Contributions-employees | - | 310,489 | (310,489) |
| Net investment income | - | 2,108,261 | (2,108,261) |
| Benefit payments, including refunds of employee contributions | (1,993,310) | (1,993,310) | - |
| Administrative expense | - | (58,231) | 58,231 |
| Net changes | 1,195,384 | 1,955,347 | (759,963) |
| **Balance - end of year** | $ 26,344,521 | $ 21,496,688 | $ 4,847,833 |

## NOTE 9 – PENSION PLANS (CONTINUED)

| | Palatka Gas Authority | | |
|---|---|---|---|
| | Increase (Decrease) | | |
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
| **Balance - beginning of year** | $ 4,056,689 | $ 3,152,122 | $ 904,567 |
| **Changes for the year:** | | | |
| Service cost | 93,504 | - | 93,504 |
| Interest | 295,218 | - | 295,218 |
| Changes in benefit terms | - | - | - |
| Difference between expected and actual experience | 76,708 | - | 76,708 |
| Changes of assumptions | 48,923 | - | 48,923 |
| Contributions-employer | - | 256,175 | (256,175) |
| Contributions-employees | - | 50,084 | (50,084) |
| Net investment income | - | 340,074 | (340,074) |
| Benefit payments, including refunds of employee contributions | (321,531) | (321,531) | - |
| Administrative expense | - | (9,393) | 9,393 |
| Net changes | 192,822 | 315,408 | (122,586) |
| **Balance - end of year** | $ 4,249,511 | $ 3,467,530 | $ 781,981 |

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

| | Police Officers' | | |
|---|---|---|---|
| | Increase (Decrease) | | |
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
| **Balance - beginning of year** | $ 15,874,776 | $ 13,853,538 | $ 2,021,238 |
| **Changes for the year:** | | | |
| Service cost | 287,243 | - | 287,243 |
| Interest | 1,174,268 | - | 1,174,268 |
| Changes of benefit terms | 1,096,674 | - | 1,096,674 |
| Difference between expected and actual experience | 132,108 | - | 132,108 |
| Changes of assumptions | 250,061 | - | 250,061 |
| Contributions-Employer | - | 434,207 | (434,207) |
| Contributions-State | - | 119,914 | (119,914) |
| Contributions-Employees | - | 136,057 | (136,057) |
| Net investment income | - | 1,548,905 | (1,548,905) |
| Benefit payments, including refunds of employee contributions | (1,010,210) | (1,010,210) | - |
| Administrative expense | - | (57,008) | 57,008 |
| Net changes | 1,930,144 | 1,171,865 | 758,279 |
| **Balance - end of year** | $ 17,804,920 | $ 15,025,403 | $ 2,779,517 |

## NOTE 9 – PENSION PLANS (CONTINUED)

### *Changes in the Net Pension Liability (Firefighters')*

| | Firefighters' | | |
|---|---|---|---|
| | Increase (Decrease) | | |
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
| **Balance - beginning of year** | $ 13,106,017 | $ 11,100,014 | $ 2,006,003 |
| **Changes for the year:** | | | |
| Service cost | 324,531 | - | 324,531 |
| Interest | 970,966 | - | 970,966 |
| Change in benefit terms | 226,279 | - | 226,279 |
| Difference between expected and actual experience | 98,261 | - | 98,261 |
| Changes of assumptions | 210,286 | - | 210,286 |
| Contributions-Employer | - | 599,506 | (599,506) |
| Contributions-State | - | 87,475 | (87,475) |
| Contributions-Employees | - | 111,704 | (111,704) |
| Net investment income | - | 1,216,420 | (1,216,420) |
| Benefit payments, including refunds of employee contributions | (618,754) | (618,754) | - |
| Administrative expense | - | (53,332) | 53,332 |
| Net changes | 1,211,569 | 1,343,019 | (131,450) |
| **Balance - end of year** | $ 14,317,586 | $ 12,443,033 | $ 1,874,553 |

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

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

## NOTE 9 – PENSION PLANS (CONTINUED)

| Net Pension Liability | 1% Decrease 6.40% | Discount Rate 7.40% | 1% Increase 8.40% |
|---|---|---|---|
| General | $ 8,627,609 | $ 5,629,814 | $ 3,083,497 |

| Net Pension Liability | 1% Decrease 6.50% | Current Discount Rate 7.50% | 1% Increase 8.50% |
|---|---|---|---|
| Police officers' | 4,907,199 | 2,779,517 | 1,034,124 |

| Net Pension Liability | 1% Decrease 6.40% | Current Discount Rate 7.40% | 1% Increase 8.40% |
|---|---|---|---|
| Firefighters' | 3,719,721 | 1,874,553 | 353,519 |

*Pension expense and deferred outflows of resources and deferred inflows of resources.* For the year end September 30, 2025, the City recognized pension expense of $1,495,502 (including $207,725 for Palatka Gas Authority), $1,684,830, and $680,559 relating to the General, Police Officers', and Firefighters' plans respectively. At September 30, 2025, the City reported deferred outflows and inflows of resources relating to the General, Police Officers', and Firefighters' pensions from the following sources:

| | Deferred Outflows of Resources - City | Deferred Outflows of Resources - PGA | Deferred Outflows of Resources - Total | Deferred Inflows of Resources - City | Deferred Inflows of Resources - PGA | Deferred Inflows of Resources - Total |
|---|---|---|---|---|---|---|
| Differences between expected and actual experience | $ 237,773 | $ 38,355 | $ 276,128 | $ - | $ - | $ - |
| Changes of assumptions | 151,648 | 24,462 | 176,110 | - | - | - |
| Difference between projected and actual earnings on pension plan investments (net) | - | - | - | 796,726 | 182,682 | 1,315,163 |
| Total | $ 389,420 | $ 62,818 | $ 452,238 | $ 796,726 | $ 182,682 | $ 1,315,163 |

| | Police Officers' | | Firefighters' | |
|---|---|---|---|---|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | $ 66,054 | $ - | $ 251,080 | $ - |
| Changes of assumptions | 125,031 | - | 157,716 | - |
| Difference between projected and actual earnings on pension plan investments (net) | - | 833,617 | - | 641,228 |
| Total | $ 191,085 | $ 833,617 | $ 408,796 | $ 641,228 |

## NOTE 9 – PENSION PLANS (CONTINUED)

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

| Year ending September 30, | General - City | General - PGA | General - Total | Police Officers' | Firefighters' |
|---|---|---|---|---|---|
| 2026 | $ 689,407 | $ 111,209 | $ 800,616 | $ 373,375 | $ 302,649 |
| 2027 | (650,017) | (104,855) | (754,872) | (463,322) | (187,585) |
| 2028 | (648,880) | (104,671) | (753,551) | (447,779) | (269,429) |
| 2029 | (133,571) | (21,547) | (155,118) | (104,806) | (78,067) |
| 2030 | - | - | - | - | - |
| Thereafter | - | - | - | - | - |
| Total | $ (743,061) | $ (119,864) | $ (862,925) | $ (642,532) | $ (232,432) |

### *Pension Plan Financial Statements*

Combining Statement of Fiduciary Net Position – September 30, 2025

| | General Retirement Fund | Police Officers' Retirement Fund | Firefighters' Retirement Fund | Total |
|---|---|---|---|---|
| **Assets** | | | | |
| Investments: | | | | |
| Money market and other cash equivalents | $ (74,945) | $ 511,525 | $ 576,772 | $ 1,013,352 |
| Government bonds and notes | - | - | - | - |
| Government agencies | - | - | - | - |
| Corporate bonds and notes | - | - | - | - |
| Fixed income | - | 989,165 | 733,503 | 1,722,668 |
| Equity | - | 1,514,537 | 1,245,752 | 2,760,289 |
| Mutual funds - fixed income | 7,121,703 | 3,296,104 | 3,029,225 | 13,447,032 |
| Mutual funds - equities | 15,071,437 | 8,179,447 | 6,326,382 | 29,577,266 |
| Pooled/Common/Commingled funds - equity | 1,675,797 | - | - | 1,675,797 |
| Pooled/Common/Commingled funds - real estate | 1,045,171 | 654,362 | 486,967 | 2,186,500 |
| Total investments | 24,839,163 | 15,145,140 | 12,398,601 | 52,382,904 |
| Accounts receivable | 155,977 | 49,240 | 64,670 | 269,887 |
| Total assets | 24,995,140 | 15,194,380 | 12,463,271 | 52,652,791 |
| Liabilities | 30,922 | 168,977 | 20,238 | 220,137 |
| Net position: | | | | |
| Restricted for pension benefits | $ 24,964,218 | $ 15,025,403 | $ 12,443,033 | $ 52,432,654 |

## NOTE 9 – PENSION PLANS (CONTINUED)

Combining Statement of Changes in Fiduciary Net Position – Year Ended September 30, 2025

| | General Retirement Fund | Police Officers' Retirement Fund | Firefighters' Retirement Fund | Total |
|---|---|---|---|---|
| **Additions** | | | | |
| **Contributions** | | | | |
| Employer | $ 1,844,312 | $ 434,207 | $ 599,506 | $ 2,878,025 |
| Member | 360,573 | 136,057 | 111,704 | 608,334 |
| State on behalf, through general fund | - | 119,914 | 87,475 | 207,389 |
| Total contributions | 2,204,885 | 690,178 | 798,685 | 3,693,748 |
| **Investment income** | | | | |
| Net appreciation (depreciation) in fair value of investments | 1,438,602 | 1,381,089 | 1,099,109 | 3,918,800 |
| Interest & dividends | 1,075,409 | 237,972 | 173,894 | 1,487,275 |
| Less investment fee | (65,676) | (70,156) | (56,583) | (192,415) |
| Net investment income (loss) | 2,448,335 | 1,548,905 | 1,216,420 | 5,213,660 |
| Total additions (deductions) | 4,653,220 | 2,239,083 | 2,015,105 | 8,907,408 |
| **Deductions** | | | | |
| Member benefits | 2,046,028 | 849,962 | 618,754 | 3,514,744 |
| Withdrawls | 197,651 | 148,739 | - | 346,390 |
| Refunds of member contributions | 71,162 | 11,509 | - | 82,671 |
| Administrative expense | 67,624 | 57,008 | 53,332 | 177,964 |
| Total deductions | 2,382,465 | 1,067,218 | 672,086 | 4,121,769 |
| **Change in net position** | 2,270,755 | 1,171,865 | 1,343,019 | 4,785,639 |
| **Net position restricted for pension benefits, beginning of the year** | 22,693,463 | 13,853,538 | 11,100,014 | 47,647,015 |
| **Net position restricted for pension benefits, end of the year** | $ 24,964,218 | $ 15,025,403 | $ 12,443,033 | $ 52,432,654 |

### *Deferred Compensation Plan*

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

## NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS

### *Plan Description*

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

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

For purposes of applying Paragraph 4 under Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the Plan does not meet the requirements for an OPEB plan administered through a trust, and the City has not established a qualifying trust for the OPEB plan. The OPEB Plan does not issue a stand-alone financial report.

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

### *Benefits Provided*

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

### *Contributions*

The contribution requirements of plan members and the participating employers are established and may be amended by the City. The City's required contribution, actuarially determined, is based on a combination of projected pay-as-you-go financing, with an additional amount to prefund benefits when earned. Contributions are not based on a measure of pay. The contractually required contribution for the year ended September 30, 2025 was $28,234. Actual contributions to the OPEB Plan were $28,234 for the year ended September 30, 2025. Retiree plan members receiving benefits contributed to pay-as-you-go financing through their required contributions for health insurance premiums.

## NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

### *Total OPEB Liability*

The measurement date is September 30, 2025, based on an actuarial valuation dated October 1, 2023 and rolled forward to September 30, 2025. The reporting period is October 1, 2024 through September 30, 2025.

The Sponsor's total OPEB liability of $469,210 (comprised of $424,072 for City and $45,138 for Palatka Gas Authority) was measured as of September 30, 2025.

### *Actuarial Assumptions and Other Inputs*

Table

| | |
|---|---|
| Inflation rate | 2.50% |
| Salary increase rate(s) | Varies by service |
| Discount rate | 4.50% |
| Initial trand rate | 8.50% |
| Ultimate trend rate | 4.00% |
| Years to ultimate | 51 |

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

### *Discount Rate*

All future benefit payments were discounted using a high-quality municipal bond rate of 4.50%. The rate was based on the week closest but not later than the measurement date of the Bond Buyer 20-Bond Index as published by the Federal Reserve. This index consists of 20 general obligation bonds that mature in 20 years. The average rating of the 20 bonds is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA.

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## NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

### *Change in Total OPEB Liability*

| | | |
|---|---|---|
| Changes for the year: | | |
| Service cost | $ | 36,840 |
| Interest | | 19,606 |
| Difference between expected and actual experience | | - |
| Changes of assumptions and actual experience | | (20,845) |
| Benefit payments | | (24,634) |
| Net changes | | 10,967 |
| Total OPEB liabilitty - beginning of reporting period | | 458,243 |
| Total OPEB liabilitty - end of reporting period | $ | 469,210 |

Changes in assumptions reflect a change in the discount rate from 4.87% for the reporting period ended September 30, 2024, to 4.50% for the reporting period ended September 30, 2025.

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

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

| | 1% Decrease 3.50% | | Current Discount Rate 4.50% | | 1% Increase 5.50% | |
|---|---|---|---|---|---|---|
| Total OPEB liability - City | $ | 468,637 | $ | 403,066 | $ | 385,314 |
| Total OPEB liability - PGA | | 49,881 | | 66,144 | | 41,013 |
| Total OPEB liability | $ | 518,518 | $ | 469,210 | $ | 426,327 |

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## NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

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

| | 1% Decrease 3.00% - 7.50% | Healthcare Cost Trend Rates 4.00% - 8.50% | 1% Increase 5.00% - 9.50% |
|---|---|---|---|
| Total OPEB liability - City | $ 372,360 | $ 403,066 | $ 485,594 |
| Total OPEB liability - PGA | 39,634 | 66,144 | 51,686 |
| Total OPEB liability | $ 411,994 | $ 469,210 | $ 537,280 |

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

For the year ended September 30, 2025, the Sponsor recognized OPEB expense of $24,942, including $2,399 for the Palatka Gas Authority.

On September 30, 2025, the Sponsor reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | | | Deferred Inflows of Resources | | |
|---|---|---|---|---|---|---|
| | City | PGA | Total | City | PGA | Total |
| Differences between expected and actual experience | $ - | $ - | $ - | $ 142,546 | $ 15,173 | $ 157,719 |
| Changes of assumptions | - | - | - | 123,688 | 13,165 | 136,853 |
| Total | $ - | $ - | $ - | $ 266,234 | $ 28,338 | $ 294,572 |

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

| Year ending September 30, | City | PGA | Total |
|---|---|---|---|
| 2026 | $ (84,841) | $ (9,030) | $ (93,871) |
| 2027 | (81,034) | (8,625) | (89,659) |
| 2028 | (49,169) | (5,233) | (54,402) |
| 2029 | (3,141) | (334) | (3,475) |
| 2030 | - | - | - |
| Thereafter | - | - | - |
| Total | $ (218,185) | $ (23,222) | $ (241,407) |

## NOTE 11 – RISK MANAGEMENT

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

## NOTE 12 - CONTINGENCIES

The City is evaluating potential financial exposure related to a grant-funded project change order that exceeded allowable reimbursement limits and has initiated cost-recovery efforts.

The City is sometimes a party to lawsuits and claims arising out of the normal conduct of its activities. While the results of lawsuits or other proceedings against the City cannot be predicted with certainty, management does not expect that these matters will have a material adverse effect on the financial condition of the City as of September 30, 2025.

## NOTE 13 – SUBSEQUENT EVENTS

Management has evaluated subsequent events to determine if events or transactions occurring through June 29, 2026, the date the financial statements available to be issued, require potential adjustment to or disclosure in the financial statements.

On May 28, 2026, the City Commission formally prohibited future land-swap transactions, limiting all future real property transactions to fee-simple sales. Additionally, the City initiated cost-recovery efforts related to a grant-funded project change order identified during the audit. Management is also evaluating alternative financing options associated with the Drinking Water State Revolving Fund loan executed during the fiscal year.

## NOTE 14 – NEW ACCOUNTING PRONOUNCEMENTS

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

In December 2023, the GASB issued Statement No. 102, Certain Risk Disclosures. This Statement will provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement defines a *concentration* as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A *constraint* is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority.

Concentrations and constraints may limit a government's ability to acquire resources or control spending. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. The disclosure should include descriptions of the following:

- The concentration or constraint
- Each event associated with the concentration or constraint that could cause a substantial impact if the event had occurred or had begun to occur prior to the issuance of the financial statements
- Actions taken by the government prior to the issuance of the financial statements to mitigate the risk.

This Statement is effective for the fiscal years beginning after June 15, 2024, and all reporting periods thereafter.

In April 2024, the GASB issued Statement No. 103, Financial Reporting Model Improvements. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement is effective for the fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

In September 2024, the GASB issued Statement No. 104, Disclosure of Certain Capital Assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. This Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset.

# Required Supplementary Information

# City of Palatka, Florida
## Schedule of Revenues, Expenditures, and Changes in Fund Balances
## Budget to Actual – General Fund
## Year Ended September 30, 2025

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|---|---|---|---|---|
| **Revenues:** | | | | |
| Taxes | $ 6,968,496 | $ 6,968,496 | $ 6,474,597 | $ (493,899) |
| Permits, fees and special assements | 4,106,677 | 4,106,677 | 3,583,135 | (523,542) |
| Intergovernmental | 1,853,922 | 1,853,922 | 1,816,822 | (37,100) |
| Charges for services | 240,480 | 240,480 | 265,560 | 25,080 |
| Fines and forfeitures | 133,880 | 133,880 | 220,995 | 87,115 |
| Miscellaneous | 636,121 | 636,121 | 926,630 | 290,509 |
| Total revenues | 13,939,576 | 13,939,576 | 13,287,739 | (651,837) |
| **Expenditures:** | | | | |
| Current: | | | | |
| General government | 4,325,191 | 4,325,191 | 3,980,826 | 344,365 |
| Public safety | 8,750,368 | 8,750,368 | 9,648,702 | (898,334) |
| Physical environment | - | - | - | - |
| Transportation | 1,500,722 | 1,500,722 | 1,436,670 | 64,052 |
| Economic environment | - | - | - | - |
| Human services | 135,327 | 135,327 | 124,851 | 10,476 |
| Culture and recreation | 1,154,035 | 1,154,035 | 925,642 | 228,393 |
| Capital outlay | 2,574,533 | 2,574,533 | 1,305,534 | 1,268,999 |
| Debt service | | | | |
| Principal retirement | 381,705 | 381,705 | 327,263 | 54,442 |
| Interest and fiscal charges | 114,552 | 114,552 | 63,185 | 51,367 |
| Total expenditures | 18,936,433 | 18,936,433 | 17,812,673 | 1,123,760 |
| Excess of revenues over expenditures | (4,996,857) | (4,996,857) | (4,524,934) | 471,923 |
| Other financing sources (uses): | | | | |
| Operating transfer in | 2,803,939 | 2,803,939 | 3,053,319 | 249,380 |
| Operating transfer out | (566,159) | (566,159) | (203,520) | 362,639 |
| Issuance of debt | - | - | - | - |
| Capital lease issuance | - | - | - | - |
| Sale of surplus property | - | - | - | - |
| Capital contributions | - | - | - | - |
| Reserves | - | - | - | - |
| Total other financing sources (uses): | 2,237,780 | 2,237,780 | 2,849,799 | 612,019 |
| Net change in fund balance | $ (2,759,077) | $ (2,759,077) | (1,675,135) | $ 1,083,942 |
| Fund balances - beginning of year | | | 6,985,414 | |
| Fund balance, end of year | | | $ 5,310,265 | |

See the accompanying notes.

## City of Palatka, Florida
## Schedule of Revenues, Expenditures, and Changes in Fund Balances
## Budget to Actual – Downtown Redevelopment Agency Fund
## Year Ended September 30, 2025

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|---|---|---|---|---|
| **Revenues:** | | | | |
| Taxes | $ 964,820 | $ 964,820 | $ 1,198,043 | $ 233,223 |
| Miscellaneous | - | - | - | - |
| Total revenues | 964,820 | 964,820 | 1,198,043 | 233,223 |
| **Expenditures:** | | | | |
| Economic environment | - | - | 348,471 | (348,471) |
| Total expenditures | - | - | 348,471 | (348,471) |
| Excess of revenues over expenditures | 964,820 | 964,820 | 849,572 | (115,248) |
| Other financing sources (uses): | | | | |
| Operating transfer in | 1,224,008 | 1,224,008 | - | (1,224,008) |
| Operating transfer out | - | - | (227,459) | (227,459) |
| Issuance of debt | - | - | - | - |
| Capital lease issuance | - | - | - | - |
| Sale of surplus property | - | - | - | - |
| Total other financing sources (uses): | 1,224,008 | 1,224,008 | (227,459) | (1,451,467) |
| Net change in fund balance | $ 2,188,828 | $ 2,188,828 | 622,113 | $ (1,566,715) |
| Fund balances - beginning of year | | | 2,499,307 | |
| Fund balance, end of year | | | $ 3,121,420 | |

See the accompanying notes.

**City of Palatka, Florida**
**Notes to Budgetary Comparison Schedules**
**September 30, 2025**

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

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

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

Annual budgets are adopted for all governmental funds.

# City of Palatka, Florida
# Schedule of Changes in Net Pension Liability and Related Ratios
# General Pension Plan
# Year Ended September 30, 2025
# Last 10 Fiscal Years

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Total pension liability** | | | | | | | | | | |
| Service cost | $ 673,175 | $ 591,230 | $ 483,533 | $ 407,022 | $ 462,352 | $ 469,426 | $ 393,661 | $ 423,870 | $ 386,138 | $ 340,525 |
| Interest | 2,125,397 | 2,008,685 | 1,976,615 | 1,985,787 | 1,952,058 | 1,943,145 | 1,894,079 | 1,872,580 | 1,807,530 | 1,707,988 |
| Changes in benefit terms | - | 845,441 | - | | | | | | | |
| Difference between expected and actual experience | 552,256 | 531,657 | 193,303 | (651,079) | 246,792 | 173,030 | 404,844 | 23,255 | 408,495 | (74,220) |
| Changes of assumptions | 352,219 | - | - | - | 89,552 | (145,479) | 249,474 | 238,967 | 257,491 | 1,236,245 |
| Benefit payments, including refunds of employee contributions | (2,314,841) | (2,648,701) | (2,006,842) | (1,877,528) | (1,898,267) | (2,048,357) | (2,048,737) | (1,826,224) | (1,713,924) | (1,737,850) |
| Net changes in total pension liability | 1,388,206 | 1,328,312 | 646,609 | (135,798) | 852,487 | 391,765 | 893,321 | 732,448 | 1,145,730 | 1,472,688 |
| Total pension liability-beginning | 29,205,826 | 27,877,514 | 27,230,905 | 27,366,703 | 26,514,216 | 26,122,451 | 25,229,130 | 24,496,682 | 23,350,953 | 21,878,265 |
| Total pension liability-ending (a) | 30,594,032 | 29,205,826 | 27,877,514 | 27,230,905 | 27,366,703 | 26,514,216 | 26,122,451 | 25,229,130 | 24,496,682 | 23,350,953 |
| **Total fiduciary net position** | | | | | | | | | | |
| Contributions | | | | | | | | | | |
| Employer | 1,844,312 | 1,686,668 | 1,508,293 | 1,420,542 | 1,259,075 | 1,354,046 | 1,062,017 | 866,294 | 739,093 | 679,864 |
| Employee | 360,573 | 328,572 | 276,296 | 235,222 | 212,266 | 221,385 | 209,178 | 188,324 | 192,427 | 175,818 |
| Net investment income | 2,448,335 | 4,373,617 | 1,325,651 | (3,889,387) | 3,437,739 | 1,389,220 | 771,522 | 994,227 | 1,528,570 | 1,554,168 |
| Benefit payments, including refunds of employee contributions | (2,314,841) | (2,648,701) | (2,006,842) | (1,877,528) | (1,898,267) | (2,048,357) | (2,048,737) | (1,826,224) | (1,713,924) | (1,737,850) |
| Administrative expense | (67,624) | (63,438) | (45,458) | (51,134) | (36,749) | (51,912) | (34,739) | (33,995) | (29,451) | (34,904) |
| Net changes in plan fiduciary net position | 2,270,755 | 3,676,718 | 1,057,940 | (4,162,285) | 2,974,064 | 864,382 | (40,759) | 188,626 | 716,715 | 637,096 |
| **Plan fiduciary net position-beginning** | 22,693,463 | 19,016,745 | 17,958,805 | 22,121,090 | 19,147,026 | 18,282,644 | 18,323,403 | 18,134,777 | 17,418,063 | 16,780,967 |
| **Plan fiduciary net position-ending** | 24,964,218 | 22,693,463 | 19,016,745 | 17,958,805 | 22,121,090 | 19,147,026 | 18,282,644 | 18,323,403 | 18,134,777 | 17,418,063 |
| **Net pension liability-ending (a)-(b)** | $ 5,629,814 | $ 6,512,363 | $ 8,860,769 | $ 9,272,100 | $ 5,245,613 | $ 7,367,190 | $ 7,839,807 | $ 6,905,727 | $ 6,361,905 | $ 5,932,890 |
| Plan fiduciary net position as a percentage of the total pension liability | 81.60% | 77.70% | 68.22% | 65.95% | 80.83% | 72.21% | 69.99% | 72.63% | 74.03% | 74.59% |
| Covered payroll | $ 6,009,556 | $ 5,476,200 | $ 3,920,363 | $ 3,689,497 | $ 3,689,497 | $ 3,689,497 | $ 3,486,295 | $ 3,148,480 | $ 3,197,367 | $ 2,930,299 |
| Net pension liability as a percentage of covered payroll | 93.68% | 118.92% | 226.02% | 251.31% | 142.18% | 199.68% | 224.88% | 219.34% | 198.97% | 202.47% |

**Notes to the Schedule**

For measurement date 09/30/2021, amounts reported as changes of assumptions resulted from lowering the investment rate of return from 7.50% to 7.40%
For measurement date 09/30/2020, amounts reported as changes of assumptions resulted from lowering the investment rate of return from 7.60% to 7.50%
For measurement date 09/30/2019, amounts reported as changes of assumptions resulted from lowering the investment rate of return from 7.70% to 7.60%
For measurement date 09/30/2018, amounts reported as changes of assumptions resulted from lowering the investment rate of return from 7.80% to 7.70%
For measurement date 09/30/2017, amounts reported as changes of assumptions resulted from lowering the investment rate of return from 7.90% to 7.80%
In addition, the assumed rates of mortality were changed from those in the July 1, 2015 FRS valuation report to those used in the July 1, 2016 FRS valuation report (FRS herein is the Florida Retirement System).
For measurement date 09/30/2016, amounts reported as changes of assumptions resulted from an experience study dated Sept. 20, 2016:

- The assumed rate of individual salary increases was changed from a 5.50% each year to a service-based table.
- The assumed interest rate was lowered from 8.0% to 7.9%.
- The assumed rates of mortality were changed to match what is used by FRS for non-special risk participants.
- The assumed rates for Normal Retirement increased for all ages.
- The assumed rates of disability decreased by changing from Table 1207 to Table 1201.
- The inflation assumption rate was lowered form 3.00% to 2.70%, matching the long-term inflation assumption used by the Plan's investment consultant.

# City of Palatka, Florida
# Schedule of Changes in Net Pension Liability and Related Ratios
# Police Officers' Pension Plan
# Year Ended September 30, 2025
# Last 10 Fiscal Years

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Total pension liability** | | | | | | | | | | | |
| Service cost | $ 287,243 | $ 238,300 | $ 189,421 | $ 230,485 | $ 230,013 | $ 248,069 | $ 239,064 | $ 235,276 | $ 213,253 | $ 213,832 | $ 278,204 |
| Interest | 1,174,268 | 1,090,368 | 1,080,335 | 1,069,778 | 998,166 | 981,113 | 1,009,282 | 953,900 | 868,015 | 851,901 | 812,851 |
| Changes of benefit terms | 1,096,674 | 415,743 | (506,377) | 228,369 | - | - | - | - | - | (41,662) | (108,171) |
| Difference between expected and actual experience | 132,108 | 273,392 | 225,283 | (190,279) | 345,990 | 149,301 | (676,400) | 271,647 | 609,467 | (454,959) | 50,553 |
| Changes of assumptions | 250,061 | - | - | (27,379) | - | (43,230) | 145,942 | 145,765 | 165,502 | 321,310 | - |
| Benefit payments, including refunds of employee contributions | (1,010,210) | (885,914) | (921,652) | (879,901) | (816,466) | (1,018,918) | (831,237) | (633,367) | (618,511) | (561,601) | (528,946) |
| Net changes in total pension liability | 1,930,144 | 1,131,889 | 67,010 | 431,073 | 757,703 | 316,335 | (113,349) | 973,221 | 1,237,726 | 328,821 | 504,491 |
| Total pension liability-beginning | 15,874,776 | 14,742,887 | 14,675,877 | 14,244,804 | 13,487,101 | 13,170,766 | 13,284,115 | 12,310,894 | 11,073,168 | 10,744,347 | 10,239,856 |
| Total pension liability-ending (a) | $ 17,804,920 | $ 15,874,776 | $ 14,742,887 | $ 14,675,877 | $ 14,244,804 | $ 13,487,101 | $ 13,170,766 | $ 13,284,115 | $ 12,310,894 | $ 11,073,168 | $ 10,744,347 |
| **Total fiduciary net position** | | | | | | | | | | | |
| Contributions | | | | | | | | | | | |
| Employer | 434,207 | 391,979 | 382,666 | 343,472 | 248,264 | 284,472 | 287,923 | 154,829 | 186,569 | 151,756 | 196,130 |
| State | 119,914 | 113,280 | 99,811 | 85,728 | 86,172 | 76,357 | 77,299 | 72,068 | 67,554 | 65,893 | 64,825 |
| Employee | 136,057 | 115,713 | 96,243 | 92,687 | 86,959 | 89,045 | 92,521 | 83,808 | 86,168 | 81,274 | 85,064 |
| Net investment income | 1,548,905 | 2,572,853 | 894,968 | (2,215,065) | 2,271,232 | 980,170 | 401,546 | 788,650 | 1,137,327 | 904,015 | (394,718) |
| Benefit payments, including refunds of employee contributions | (1,010,210) | (885,914) | (921,652) | (879,901) | (816,466) | (1,018,918) | (831,237) | (633,367) | (618,511) | (561,601) | (528,946) |
| Administrative expense | (57,008) | (53,420) | (42,387) | (46,252) | (29,361) | (43,550) | (26,058) | (28,518) | (24,245) | (34,770) | (26,755) |
| Net changes in plan fiduciary net position | 1,171,865 | 2,254,491 | 509,649 | (2,619,331) | 1,846,800 | 367,576 | 1,994 | 437,470 | 834,862 | 606,567 | (604,400) |
| **Plan fiduciary net position-beginning** | 13,853,538 | 11,599,047 | 11,089,398 | 13,708,729 | 11,861,929 | 11,494,353 | 11,492,359 | 11,054,889 | 10,220,027 | 9,613,460 | 10,217,860 |
| **Plan fiduciary net position-ending** | $ 15,025,403 | $ 13,853,538 | $ 11,599,047 | $ 11,089,398 | $ 13,708,729 | $ 11,861,929 | $ 11,494,353 | $ 11,492,359 | $ 11,054,889 | $ 10,220,027 | $ 9,613,460 |
| **Net pension liability-ending (a)-(b)** | $ 2,779,517 | $ 2,021,238 | $ 3,143,840 | $ 3,586,479 | $ 536,075 | $ 1,625,172 | $ 1,676,413 | $ 1,791,756 | $ 1,256,005 | $ 853,141 | $ 1,130,887 |
| Plan fiduciary net position as a percentage of the total pension liability | 84.39% | 87.27% | 78.68% | 75.56% | 96.24% | 87.95% | 87.27% | 86.51% | 89.80% | 92.30% | 89.47% |
| Covered payroll | $ 2,267,622 | $ 1,928,555 | $ 1,604,052 | $ 1,544,776 | $ 1,449,328 | $ 1,484,076 | $ 1,542,023 | $ 1,396,791 | $ 1,436,141 | $ 1,354,573 | $ 1,433,319 |
| Net pension liability as a percentage of covered payroll | 122.57% | 104.81% | 195.99% | 232.17% | 36.99% | 109.51% | 108.72% | 128.28% | 87.46% | 62.98% | 78.90% |

**Notes to the Schedule**

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

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

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

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

For measurement date 09/30/2017, amounts reported as changes of assumptions resulted from lowering the investment rate of return from 7.90% to 7.80%
In addition, the assumed rates of mortality were changed from those in the July 1, 2015 FRS valuation report to those used in the July 1, 2016 FRS valuation report (FRS herein is the Florida Retirement System).

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

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

# City of Palatka, Florida
# Schedule of Changes in Net Pension Liability and Related Ratios
# Firefighters' Pension Plan
# Year Ended September 30, 2025
# Last 10 Fiscal Years

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Total pension liability** | | | | | | | | | | | |
| Service cost | $ 324,531 | $ 281,574 | $ 280,676 | $ 269,114 | $ 254,615 | $ 257,388 | $ 232,935 | $ 210,260 | $ 185,742 | $ 172,607 | $ 177,733 |
| Interest | 970,966 | 881,946 | 897,175 | 872,561 | 845,464 | 822,576 | 778,034 | 747,092 | 726,035 | 718,377 | 707,171 |
| Changes of benefit terms | 226,279 | 284,545 | (763,184) | 208,680 | - | - | (815) | - | - | - | (33,092) |
| Difference between expected and actual experience | 98,261 | 342,964 | 23,611 | (86,780) | (322,737) | 41,158 | 193,080 | 147,701 | 109,800 | (112,062) | 73,309 |
| Changes of assumptions | 210,286 | - | - | 62,797 | - | (28,396) | 125,856 | 115,984 | 134,956 | 381,136 | - |
| Benefit payments, including refunds of employee contributions | (618,754) | (643,252) | (646,696) | (632,142) | (646,305) | (634,619) | (636,040) | (796,891) | (789,645) | (1,102,639) | (490,496) |
| Net changes in total pension liability | 1,211,569 | 1,147,777 | (208,418) | 694,230 | 131,037 | 458,107 | 693,050 | 424,146 | 366,888 | 57,419 | 434,625 |
| Total pension liability-beginning | 13,106,017 | 11,958,240 | 12,166,658 | 11,472,428 | 11,341,391 | 10,883,284 | 10,190,234 | 9,766,088 | 9,399,200 | 9,341,781 | 8,907,156 |
| Total pension liability-ending (a) | $ 14,317,586 | $ 13,106,017 | $ 11,958,240 | $ 12,166,658 | $ 11,472,428 | $ 11,341,391 | $ 10,883,284 | $ 10,190,234 | $ 9,766,088 | $ 9,399,200 | $ 9,341,781 |
| **Total fiduciary net position** | | | | | | | | | | | |
| Contributions | | | | | | | | | | | |
| Employer | 599,506 | 494,522 | 663,059 | 592,239 | 500,542 | 521,538 | 444,977 | 414,702 | 395,413 | 296,485 | 250,259 |
| State | 87,475 | 68,408 | 71,357 | 61,250 | 49,571 | 62,951 | 66,498 | 73,764 | 60,543 | 50,698 | 95,653 |
| Employee | 111,704 | 97,889 | 95,765 | 84,498 | 72,184 | 75,612 | 68,282 | 64,184 | 61,203 | 52,815 | 47,712 |
| Net investment income | 1,216,420 | 2,015,971 | 641,479 | (1,673,415) | 1,583,992 | 679,012 | 279,441 | 507,754 | 749,063 | 619,284 | (285,606) |
| Benefit payments, including refunds of employee contributions | (618,754) | (643,252) | (646,696) | (632,142) | (646,305) | (634,619) | (636,040) | (796,891) | (789,645) | (1,102,639) | (490,496) |
| Administrative expense | (53,332) | (51,506) | (41,117) | (43,825) | (27,112) | (37,960) | (26,740) | (24,681) | (22,815) | (31,660) | (22,760) |
| Net changes in plan fiduciary net position | 1,343,019 | 1,982,032 | 783,847 | (1,611,395) | 1,532,872 | 666,534 | 196,418 | 238,832 | 453,762 | (115,017) | (405,238) |
| **Plan fiduciary net position-beginning** | 11,100,014 | 9,117,982 | 8,334,135 | 9,945,530 | 8,412,658 | 7,746,124 | 7,549,706 | 7,310,874 | 6,857,112 | 6,972,129 | 7,377,367 |
| **Plan fiduciary net position-ending** | $ 12,443,033 | $ 11,100,014 | $ 9,117,982 | $ 8,334,135 | $ 9,945,530 | $ 8,412,658 | $ 7,746,124 | $ 7,549,706 | $ 7,310,874 | $ 6,857,112 | $ 6,972,129 |
| **Net pension liability-ending (a)-(b)** | $ 1,874,553 | $ 2,006,003 | $ 2,840,258 | $ 3,832,523 | $ 1,526,898 | $ 2,928,733 | $ 3,137,160 | $ 2,640,528 | $ 2,455,214 | $ 2,542,088 | $ 2,369,652 |
| Plan fiduciary net position as a percentage of the total pension liability | 86.91% | 84.69% | 76.25% | 68.50% | 86.69% | 74.18% | 71.17% | 74.09% | 74.86% | 72.95% | 74.63% |
| Covered payroll | $ 1,861,737 | $ 1,631,486 | $ 1,596,087 | $ 1,408,294 | $ 1,203,064 | $ 1,260,206 | $ 1,138,039 | $ 1,069,725 | $ 1,020,044 | $ 880,247 | $ 934,724 |
| Net pension liability as a percentage of covered payroll | 100.69% | 122.96% | 177.95% | 272.14% | 126.92% | 232.40% | 275.66% | 246.84% | 240.70% | 288.79% | 253.51% |

**Notes to the Schedule**

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

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

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

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

For measurement date 09/30/2017, amounts reported as changes of assumptions resulted from lowering the investment rate of return from 7.90% to 7.80%
In addition, the assumed rates of mortality were changed from those in the July 1, 2015 FRS valuation report to those used in the July 1, 2016 FRS valuation report (FRS herein is the Florida Retirement System).

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

- The assumed rate of individual salary increases was changed from a 5.50% each year to a service-based table.
- The assumed interest rate was lowered from 800% to 7.9%.
- The assumed rates of mortality were changed to match what is used by FRS for non-special risk participants.
- The assumed rates for Normal Retirement increased for all ages.
- The assumed rates of disability decreased by changing from Table 1207 to Table 1201.
- The inflation assumption rate was lowered form 3.00% to 2.70%, matching the long-term inflation assumption used by the Plan's investment consultant.

# City of Palatka, Florida
# Schedule of Employer Contributions
# General Pension Plan
# Year Ended September 30, 2025
# Last 10 Fiscal Years

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| Actuarially determined contribution | $ 1,844,934 | $ 1,686,669 | $ 1,547,256 | $ 1,395,649 | $ 1,238,303 | $ 1,354,046 | $ 1,063,320 | $ 864,991 | $ 716,210 | $ 679,829 |
| Contrbution in relation to the actuarially determined contributions | 1,844,312 | 1,686,668 | 1,508,293 | 1,420,542 | 1,259,075 | 1,354,046 | 1,062,017 | 1,077,055 | 931,520 | 679,825 |
| Contribtion deficiency (excess) | $ 622 | $ 1 | $ 38,963 | $ (24,893) | $ (20,772) | $ - | $ 1,303 | $ (212,064) | $ (215,310) | $ 4 |
| Covered payroll | $ 6,009,556 | $ 5,476,200 | $ 4,604,929 | $ 3,920,363 | $ 3,538,009 | $ 3,689,497 | $ 3,689,497 | $ 3,486,295 | $ 3,148,480 | $ 3,197,367 |
| Contributions as a percentage of covered payroll | 30.69% | 30.80% | 32.75% | 36.23% | 35.59% | 36.70% | 28.78% | 30.89% | 29.59% | 21.26% |

**Notes to the Schedule**

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

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

Valucation Date for FY 2025 contribution 10/1/2023

*Methods and assumption used to determine contribution rates:*

Mortality rates:
Healthy Active Female: PubG.H-2010 Employees
Healthy Active Male: PubG.H-2010 Employees, set back one year
Healthy Retiree/Beneficiary Female: PubG.H-2010 Healthy Retirees
Healthy Retiree/Beneficiary Male: PubG.H-2010 Healthy Retirees, set back one year
Disabled: PubG.H-2010 Disabled Retirees, set forward four years
Generational projection using Scale MP-2021

Interest rate: 7.40% per year compounded annually, net of investment related expenses.

Retirement age:

| Age | Retirement Rate |
|---|---|
| 50-54 | 15.0% |
| 55-59 | 20.0% |
| 60-69 | 30.0% |
| 70+ | 100.0% |

Salary increases:

| Services | Rate |
|---|---|
| 0-1 | 10% |
| 4-Feb | 5.5% |
| 5+ | 4.8% |

Payroll growth: None, for purpose of amortizing the unfunded actuarial liability

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

Funding method: Entry Age Normal Cost

Actuarial asset method: All assets are valued at market value with an adjustment to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five-year period.

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

| Service | Percent Terminating during the year | Age | Percent becoming disabled during the year |
|---|---|---|---|
| 0 | 20.00% | 20 | 0.03% |
| 1-10 | 14.00% | 30 | 0.04% |
| 11-15 | 10.00% | 40 | 0.07% |
| 16-20 | 7.50% | 50 | 0.18% |
| 21+ | 0.00% | 60 | 0.90% |

# City of Palatka, Florida
# Schedule of Employer Contributions
# Police Officers' Pension Plan
# Year Ended September 30, 2025
# Last 10 Fiscal Years

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| Actuarially determined contribution | $ 564,638 | $ 493,710 | $ 466,779 | $ 441,806 | $ 352,187 | $ 348,758 | $ 356,207 | $ 282,152 | $ 189,571 | $ 222,150 |
| Contrbution in relation to the actuarially determined contributions | 554,121 | 505,259 | 482,477 | 429,200 | 334,436 | 360,829 | 365,222 | 226,897 | 254,123 | 222,154 |
| Contribtion deficiency (excess) | $ 10,517 | $ (11,549) | $ (15,698) | $ 12,606 | $ 17,751 | $ (12,071) | $ (9,015) | $ 55,255 | $ (64,552) | $ (4) |
| Covered payroll | $ 2,267,622 | $ 2,267,622 | $ 1,928,555 | $ 1,604,052 | $ 1,544,776 | $ 1,449,328 | $ 1,484,076 | $ 1,542,023 | $ 1,396,791 | $ 1,436,141 |
| Contributions as a percentage of covered payroll | 24.44% | 22.28% | 25.02% | 26.76% | 21.65% | 24.90% | 24.61% | 14.71% | 18.19% | 15.47% |

**Notes to the Schedule**

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

Valucation Date for FY 2025 contribution 10/1/2023

*Methods and assumption used to determine contribution rates:*

Mortality rates:
Healthy Active Female: PubS-2010 Employees
Healthy Active Male: PubS-2010 Employees, set forward one year
Healthy Retiree Female: PubS-2010 Healthy Retirees
Healthy Retiree Male: PubS-2010 Healthy Retirees, set forward one year
Beneficiary: PubG.H-2010 Healthy Retirees (Male set back one year)
Disabled: PubG.H-2010 Disabled Retirees (Female set forward one year)
Generational projection using Scale MP-2021

Interest rate: 7.50% per year compounded annually, net of investment related expenses.

Retirement age:

| Service 7-24 Years | | Service 25-29 Years | |
|---|---|---|---|
| Years Following First Eligibilty | Retirement Rate | Age | Rate |
| 0 | 30.0% | 50-51 | 50.0% |
| 1-2 | 20.0% | 52+ | 100.0% |
| 3 | 50.0% | | |
| 4 | 75.0% | Service 30+ Years | |
| 5+ | 100.0% | All Ages | 100.0% |

Salary increases: Based on years of service. 12% at 0; 5.25% for 1-4; 5% for 5-9; 4.75% for 10+

Payroll growth: None, for purpose of amortizing the unfunded actuarial liability

Funding method: Entry Age Normal Cost

Actuarial asset method: All assets are valued at market value with an adjustment to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five-year period.

Disability and termination rates: See following table. It is assumed that 75% of disablements are service related.

| Years of Service | Termination Rate | Age | Percent becoming disabled during the year |
|---|---|---|---|
| 0-1 | 22.50% | 20 | 0.07% |
| 2 | 20.00% | 25 | 0.09% |
| 3-4 | 15.00% | 30 | 0.11% |
| 5-7 | 7.50% | 35 | 0.14% |
| 8-13 | 12.00% | 40 | 0.19% |
| 14-24 | 7.00% | 45 | 0.30% |
| 25+ | 0.00% | 50 | 0.51% |
| | | 55 | 0.96% |
| | | 60 | 1.66% |
| | | 65 | 2.39% |

# City of Palatka, Florida
# Schedule of Employer Contributions
# Firefighters’ Pension Plan
# Year Ended September 30, 2025
# Last 10 Fiscal Years

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| Actuarially determined contribution | $ 686,981 | $ 575,915 | $ 721,431 | $ 657,673 | $ 549,800 | $ 585,996 | $ 512,117 | $ 482,446 | $ 455,959 | $ 380,267 |
| Contrbution in relation to the actuarially determined contributions | 686,981 | 562,930 | 734,416 | 653,489 | 550,113 | 584,489 | 511,475 | 488,466 | 455,965 | 380,264 |
| Contribtion deficiency (excess) | $ - | $ 12,985 | $ (12,985) | $ 4,184 | $ (313) | $ 1,507 | $ 642 | $ (6,020) | $ (6) | $ 3 |
| Covered payroll | $ 1,861,737 | $ 1,861,737 | $ 1,596,087 | $ 1,408,294 | $ 1,203,064 | $ 1,260,206 | $ 1,260,206 | $ 1,138,039 | $ 1,069,725 | $ 1,020,044 |
| Contributions as a percentage of covered payroll | 36.90% | 30.24% | 46.01% | 46.40% | 45.73% | 46.38% | 40.59% | 42.92% | 42.62% | 37.28% |

**Notes to the Schedule**

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

Valucation Date for FY 2025 contribution 10/1/2023

*Methods and assumption used to determine contribution rates:*

Mortality rates:
Healthy Active Female: PubS-2010 Employees
Healthy Active Male: PubS-2010 Employees, set forward one year
Healthy Retiree Female: PubS-2010 Healthy Retirees
Healthy Retiree Male: PubS-2010 Healthy Retirees, set forward one year
Beneficiary Female: PubG.H-2010 Healthy Retirees
Beneficiary Male: PubG.H-2010 Healthy Retirees, set back one year
Disabled: PubG.H-2010 Disabled Retirees; Female set forward one year
Generational projection using Scale MP-2021
90% of active deaths are assumed to be service-incurred

Interest rate: 7.4% per year compounded annually, net of investment related expenses.

Retirement age:

| Years Following First Eligibilty | Retirement Rate |
|---|---|
| 0 | 50.0% |
| 1 | 50.0% |
| 2+ | 100.0% |

Salary increases: Based on years of service. 12.5% at 0; 5.5% for 1; 5% for 2-15 and 4.5% for 16+

Payroll growth: None, for purpose of amortizing the unfunded actuarial liability

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

Funding method: Entry Age Normal Cost

Actuarial asset method: All assets are valued at market value with an adjustment to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five-year period.

Disability and termination rates: See following table. It is assumed that 90% of disablements are service related.

| Years of Service | Termination Rate | Age | Percent becoming disabled during the year |
|---|---|---|---|
| 0-1 | 15.00% | 20 | 0.07% |
| 2-5 | 10.00% | 30 | 0.11% |
| 6-8 | 6.00% | 40 | 0.19% |
| 9 | 0.00% | 50 | 0.51% |
| 10-19 | 5.00% | 60 | 1.66% |
| 20+ | 0.00% | | |

# City of Palatka, Florida
# Schedule of Investment Returns
# Pension Plan
# Year Ended September 30, 2025
# Last 10 Fiscal Years

| | General Plan | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
| Annual money-weighted rate of return, net of investment expenses | 10.86% | 23.33% | 7.45% | -17.75% | 18.21% | 7.73% | 4.35% | 5.61% | 8.99% | 9.55% |

| | Police Officers' Plan | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
| Annual money-weighted rate of return, net of investment expenses | 11.34% | 22.65% | 8.27% | -16.46% | 19.55% | 8.78% | 3.58% | 7.27% | 11.32% | 9.54% |

| | Firefighters' Plan | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
| Annual money-weighted rate of return, net of investment expenses | 11.00% | 22.40% | 7.73% | -16.95% | 19.05% | 8.88% | 3.77% | 7.18% | 11.32% | 9.21% |

# City of Palatka, Florida
# Schedule of Change in City's Other Postemployment Benefit Plan
# Liability and Related Ratios
# Year Ended September 30, 2025
# Last 10 Fiscal Years

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|---|---|
| Service cost | $ 36,840 | $ 43,373 | $ 50,452 | $ 68,198 | $ 71,027 | $ - | $ 43,970 |
| Interest | 19,606 | 28,588 | 33,832 | 17,713 | 18,379 | - | 25,549 |
| Difference between expected and actual experience | - | (156,784) | - | (159,593) | 106,153 | - | - |
| Changes of assumptions | (20,845) | (141,372) | (7,400) | (51,971) | (25,250) | - | 67,368 |
| Benefit payments | (24,634) | (31,628) | (38,796) | (33,252) | (29,997) | - | (14,973) |
| Net changes in total OPEB liability | 10,967 | - | 38,088 | (158,905) | 140,312 | - | 121,914 |
| Total OPEB liability-beginning | 458,243 | 716,066 | 677,978 | 836,883 | 696,571 | 696,571 | 574,657 |
| Total OPEB liability-ending | 469,210 | 716,066 | 716,066 | 677,978 | 836,883 | 696,571 | 696,571 |
| Covered payroll | $ 7,290,887 | $ 6,907,519 | $ 6,564,605 | $ 6,232,190 | $ 6,232,190 | $ 6,232,190 | $ 6,243,122 |
| Net pension liability as a percentage of covered payroll | 6.44% | 6.63% | 10.91% | 10.88% | 13.43% | 11.18% | 11.16% |

**Notes to the Schedule**

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

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

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

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

Covered employee payrolll was projected onyear forward from the valuation date for the reporting period ending September 30, 2020.

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

# Supplementary Information

**City of Palatka, Florida**
**Major Governmental Capital Project Fund**
**September 30, 2025**

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

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

**City of Palatka, Florida**
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**
**Budget to Actual – Better Place Plan Fund**
**Year Ended September 30, 2025**

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|---|---|---|---|---|
| **Revenues:** | | | | |
| Taxes | $ 1,315,996 | $ 1,315,996 | $ 1,443,616 | $ 127,620 |
| Intergovernmental | 9,763,603 | 9,763,603 | 1,599,118 | (8,164,485) |
| Total revenues | 11,079,599 | 11,079,599 | 3,042,734 | (8,036,865) |
| **Expenditures:** | | | | |
| Current: | | | | |
| General government | 9,168,569 | 9,168,569 | 1,853,845 | 7,314,724 |
| Capital outlay | 5,549,531 | 5,549,531 | 2,480,295 | 3,069,236 |
| Debt service | | | | |
| Principal retirement | 79,833 | 79,833 | 72,080 | 7,753 |
| Interest and fiscal charges | 14,167 | 14,167 | 11,206 | 2,961 |
| Total expenditures | 14,812,100 | 14,812,100 | 4,417,426 | 10,394,674 |
| Excess of revenues over expenditures | (3,732,501) | (3,732,501) | (1,374,692) | 2,357,809 |
| Other financing sources (uses): | | | | |
| Operating transfer in | 1,011,206 | 1,011,206 | 363,406 | (647,800) |
| Operating transfer out | - | - | (33,540) | (33,540) |
| Capital lease issuance | 1,398,941 | 1,398,941 | - | (1,398,941) |
| Reserves | 1,456,514 | 1,456,514 | | |
| Total other financing sources (uses): | 3,866,661 | 3,866,661 | 329,866 | (3,536,795) |
| Net change in fund balance | $ 134,160 | $ 134,160 | (1,044,826) | $ (1,178,986) |
| Fund balances - beginning of year | | | 1,204,191 | |
| Fund balance, end of year | | | $ 159,365 | |

# City of Palatka, Florida
## Schedule of Revenues, Expenditures, and Changes in Fund Balances
## Budget to Actual – Special Revenue Fund
## Year Ended September 30, 2025

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|---|---|---|---|---|
| **Revenues:** | | | | |
| Intergovernmental | $1,546,460 | $ 1,546,460 | $ 409,688 | $ (1,136,772) |
| Total revenues | 1,546,460 | 1,546,460 | 409,688 | (1,136,772) |
| **Expenditures:** | | | | |
| General government | - | - | 359,827 | (359,827) |
| Capital outlay | 1,546,460 | 1,546,460 | 49,861 | 1,496,599 |
| Total expenditures | 1,546,460 | 1,546,460 | 409,688 | 1,136,772 |
| Excess of revenues over expenditures | - | - | - | - |
| Other financing sources (uses): | | | | |
| Operating transfer in | - | - | - | - |
| Operating transfer out | - | - | - | - |
| Issuance of debt | - | - | - | - |
| Capital lease | - | - | - | - |
| Total other financing sources (uses): | - | - | - | - |
| Net change in fund balance | $ - | $ - | - | $ - |
| Fund balance, beginning of year | | | - | |
| Fund balance, end of year | | | $ (4,881) | |

# Statistical Section
# (unaudited)

**City of Palatka, Florida**
**Statistical Section**
**September 30, 2025**

This part of the City of Palatka annual financial report represents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.



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

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

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Government Activities** | | | | | | | | | | |
| Net Investment in Capital Assets | $ 12,532,966 | $ 13,804,049 | $ 15,939,443 | $ 15,588,396 | $ 16,548,465 | $ 17,546,712 | $ 20,209,112 | $ 26,147,986 | $ 25,054,992 | $ 29,217,787 |
| Restricted | 1,264,580 | 1,312,154 | 1,021,993 | 1,333,192 | 1,826,138 | 1,455,862 | 2,649,215 | 3,286,133 | 4,059,441 | 3,605,957 |
| Unrestricted | (3,030,254) | (2,490,897) | (3,636,491) | (3,620,052) | (2,460,517) | 3,024,062 | 4,174,169 | 1,408,394 | 3,696,329 | 1,290,998 |
| **Total Governmental Activities Net Position** | $ 10,767,292 | $ 12,625,306 | $ 13,324,945 | $ 13,301,536 | $ 15,914,086 | $ 22,026,636 | $ 27,032,496 | $ 30,842,513 | $ 32,810,762 | $ 34,114,742 |
| **Business-Type Activities** | | | | | | | | | | |
| Net Investment in Capital Assets | $ 37,456,909 | $ 36,415,452 | $ 36,963,783 | $ 37,042,784 | $ 38,662,341 | $ 40,434,532 | $ 42,015,142 | $ 47,836,865 | $ 47,862,365 | $ 51,508,306 |
| Restricted | 334,285 | 334,196 | 8,095 | 8,095 | 8,095 | 8,095 | 8,095 | 8,095 | 8,095 | 8,095 |
| Unrestricted | (875,644) | (403,255) | (814,056) | (241,367) | 1,729,503 | 2,523,288 | 4,127,449 | 4,025,946 | 11,027,978 | 5,485,713 |
| **Total Business-Type Net Position** | $ 36,915,550 | $ 36,346,393 | $ 36,157,822 | $ 36,809,512 | $ 40,399,939 | $ 42,965,915 | $ 46,150,686 | $ 51,870,906 | $ 58,898,438 | $ 57,002,114 |
| **Primary Government** | | | | | | | | | | |
| Net Investment in Capital Assets | $ 49,989,875 | $ 50,219,501 | $ 52,903,226 | $ 52,631,180 | $ 55,210,806 | $ 57,981,244 | $ 62,224,254 | $ 73,984,851 | $ 72,917,357 | $ 80,726,093 |
| Restricted | 1,598,865 | 1,646,350 | 1,030,088 | 1,341,287 | 1,834,233 | 1,463,957 | 2,657,310 | 3,294,228 | 4,067,536 | 3,614,052 |
| Unrestricted | (3,905,898) | (2,894,152) | (4,450,547) | (3,861,419) | (731,014) | 5,547,350 | 8,301,618 | 5,434,340 | 14,724,307 | 6,776,711 |
| **Total Primary Government Net Position** | $ 47,682,842 | $ 48,971,699 | $ 49,482,767 | $ 50,111,048 | $ 56,314,025 | $ 64,992,551 | $ 73,183,182 | $ 82,713,419 | $ 91,709,200 | $ 91,116,856 |

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

| **Expenses** | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|---|---|---|
| Government Activities: | | | | | | | | | | |
| General Government | $ 2,008,770 | $ 1,828,406 | $ 2,727,715 | $ 2,551,615 | $ 2,428,291 | $ 3,682,728 | $ 10,427,156 | $ 7,458,215 | $ 5,498,899 | $ 6,534,360 |
| Public Safety | 7,380,867 | 7,015,197 | 6,269,939 | 6,560,527 | 6,240,590 | 4,330,489 | 6,825,346 | 6,259,573 | 8,439,505 | 10,012,500 |
| Physical Environment | 91,593 | 233,000 | 626,037 | 7,379 | - | - | - | - | - | - |
| Transportation | 505,409 | 861,820 | 381,563 | 1,120,143 | 950,513 | 835,937 | 1,099,756 | 1,148,726 | 1,706,442 | 1,806,064 |
| Economic Environment | 92,509 | 121,398 | 78,587 | 222,250 | 97,331 | 129,677 | 378,395 | 78,619 | 175,517 | 348,471 |
| Human Services | 78,523 | 37,322 | 69,468 | 34,219 | 39,416 | 70,671 | 99,220 | 80,922 | 88,888 | 128,712 |
| Culture and Recreation | 479,185 | 348,255 | 1,529,633 | 767,710 | 745,791 | 667,579 | 785,510 | 965,895 | 1,040,210 | 1,135,938 |
| Interest on Long-Term Debt | 56,534 | 46,948 | 35,048 | 26,173 | 143,738 | 47,482 | 42,764 | 35,049 | 45,521 | 74,391 |
| Total Governmental Activities Expenses | $ 10,693,390 | $ 10,492,346 | $ 11,717,990 | $ 11,290,016 | $ 10,645,670 | $ 9,764,563 | $ 19,658,147 | $ 16,026,999 | $ 16,994,982 | $ 20,040,436 |
| Business-Type Activities: | | | | | | | | | | |
| Airport | $ 1,433,879 | $ 1,563,492 | $ 1,658,643 | $ 1,692,235 | $ 1,575,106 | $ 1,821,295 | $ 2,618,225 | $ 2,156,530 | $ 1,983,167 | $ 2,279,985 |
| Water | 4,820,628 | 5,064,916 | 5,126,552 | 6,377,706 | 4,582,273 | 4,813,693 | 7,833,032 | 7,079,640 | 6,419,554 | 8,541,999 |
| Golf Course | 990,203 | 434,136 | 184,179 | 313,114 | 268,326 | 272,266 | 370,392 | 443,201 | 244,558 | 176,283 |
| Sanitation | 1,687,785 | 1,812,266 | 1,965,515 | 1,925,934 | 1,997,853 | 1,868,155 | 1,796,345 | 2,466,360 | 2,704,834 | 3,363,058 |
| Total Business-type Activities Expenses | 8,932,495 | 8,874,810 | 8,934,889 | 10,308,989 | 8,423,558 | 8,775,409 | 12,617,994 | 12,145,731 | 11,352,113 | 14,361,325 |
| **Total Primary Government Expenses** | **$ 19,625,885** | **$ 19,367,156** | **$ 20,652,879** | **$ 21,599,005** | **$ 19,069,228** | **$ 18,539,972** | **$ 32,276,141** | **$ 28,172,730** | **$ 28,347,095** | **$ 34,401,761** |
| | | | | | | | | | | |
| **Program Revenues** | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Charges for Services: | | | | | | | | | | |
| General Government | $ 108,498 | $ 113,410 | $ 90,743 | $ 98,531 | $ 150,407 | $ 238,627 | $ 192,964 | $ 168,166 | $ 188,176 | $ 205,567 |
| Public Safety | 855,598 | 1,129,789 | 1,902,535 | 1,556,549 | 1,566,735 | 1,662,111 | 1,841,316 | 1,866,153 | 2,225,525 | 2,450,342 |
| Other | 153,721 | 149,957 | 143,004 | 140,832 | 189,160 | 194,537 | 133,582 | 67,564 | 500,629 | 101,605 |
| Operating Grants and Contributions | 886,922 | 884,023 | 1,033,856 | 2,041,573 | 535,522 | 3,055,592 | 2,868,124 | 452,845 | 309,758 | 715,218 |
| Capital Grants and Contributions | 1,041,768 | 1,820,801 | 2,758,409 | 167,338 | 1,539,450 | 373,962 | 184,362 | 5,688,804 | 1,248,831 | 2,008,805 |
| Total Government Activities Program Revenues | $ 3,046,507 | $ 4,097,980 | $ 5,928,547 | $ 4,004,823 | $ 3,981,274 | $ 5,524,829 | $ 5,220,348 | $ 8,243,532 | $ 4,472,919 | $ 5,481,537 |
| Business-type Activities: | | | | | | | | | | |
| Charges for Services: | | | | | | | | | | |
| Airport | $ 723,767 | $ 808,116 | $ 867,455 | $ 932,937 | $ 857,692 | $ 1,073,635 | $ 1,260,892 | $ 1,172,975 | $ 869,460 | $ 1,098,293 |
| Water | 4,843,922 | 5,006,669 | 5,950,043 | 6,007,511 | 6,482,818 | 7,153,131 | 8,965,660 | 7,932,537 | 8,830,556 | 9,120,963 |
| Golf Course | 665,847 | 178,198 | 65,168 | 94,760 | 93,756 | 106,506 | 124,956 | 123,872 | 122,323 | 185,078 |
| Sanitation | 1,652,675 | 1,719,726 | 1,860,875 | 2,169,518 | 2,372,742 | 2,542,335 | 3,673,720 | 3,229,006 | 3,553,156 | 3,583,466 |
| Operating Grants and Contributions | - | - | - | - | - | - | - | - | - | - |
| Capital Grants and Contributions | 361,721 | 820,508 | 454,178 | 2,360,920 | 3,004,460 | 1,598,364 | 3,108,625 | 5,739,371 | 6,833,757 | 3,682,295 |
| Total Business-type Activities Program Revenues | $ 8,247,932 | $ 8,533,217 | $ 9,197,719 | $ 11,565,646 | $ 12,811,468 | $ 12,473,971 | $ 17,133,853 | $ 18,197,761 | $ 20,209,252 | $ 17,670,095 |
| **Total Primary Government Revenues** | **$ 11,294,439** | **$ 12,631,197** | **$ 15,126,266** | **$ 15,570,469** | **$ 16,792,742** | **$ 17,998,800** | **$ 22,354,201** | **$ 26,441,293** | **$ 24,682,171** | **$ 23,151,632** |
| | | | | | | | | | | |
| **Net (Expense)/Revenue** | | | | | | | | | | |
| Governmental Activities | $ (7,646,883) | $ (6,394,366) | $ (5,789,443) | $ (7,285,193) | $ (6,664,396) | $ (4,239,734) | $(14,437,799) | $ (7,783,467) | $(12,522,063) | $(14,558,899) |
| Business-type Activities | (684,563) | (341,593) | 262,830 | 1,256,657 | 4,387,910 | 3,698,562 | 4,515,859 | 6,052,030 | 8,857,139 | 3,308,770 |
| **Total Primary Government Net Expense** | **$ (8,331,446)** | **$ (6,735,959)** | **$ (5,526,613)** | **$ (6,028,536)** | **$ (2,276,486)** | **$ (541,172)** | **$ (9,921,940)** | **$ (1,731,437)** | **$ (3,664,924)** | **$(11,250,129)** |
| | | | | | | | | | | |
| **General Revenues and Other Changes in Net Position** | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Taxes: | | | | | | | | | | |
| Property Taxes | $ 2,751,117 | $ 2,573,515 | $ 2,817,740 | $ 2,993,993 | $ 3,191,578 | $ 3,348,931 | $ 3,572,990 | $ 3,917,898 | $ 4,697,289 | $ 5,248,717 |
| Sales Tax and Other State Shared Revenue | 836,379 | 875,598 | 919,960 | 944,007 | 2,540,796 | 2,874,246 | 2,586,742 | 2,662,531 | 2,488,654 | 2,636,527 |
| Special Assessment-Fire Protection | 948,803 | 1,653,302 | - | - | - | - | - | - | - | - |
| Franchise Fees | 813,569 | 799,700 | 797,257 | 744,975 | 760,305 | 835,903 | 1,170,290 | 1,161,627 | 1,142,870 | 1,214,520 |
| Other Taxes | 1,154,169 | 1,389,860 | 1,470,465 | 1,484,626 | 1,500,768 | 1,565,915 | 2,195,035 | 2,382,462 | 2,705,082 | 2,604,886 |
| Investment Earnings | 1,850 | 2,668 | 2,753 | 40,053 | 41,551 | 6,122 | 22,569 | 230,234 | 644,486 | 625,285 |
| Contribution from component unit | 250,000 | 159,210 | 186,626 | 176,382 | 181,203 | 189,379 | 45,766 | 41,528 | 46,287 | 50,677 |
| Miscellaneous | 120,432 | 90,106 | 147,351 | 254,830 | 251,481 | 403,716 | 951,067 | 311,272 | 658,833 | 76,054 |
| Loss on sale of Land | - | - | - | - | - | - | - | - | - | - |
| Transfers | 90,996 | (68,790) | 374,746 | 622,918 | 809,264 | 1,128,072 | 1,331,916 | 690,428 | 1,871,088 | 2,952,206 |
| Total Government Activities | $ 6,967,315 | $ 7,475,169 | $ 6,716,898 | $ 7,261,784 | $ 9,276,946 | $ 10,352,284 | $ 11,876,375 | $ 11,397,980 | $ 14,254,589 | $ 15,408,872 |
| Business-type Activities: | | | | | | | | | | |
| Investment Earnings | $ 1,117 | $ 144 | $ 9,468 | $ 10,809 | $ 4,686 | $ 77 | $ 207 | $ 1,559 | $ 5,335 | $ 4,923 |
| Miscellaneous | 72,358 | 84,426 | 1,538 | 7,142 | 4,422 | 2,661 | 621 | 13,400 | 214,557 | - |
| Transfers | (90,996) | 68,790 | (374,746) | (622,918) | (809,264) | (1,128,072) | (1,331,916) | (690,428) | (1,871,088) | (2,952,204) |
| Total Business-type Activities | $ (17,521) | $ 153,360 | $ (363,740) | $ (604,967) | $ (800,156) | $ (1,125,334) | $ (1,331,088) | $ (675,469) | $ (1,651,196) | $ (2,947,281) |
| **Total Primary Government** | **$ 6,949,794** | **$ 7,628,529** | **$ 6,353,158** | **$ 6,656,817** | **$ 8,476,790** | **$ 9,226,950** | **$ 10,545,287** | **$ 10,722,511** | **$ 12,603,393** | **$ 12,461,591** |
| | | | | | | | | | | |
| **Changes in Net Position** | | | | | | | | | | |
| Governmental Activities | $ (679,568) | $ 1,080,803 | $ 927,455 | $ (23,409) | $ 2,612,550 | $ 6,112,550 | $ (2,561,424) | $ 3,578,513 | $ 1,732,526 | $ 849,973 |
| Business-type Activities | (702,084) | (188,233) | (100,910) | 651,690 | 3,587,754 | 2,573,228 | 3,184,771 | 5,376,561 | 7,205,943 | 361,489 |
| **Total Primary Government** | **$ (1,381,652)** | **$ 892,570** | **$ 826,545** | **$ 628,281** | **$ 6,200,304** | **$ 8,685,778** | **$ 623,347** | **$ 8,955,074** | **$ 8,938,469** | **$ 1,211,462** |

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

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|---|---|---|
| **General Fund** | | | | | | | | | | |
| Nonspendable | $ 292,927 | $ 292,927 | $ 162,742 | $ 162,742 | $ 774,598 | $ 774,598 | 1834318 | $ 162,742 | $ 141,160 | $ 141,160 |
| Restricted | 207,315 | 213,309 | 231,084 | 258,058 | 293,712 | 293,712 | 312723 | 323,226 | 630,087 | 616,592 |
| Committed | 45,761 | 55,416 | 60,617 | 73,236 | 79,699 | 79,699 | 95592 | 113,758 | 138,568 | 213,055 |
| Assigned | - | - | - | - | - | - | 0 | - | - | - |
| Unassigned | 1,379,763 | 1,365,670 | 1,895,172 | 2,721,383 | 3,305,333 | 8,083,739 | 2762541 | 5,860,529 | 6,060,677 | 4,339,458 |
| **Total General Fund** | **$ 1,925,766** | **$ 1,927,322** | **$ 2,349,615** | **$ 3,215,419** | **$ 4,453,342** | **$ 9,231,748** | **5005174** | **$ 6,460,255** | **6,970,492** | **$ 5,310,265** |
| | | | | | | | | | | |
| **All Other Government Funds** | | | | | | | | | | |
| Nonspendable | $ - | $ - | $ - | $ - | $ - | $ - | 0 | $ - | $ - | $ - |
| Restricted | 1,057,265 | 1,098,845 | 790,909 | 107,484 | 1,455,862 | 1,455,862 | 6842533 | 7,474,759 | 8,187,545 | 3,280,785 |
| Committed | - | - | - | - | - | - | - | - | - | - |
| Assigned | - | - | - | - | - | - | - | - | - | - |
| Unassigned | - | - | - | - | - | 595,397 | - | - | - | - |
| **Total All Other Governmental Funds** | **$ 1,057,265** | **$ 1,098,845** | **$ 790,909** | **$ 107,484** | **$ 1,455,862** | **$ 2,051,259** | **$ 6,842,533** | **$ 7,474,759** | **8,187,545** | **$ 3,280,785** |

Note: Beginning in fiscal year 2011, fund balance categories were reclassified as a result of implementing GASB Statement No. 54
Fund balance was not restated to the new categories for prior years.

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

Source: Audited financial statements

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

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Revenues** | | | | | | | | | | |
| Taxes | $ 5,456,735 | $ 5,580,458 | $ 5,966,997 | $ 6,212,465 | $ 6,294,709 | $ 6,706,680 | $ 7,199,215 | $ 7,718,201 | $ 8,460,958 | $ 9,116,256 |
| Permits, fees and special assessments | 1,915,657 | 2,621,392 | 2,259,082 | 2,074,289 | 2,080,783 | 2,362,449 | 2,781,264 | 2,873,169 | 3,438,007 | 3,583,135 |
| Intergovernmental | 2,102,242 | 1,513,660 | 3,421,419 | 1,358,140 | 3,006,045 | 4,523,334 | 6,162,395 | 7,306,439 | 2,626,819 | 3,825,628 |
| Charges for Services | 212,004 | 180,804 | 207,554 | 277,697 | 320,129 | 302,854 | 362,433 | 242,920 | 438,433 | 265,560 |
| Fines and Forfeitures | 597,665 | 884,679 | 343,332 | 41,873 | 58,407 | 54,535 | 73,485 | 100,781 | 137,980 | 220,995 |
| Miscellaneous | 591,814 | 437,286 | 578,637 | 774,602 | 688,883 | 799,189 | 1,235,666 | 709,565 | 1,559,716 | 926,630 |
| **Total Revenues** | $ 10,876,117 | $ 11,218,279 | $ 12,777,021 | $ 10,739,066 | $ 12,448,956 | $ 14,749,041 | $ 17,814,458 | | $ 16,661,913 | $ 17,938,204 |
| | | | | | | | | | | |
| **Expenditures** | | | | | | | | | | |
| General Government | $ 1,243,328 | $ 1,485,611 | $ 3,633,916 | $ 2,119,997 | $ 4,232,985 | $ 3,297,542 | $ 9,847,375 | $ 7,316,192 | $ 4,554,883 | $ 6,194,512 |
| Public Safety | 6,141,403 | 6,163,129 | 5,926,197 | 5,957,234 | 5,991,935 | 5,981,621 | 6,493,489 | 7,140,052 | 7,832,908 | 9,648,702 |
| Physical Environment | 85,925 | 233,000 | 356,376 | 467 | - | - | 50,000 | - | - | - |
| Transportation | 474,693 | 814,121 | 794,787 | 1,049,281 | 792,401 | 671,825 | 866,933 | 896,002 | 1,156,931 | 1,436,670 |
| Economic Environment | 92,509 | 121,398 | 78,587 | 298,292 | 97,331 | 129,677 | 323,124 | 78,619 | 175,517 | 348,471 |
| Human Services | 78,256 | 33,753 | 62,557 | 34,219 | 33,104 | 29,227 | 44,336 | 75,895 | 81,289 | 124,851 |
| Culture and Recreation | 553,865 | 1,672,744 | 2,150,486 | 695,485 | 563,282 | 485,070 | 534,287 | 777,168 | 724,506 | 925,642 |
| Debt Service | | | | | | | | | | |
| Principal Retirement | 534,247 | 592,062 | 602,715 | 548,989 | 302,083 | 277,748 | 254,198 | 332,053 | 393,061 | 399,343 |
| Interest and Fiscal Charges | 56,534 | 46,948 | 35,048 | 26,173 | 143,738 | 47,482 | 42,764 | 35,049 | 45,521 | 74,391 |
| **Total Expenditures** | $ 9,260,760 | $ 11,162,766 | $ 13,640,669 | $ 10,730,137 | $ 12,156,859 | $ 10,920,192 | $ 18,456,506 | | $ 14,964,616 | $ 19,152,582 |
| | | | | | | | | | | |
| **Excess of Revenues Over (Under) Expenditures** | **$ 1,615,357** | **$ 55,513** | **$ (863,648)** | **$ 8,929** | **$ 292,097** | **$ 3,828,849** | **$ (642,048)** | **$ 2,300,045** | **$ 1,697,297** | **$ (1,214,378)** |
| | | | | | | | | | | |
| **Other Financing Sources (Uses)** | | | | | | | | | | |
| Capital Lease Issuance | $ - | $ 56,413 | $ 680,000 | $ 253,966 | $ 514,940 | $ 416,882 | $ - | $ - | $ - | $ - |
| Transfer In | 782,517 | 1,344,802 | 1,695,017 | 1,172,741 | 1,188,850 | 1,365,562 | 7,063,194 | 1,586,592 | 2,299,063 | 3,416,725 |
| Transfer Out | (691,521) | (1,413,592) | (1,320,271) | (549,823) | (379,586) | (237,490) | (5,731,278) | (896,164) | (427,975) | (464,519) |
| Payment to refunded bonds escrow agent | - | - | - | - | - | - | - | - | - | - |
| Issuance of refunding bonds | - | - | - | - | - | - | - | - | - | - |
| **Total Other Financing Sources (Uses)** | $ 90,996 | $ (12,377) | $ 1,054,746 | $ 876,884 | $ 1,324,204 | $ 1,544,954 | $ 1,331,916 | | $ 1,871,088 | $ 2,952,206 |
| | | | | | | | | | | |
| Special items | | | | | | | | | | |
| Proceeds from sale of land | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| | | | | | | | | | | |
| **Net Change in Fund Balances** | $ 1,706,353 | $ 43,136 | $ 191,098 | $ 885,813 | $ 1,616,301 | $ 5,373,803 | $ 689,868 | $ 2,300,045 | $ 3,568,385 | $ 1,737,828 |
| | | | | | | | | | | |
| **Acquisition of Capital Assets** | **$ 467,291** | **$ 1,627,247** | **$ 3,215,979** | **$ 673,226** | **$ 2,110,597** | **$ 1,612,955** | **$ 3,523,243** | **$ 3,523,243** | **$ 3,523,243** | **$ 3,523,243** |
| | | | | | | | | | | |
| **Debt Service as a Percentage of Non-Capital Expenditures** | 6.72% | 6.70% | 6.12% | 5.72% | 4.28% | 3.41% | 1.44% | 2.62% | 3.70% | 2.94% |

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

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

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

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

Source: Putnam County Property Appraiser

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

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

*Note: This schedule is intended to show information for 10 years. Additional information will be presented as they become available.
Source: Putnam County Tax Collector

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

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

Source: Florida Department of Revenue (Millage and Taxes Levied Report), Putnam County School District,
St. Johns River Water Management District
*Note: This schedule is intended to show information for 10 years. Additional information will be presented as they become available.

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

| Taxpayer | Fiscal Year 2022 Taxable Assessed Value | Fiscal Year 2022 Rank | Fiscal Year 2022 Percentage of Total City Assessed Value | Fiscal Year 2013 Taxable Assessed Value | Fiscal Year 2013 Rank | Fiscal Year 2013 Percentage of Total City Assessed Value |
|---|---|---|---|---|---|---|
| Putnam Community Medical Center | $ 21,068,350 | 1 | 4.10% | $ 14,448,614 | 1 | 3.71% |
| Florida Power & Light | 17,607,334 | 2 | 3.42% | 6,657,610 | 4 | 1.71% |
| Wal-Mart Inc. | 13,520,540 | 3 | 2.63% | 11,869,249 | 2 | 3.05% |
| 9520 Bonita Beach Rd LLC | 11,863,300 | 4 | 2.31% | - | | 0.00% |
| Comcast | 11,117,874 | 5 | 2.16% | - | | 0.00% |
| Revenue Properties Town & Country | 10,873,419 | 6 | 2.11% | 8,049,018 | 3 | 2.07% |
| Home Depot | 7,848,774 | 7 | 1.53% | 6,122,419 | 5 | 1.57% |
| Lowes | 7,799,748 | 8 | 1.52% | 5,841,381 | 7 | 0.00% |
| Comarco | 5,887,970 | 9 | 1.14% | - | | 0.00% |
| Palatka Mall, LLC | 5,426,670 | 10 | 1.06% | 3,837,851 | 10 | 0.99% |
| Bellsouth Telecommunications | - | | 0.00% | 6,076,759 | 6 | 1.56% |
| Southern Medical Associates, Inc. | - | | 0.00% | 5,013,837 | 8 | 1.29% |
| Stag II Palatka LLC | - | | 0.00% | 3,939,144 | 9 | 1.01% |
| Total | $ 113,013,979 | | 21.97% | $ 71,855,882 | | 16.97% |

*Note: This schedule is intended to show information for 10 years. Additional information will be presented as they become avail
Source: Putnam County Property Appraiser

Wal-Mart Inc.

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

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

**Table 10**
**City of Palatka, Florida**
**Computation of Legal Debt Margin**
**September 30, 2025**

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

# Table 11
# City of Palatka, Florida
# Computation of Direct and Overlapping
# Governmental Activities Debt
# September 30, 2025

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

Source: Putnam County Board of County Commissioners

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

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

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

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

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

Note: (1) See the demographic statistics table 14 for population and annual personal income data.
The figures provided represent ratios of total primary government oustanding debt to annual personal income and population.
*Note: This schedule is intended to show information for 10 years. Additional information will be presented as they become available.

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

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

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

Source: Finance department, audited financial statements

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

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

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

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

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

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

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

Source: Putnam County Property Appraiser
*Note: This schedule is intended to show information for 10 years. Additional information will be presented as they become available.

Wal-Mart Inc.

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

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Function/Program** | | | | | | | | | | | |
| General Government: | | | | | | | | | | | |
| Building permits issued | 595 | 583 | 561 | 497 | 543 | 502 | 572 | 31 | 16 | 2 | 49 |
| Business Tax Receipts | | | | | | | | | | | 650 |
| Building inspections conducted | 1,257 | 898 | 913 | 994 | 1,415 | 996 | 1,138 | - | - | - | - |
| Code enforcement Cases | 184 | 214 | 150 | 88 | 12 | 140 | 125 | 132 | 127 | 127 | 132 |
| Occupational license issued | 1,078 | 675 | 239 | 866 | 710 | 830 | 754 | 632 | 805 | 805 | 0 |
| Police: | | | | | | | | | | | |
| Calls for service | 32,709 | 30,616 | 30,595 | 29,946 | 23,586 | 19,490 | 21,535 | 30,952 | 26,746 | 23,901 | 22213 |
| Physical arrests | 1,047 | 788 | 788 | 784 | 617 | 497 | 405 | 856 | 969 | 856 | 581 |
| Citations | 1,660 | 1,470 | 1,904 | 1,294 | 656 | 317 | 390 | 1,335 | 785 | 826 | 709 |
| Fire: | | | | | | | | | | | |
| Emergency responses | 2,498 | 2,173 | 2,142 | 2,128 | 2,967 | 3,125 | 3,095 | 3,098 | 3,267 | 3,861 | 4386 |
| Fires extinguished | 41 | 125 | 374 | 398 | 58 | 63 | 85 | 58 | 62 | 79 | 90 |
| Refuse collection: | | | | | | | | | | | |
| Customers | 3,869 | 3,827 | 3,867 | 3,873 | 3,914 | 3,997 | 4,605 | 4,342 | 4,089 | 4,675 | 4137 |
| Other public works: | | | | | | | | | | | |
| Street resurfaced (miles) | - | - | - | - | - | 0 | 0.3 | 0.2 | 0.2 | 0.2 | 0.3 |
| Potholes repaired | 58 | 63 | 65 | 40 | 16 | 128 | 97 | 64 | 64 | 64 | 41 |
| Parks and recreation: | | | | | | | | | | | |
| Community center rentals | 83 | 129 | 65 | 72 | 63 | 141 | 137 | 137 | 58 | 58 | 83 |
| Human Services: | | | | | | | | | | | |
| Interments | 107 | 117 | 79 | 111 | 97 | 99 | 113 | 73 | 125 | 125 | 73 |
| Water: | | | | | | | | | | | |
| Water main breaks | 7 | 26 | 64 | 107 | 269 | 292 | 338 | 307 | 391 | 391 | 125 |
| Average daily consumption (thousands of gallons) | 1,811 | 1,684 | 1,706 | 1,728 | 1,654 | 1,316 | 1,143 | 1,710 | 1,317 | 1,665 | 1472 |
| Peak daily consumption (thousands of gallons) | 2,908 | 2,139 | 2,634 | 2,420 | 2,278 | 1,726 | 1,941 | 2,012 | 2,021 | 2,480 | 2480 |
| Wastewater: | | | | | | | | | | | |
| Average daily treatment (thousands of gallons) | 2,040 | 1,540 | 1,700 | 1,500 | 1,330 | 1,429 | 1,429 | 1,519 | 1,520 | 1,950 | 1640 |
| Airport: | | | | | | | | | | | |
| Rentals-T Hangars | 54 | 54 | 55 | 55 | 64 | 64 | 64 | 64 | 64 | 64 | 73 |
| Building | 1 | 2 | 2 | 2 | 2 | 2 | 3 | 3 | 3 | 3 | 3 |
| Land leases | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Commercial Hangars | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Executive Hangars | 3 | 3 | 3 | 3 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |

Source: Departments of the City

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

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

Source: Individual departments of the city

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

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

Source: City of Palatka Personnel Department

# Compliance Section

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, and each major fund and the aggregate remaining fund information of the City of Palatka, Florida (the 'City'), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's, basic financial statements, and have issued our report thereon dated June 29, 2026.

**Report on Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. 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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

*HCT Certified Public Accountants & Consultants, LLC*

Hollywood, Florida

June 29, 2026

# INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND STATE PROJECT; INTERNAL CONTROL OVER COMPLIANCE AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.550 RULES OF THE FLORIDA AUDITOR GENERAL

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

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

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

We have audited the City of Palatka, Florida's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs and state projects for the fiscal year ended September 30, 2025. The City's major federal programs and state projects are identified in the summary of the 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 and state projects for the fiscal year ended September 30, 2025.

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America(GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); the State Project Compliance Supplement issued by the Florida Department of Financial Services; Section 215.97, Florida Statutes (Florida Single Audit Act); and Chapter 10.550, Rules of the Auditor General. Our responsibilities under those standards and the Uniform Guidance, Florida Single Audit Act, and Rules of the Auditor General 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 and State project. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above

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Miami
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Hollywood
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***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design implantation, 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 and state projects.

***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 GAAS, *Government Auditing Standards,* Uniform Guidance, Florida Single Audit Act, Rules of the Auditor General and the State Project Compliance Supplement issued by the Florida Department of Financial Services 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 the City's compliance with the requirements of each major federal program and state project as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, Florida Single Audit Act, and Rules of the Auditor General, 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; the State Project Compliance Supplement issued by the Florida Department of Financial Services; and the Chapter 10.550, Rules of the Florida auditor general, but not for the purpose of expressing an opinion on the effectiveness of City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding 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 or stare project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project 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 or state project 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; the State Project Compliance Supplement issued by the Florida Department of Financial Services; and the Chapter 10.550 Rules of the Florida auditor general. Accordingly, this report is not suitable for any other purpose.

**Report on the Schedule of Expenditures of Federal Awards and State Financial Assistance Required by the Uniform Guidance, Florida Single Audit Act, and Chapter 10.550 Rules of the Auditor General**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the fiscal year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We have issued our report thereon dated June 29, 2026, which contained unmodified opinions on those basic financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by the Uniform Guidance; Florida Single Audit Act, and Chapter 10.550 Rules of the auditor general and is 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 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 statement 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 schedule of expenditures of federal awards and state financial assistance projects is fairly stated in all material respects in relation to the basic financial statements as a whole.

*HCT Certified Public Accountants & Consultants, LLC*

Hollywood, Florida
June 29, 2026

**City of Palatka, Florida**
**Summary of Independent Auditor's Results**
**Year Ended September 30, 2025**

## I. Summary of Independent Auditor's Results

Financial Statements

Type of report the auditor issued: ***Unmodified***
Internal control over financial reporting:

- Material weakness(es) identified? ____ Yes __X__No
- Significant deficiency(ies) __X__ Yes ___None reported

Noncompliance material to financial statements noted? ____ Yes _X_ No

Federal Awards and State Projects

Internal control over major Federal programs or State projects:

- Material weakness(es) identified? ____yes _X_no
- Significant Deficiency(s) identified ____yes __X__none reported

Type of auditor's report issued on compliance for major Federal programs or State Projects:

**Unmodified.**

Any audit findings disclosed that are required to be reported in accordance with the CFR 200.516(a) or Chapter 10.557, Rules of the Auditor General? ___yes __X__no

Identification of major Federal programs:

| CFDA No(s). | Names of Federal Programs |
|---|---|
| 21.027 | Coronavirus State and Local Fiscal Recovery Funds (SLFRF) |
| 21.027 | American Rescue |

Identification of major State projects:

| CSDA No(s). | Names of State Project |
|---|---|
| 55.004 | Aviation Grant Program |
| 71.127 | Police Patrol Cars |
| 37.039 | City of Palatka Wastewater Treatment Plant Digester Improvement Project |

## City of Palatka, Florida
## Summary of Independent Auditor's Results
## Year Ended September 30, 2025

| | |
|---|---|
| Dollar threshold used to distinguish between Type A and Type B Federal programs | $__1,000,000 |
| Dollar threshold used to distinguish between Type A and Type B State projects | $__250,000 |
| Auditee qualified as low-risk auditee pursuant to the Uniform Guidance | _X_Yes __No |

**Section II – Financial Statement Findings**
See section III below.

**Section III – Federal Awards and State Projects Findings and Questioned Costs**
One finding related to a State Project was identified and is described in MLC-2025-05 (Grant Compliance) on page 122

# City of Palatka, Florida
# Schedule of Expenditures of Federal Awards
# And State Financial Assistance
# Year Ended September 30, 2025

| FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE | Federal CFDA Number | Pass - Through/ Entity Identifying Number | Federal Expenditures |
|---|---|---|---|
| **U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT** | | | |
| **PASS THROUGH: Florida Depart of Economic Opportunity** | | | |
| CDBG MIT Price Martin I0146 | 14.228 | I0146 | 31,792 |
| Mitigation Program | 14.228 | IR042 | 36,918 |
| Mitigation Program | 14.228 | MT013 | 223,540 |
| Small Cities Program | 14.228 | 23DB-N27 | 5,507 |
| CARE Program | 14.228 | 22CV-S05 | 50,122 |
| **Total U.S. Department of Housing and Urban Development** | | | **347,880** |
| **U.S. DEPARTMENT OF TREASURY** | | | |
| **PASSED THROUGH: Florida Division of Emergency Management** | | | |
| American Rescue Plan Act (ARPA) | 21.027 | Y5250 | 409,688 |
| **PASSED THROUGH: Florida State Department** | | | |
| Coronavirus State and Local Fiscal Recovery Funds (SLFRF) | 21.027 | 23.s3aa39003078 | 428,953 |
| **Total U.S. Department of Treasury** | | | **838,641** |
| **U.S. DEPARTMENT OF JUSTICE** | | | |
| FY24 COPS Hiring Program | 16.710 | 15JCOPS-24-GG-03538-UHPX | 105,684 |
| **PASSED THROUGH: Bureau of Justice Assistance** | | | |
| Edward Byrne Memorial Justice Assistance Grant | 16.738 | 15PBJA-23-GG-02972-MUMU | 28,236 |
| **PASSED THROUGH: State of Florida Attorney General** | | | |
| Victims of Crime Act | 16.575 | V13045 | 35,446 |
| **Total U.S. Department of Justice** | | | **169,366** |
| **U.S. DEPARTMENT OF TRANSPORTATION** | | | |
| **PASS THROUGH: Federal Aviation Administration** | | | |
| Airport Improvement Program | 20.106 | 3-12-0061-0-038-2024 | 97,627 |
| Airport Improvement Program | 20.106 | 3-12-0061-039-2024 | 105,908 |
| Phillip Randolph Regional Multimodal Transportation Hub and Complete Streets Connectivity | 20.933 | 693JJ32340306 | 91,112 |
| **Total U.S. Department of Transportation** | | | **294,646** |
| **U.S. DEPARTMENT OF ENVIRONMENT PROTECTION** | | | |
| **PASS THROUGH: State Environmental Protection Agency** | | | |
| Drinking Water State Revolving Fund Project | 66.468 | DW540220 | 425,967 |
| Drinking Water State Revolving Fund Project | 66.468 | DW541901 | - |
| **Total U.S. Department of Environmental Protection** | | | **425,967** |
| **TOTAL FEDERAL AWARDS** | | | **$ 2,076,500** |

(Continued)

# City of Palatka, Florida
# Schedule of Expenditures of Federal Awards
# And State Financial Assistance (Continued)
# Year Ended September 30, 2025

| STATE AGENCY/PASS-THROUGH GRANTOR/PROGRAM TITLE | State CSFA Number | Pass - Through/ Entity Identifying Number | State Expenditures |
|---|---|---|---|
| **FLORIDA DEPARTMENT OF TRANSPORTAION** | | | |
| Aviation Grant Program | 55.004 | G2N21 | $ 459,046 |
| Aviation Grant Program | 55.004 | G2W23 | 35,764 |
| Local Transportation Project | 55.039 | G2S30 | 20,108 |
| Aviation Grant Program | 55.004 | G2R81 | 101,193 |
| Aviation Grant Program | 55.004 | G2T46 | 10,091 |
| Aviation Grant Program | 55.004 | G2U23 | 59,995 |
| Aviation Grant Program | 55.004 | G3443 | 11,768 |
| Aviation Grant Program | 55.004 | G3299 | 119,104 |
| **Total Department of Transportaion** | | | **817,068** |
| **FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION** | | | |
| Drinking Water Revolving Loan TF | 37.076 | DW540250 | 329,546 |
| Clean Water State Revolving Fund | 37.077 | DW540230 | 24,772 |
| St Johns River Water Management District | 37.1 | WS067 | 391,124 |
| City of Palatka Wastewater Treatment Plant Digester Improvement Project | 37.039 | LPR0004 | 1,048,902 |
| Palatka-Potable Water Main Line Replacement | 37.039 | LPA0602 | 9,995 |
| Palm (Triangle) Bowl Park Phase 1 | 37.017 | P5096 | 45,579 |
| Shaw Buck Park Phase 1 | 37.017 | P5096 | 36,305 |
| Statewide Water Quality Restoration Project | 37.039 | LPA0354 | 766,931 |
| **Total Florida Dept. of Enviornmental Protection** | | | **2,653,154** |
| **FLORIDA DEPARTMENT OF LAW ENFORCEMENT** | | | |
| SAFE | 71.122 | 2023-SAFE-SF-006 | 123,493 |
| Police Patrol Cars | 71.127 | PB007 | 250,000 |
| **Total Florida Dept. of Law Enforcement** | | | **373,493** |
| **FLORIDA DEPARTMENT OF JUSTICE** | | | |
| Patrick Leahy Bullet Proof Vest Partnership Program | 71.122 | OMB11210235 | 683 |
| **Total Florida Dept. of Justice** | | | **683** |
| **FLORIDA DEPARTMENT OF ECONOMIC OPPORTUNITY** | | | |
| RIF Lift Station Expansion 16 | 40.042 | D0207 | 47,796 |
| Palatka Affordable Housing Initiative Project | 40.038 | HL209 | 514,735 |
| Technical and Planning Assistance Comprehensive Plan | 40.024 | P0510 | 75,000 |
| Technical and Planning Assistance 5-Year Downtown Strategic Action Plan | 40.024 | P0511 | 40,000 |
| **Total Florida Dept. of Economic Opportunity** | | | **677,531** |
| **FLORIDA DEPARTMENT OF EMERGENCY MANAGEMENT** | | | |
| Hazard Mitigation Grant Program | 97.039 | H0977 | 53,050 |
| **Total Florida Dept. of Emergency Management** | | | **53,050** |
| **FLORIDA DEPARTMENT OF STATE, DIVISION OF HISTORICAL RESOURCES** | | | |
| City of Palatka Bronson Muholland House Rehabilitation | 45.032 | 25.h.sc.100.017 | 113,833 |
| **Total Florida Dept. of State, Division of Historical Resources** | | | **113,833** |
| **TOTAL STATE FINANCIAL ASSISTANCE** | | | **$ 4,688,812** |
| **TOTAL FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE** | | | **$ 6,765,312** |
| **LOCAL AGENCY, PASS THROUGH ENTITY, LOCAL PROGRAM** | | | |
| Libra Philanthropies | | 2354 | 1,271 |
| **Total Local** | | | **1,271** |
| **TOTAL LOCAL FINANCIAL ASSISTANCE** | | | **$ 1,271** |

**City of Palatka, Florida**
**Notes to Schedule of Expenditures of Federal Awards**
**and State Financial Assistance**
**Year Ended September 30, 2025**

## Note 1 - Basis of Presentation

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance (the "Schedules") presents the expenditure activity of all federal awards and state financial assistance of the City of Palatka, Florida (the "City") for the year ended September 30, 2025. The information in the schedules 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 Awards (Uniform Guidance) and Chapter 10.550, Rules of the Auditor General. Because the Schedules presents only a selected portion of the expenditures of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

## Note 2 – Summary of Significant Accounting Policies

The accompanying Schedule is presented using the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and Florida Single Audit Act, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

## Note 3 – Indirect Cost Rate

The City did not recover its indirect costs using the 10% de minimis indirect cost rate provided under Section 200.414 of the Uniform Guidance.

## Note 4 – Contingencies

Grant monies received and disbursed 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 upon prior experience, the City does not believe that such disallowances, if any, would have a material effect on the financial position of the City. As of June 29, 2026, management is not aware of any material questioned or disallowed costs as a result of grant audits in process or completed; however, the possible disallowance by a governmental agency of any item charged to a program or project cannot be determined at this time.

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

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

We have examined the City of Palatka (the "City") compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the fiscal year ended September 30, 2025. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. 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 references 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 judgement, 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 of the City and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

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

In our opinion, the City complied in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2025.

This report is intended solely to describe our testing of compliance with aforementioned sections of the Florida statutes, and it is not suitable for any other reasons.

*HCT Certified Public Accountants & Consultants, LLC*
Hollywood, Florida
June 29, 2026

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

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

**Report on the Financial Statements**
We have audited the financial statements of the City of Palatka, Florida (the 'City'), as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated June 29, 2026.

**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, 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); the State Project Compliance Supplement issued by the Florida Department of Financial Services 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 the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Auditor's Report on Compliance for the Major Federal Program and State Project; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards and State Financial Assistance Required by the Uniform Guidance and Chapter 10.550, Rules of the Auditor General; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 29, 2026, should be considered in conjunction with this management letter.

**Prior Audit Findings**
Section 10.554(1)(i)1., Rules of the Auditor General, require that we determine whether or not corrective actions have been taken to address the findings and recommendations made in the preceding annual financial audit report. There were no such findings identified.

| **Tabulation of Uncorrected Audit Findings** | | |
|---|---|---|
| Current Year Findings | | Prior Year Findings |
| MLC-2025-01 | | None |
| MLC-2025-02 | | |
| MLC-2025-03 | | |
| MLC-2025-04 | | |
| MLC-2025-05 | | |
| MLC-2025-06 | | |

**Official Title and Legal Authority**
Section 10.554(1)(i)4., Rules of the Auditor General, require 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. The pertinent details of the City are 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 the review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did have six recommendations (MLC-2025-01, MLC-2025-02, MLC-2025-03, MLC-2025-04, MLC-2025-05 and MLC-2025-06).

**Property Assessed Clean Energy (PACE) Programs**
Section 10.554(1)(i)6.a., Rules of the Auditor General, requires a statement as to whether a PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, did/did not operate within the City's geographical boundaries during the fiscal year under audit. The City did not operate a PACE Program within the City's geographical boundaries during the fiscal year under audit.

**Special District Component Units**
Sections 10.554(1)(i)5.c., Rules of the Auditor General, require, 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 in 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 did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

**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, pass-through entities, the City, members of the City Council, and applicable and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

*HCT Certified Public Accountants & Consultants, LLC*
Hollywood, Florida
June 29, 2026

## MLC-2025-01 Procurement Processes and Circumvention of Internal Controls - Significant deficiency

**Condition:** During walkthrough procedures over cash disbursement controls, HCT noted exceptions related to the requisition approval process. The walkthrough identified that requisitions are expected to be reviewed and approved through a system-based workflow involving the Department Supervisor, Accounting Group, and Finance Group. HCT examined approved requisitions and ADG approval history and traced requisitions through the approval hierarchy (Supervisor → Accounting → Finance). However, the sample selected did not contain evidence of approval within the system workflow.

**Effect:** Circumvention of established controls, lack of documented approval evidence, and inadequate procurement oversight increase the risk of unauthorized transactions, noncompliance with applicable procurement laws and policies, fraud, and misuse of public resources. Inadequate approval documentation also limits management's ability to demonstrate that transactions were properly authorized in accordance with established procedures.

**Cause:** The condition appears to result from inadequate oversight, management override of controls, inconsistent adherence to procurement and approval procedures, and insufficient monitoring of system-based workflow approvals.

**Criteria:** Effective internal control frameworks require governmental entities to maintain procurement procedures, segregation of duties, and approval controls sufficient to ensure compliance with applicable laws, regulations, and organizational policies.

**Recommendation:** HCT recommends that management strengthen procurement and contract approval procedures to ensure all significant transactions receive appropriate legal and financial review prior to execution. Management should reinforce adherence to established internal controls and implement safeguards to prevent management override of controls. Additionally, management should ensure that all requisition approvals are consistently documented and retained within the system workflow to provide a complete audit trail supporting transaction authorization.

**Management Response**: Management concurs with this finding. This condition occurred during a period of high turnover within the Finance Department, during which both the Finance Director and Finance Specialist positions were vacant for more than 30 days. A new Finance Director joined the City in July 2025 and has since stabilized the department by training three team members to provide proper, redundant coverage across the approval hierarchy. The system approval hierarchy has been fully updated within ADG to map to these newly trained roles, including the Grant Accountant, Procurement Specialist, and Finance Specialist II. Furthermore, the Finance Director met directly with ADG system consultants to verify that the system-based approval workflows are clearly configured, and functioning properly.

Management will issue a department-wide directive reinforcing our commitment to internal control integrity and strict adherence to established procurement procedures. This directive will explicitly state that bypassing system-based approval workflows is strictly prohibited. Disciplinary consequences for unapproved manual workarounds or unauthorized management overrides will be formally updated in our Finance Department policies. As an immediate mitigating control, the Finance Director will perform a retrospective review of transactions to verify that a manual signature, physical sign-off, or explicit email approval from the Department Supervisor, Accounting, and Finance exists for any historical transaction lacking digital system logs.

**MLC-2025-02 Review of Significant and Unusual Transactions - Significant deficiency**

**Condition:** Concerns were raised regarding the accounting treatment of certain sales or land swap transactions, specifically whether gains associated with those transactions were appropriately calculated and supported.

**Effect:** Inadequate review of unusual or significant transactions may result in inaccurate accounting treatment, material misstatements, or noncompliance with applicable accounting standards.

**Cause:** The condition appears related to insufficient review and analysis of complex transactions and limited oversight of accounting calculations supporting recorded gains.

**Criteria:** Governmental entities are required to account for significant and unusual transactions in accordance with generally accepted accounting principles and maintain sufficient supporting documentation for accounting estimates and calculations.

**Recommendation:** HCT recommends that management implement formal review procedures for significant or unusual transactions, including independent review of calculations, assumptions, and accounting treatment to ensure compliance with applicable accounting standards.

**Management Response:** Although this is a concern raised and not an established audit finding, management is proactive. At the City of Palatka Commission meeting on May 28, 2026, a thorough discussion resulted in a ratifying motion to completely ban future land swap transactions. Going forward, city land transactions are strictly limited to fee simple sales. This legislative action serves as our primary COSO Control Activity, completely eliminating the risk of complex accounting errors inherent to nonmonetary exchanges. To address the remaining scope of the concern, management will formalize review procedures for all future significant and unusual transactions including fee simple transactions directly into the Finance Department policy. Management will enhance its ongoing COSO Risk Assessment process to identify and evaluate non-routine transactions as they arise. Our updated policy will mandate an independent management review of all significant accounting calculations and assumptions before transaction finalization. Finally, the City of Palatka will ensure robust supporting documentation is retained and communicated clearly to guarantee transparency and satisfy all GASB reporting requirements.

**MLC-2025-03 Deferred Revenue Recognition for Grant Revenues - Significant deficiency**

**Condition:** During our audit, we noted that the City recorded deferred revenue balances related to grant revenues where cash had not been received in advance. These balances included amounts related to both current and prior fiscal years.

**Effect:** As a result, deferred revenue balances related to grants were overstated, and related revenues were not recognized in the appropriate fiscal period within the Statement of Activities.

**Cause:** We understand that the deferred revenue balances were recorded as part of the City's historical practice for tracking grant-related funding and reimbursements, including situations where cash receipts were pending at year-end, without consistently distinguishing between advance payments and reimbursement-based grants where eligibility requirements had already been met.

**Criteria:** Under applicable governmental accounting standards, grant revenues should be recognized when all eligibility requirements have been met and the revenue is measurable and available. Deferred revenue should generally only be recorded when cash is received in advance of meeting eligibility requirements or incurring allowable expenditures.

**Recommendation**: We recommend that the City refine its grant revenue recognition process to ensure deferred revenue is recorded only when cash is received in advance of meeting eligibility requirements or incurring qualifying expenditures. For reimbursement-based grants where eligibility requirements have been satisfied and expenditures incurred, revenue should be recognized in the appropriate period.

**Management Response**: Management concurs with this finding, taking accountability for past practices and committing to competence by ensuring staff are fully trained in current Government Finance Officers Association and applicable governmental accounting standards. We have identified the risk of material misstatements stemming from misclassifying reimbursement-based grants. We will specify exact revenue recognition objectives going forward. We are refining our grant tracking policies and procedures. Controls will now strictly require that deferred revenue is recorded only when cash is received in advance of meeting eligibility requirements. Our financial systems and accounting personnel will consistently generate quality data to distinguish between advance payments and reimbursement-based grants. Management will conduct ongoing evaluations and supervisory reviews to ensure revenue is recognized in the appropriate period and that these controls are continuously functioning.

## MLC-2025-04 Interfund Transfers - Significant deficiency

**Condition:** During review of detailed general ledger activity within the CRA fund, we identified interfund transfer transactions recorded between the CRA fund and another project fund that were subsequently reversed during the fiscal year with descriptions including “transfer not justified” and “reverse transfer not justified.” Although the transactions did not result in a year-end balance impact, the activity indicates that unsupported transfers were initially processed within the accounting records.

**Effect:** The processing of unsupported or insufficiently documented interfund transfers increases the risk of:

- inaccurate interim financial reporting,
- unauthorized movement of restricted funds,
- management override of established controls,
- and noncompliance with applicable fund restrictions or City policies.

Additionally, transactions that are later reversed may not be readily identifiable through standard trial balance review procedures, increasing the risk that inappropriate activity could go undetected without detailed transaction-level monitoring.

**Cause:** The condition appears to have resulted from insufficient review and authorization controls over interfund transfer activity, including inadequate documentation supporting the purpose and approval of transfers prior to processing.

**Criteria:** Effective internal controls require that interfund transfers be:

- properly authorized,
- supported by sufficient documentation,
- reviewed by appropriate personnel,
- and monitored to ensure compliance with applicable fund restrictions and City policies.

**Recommendation:** We recommend management strengthen controls over interfund transfers by:

- requiring documented justification and supervisory approval prior to recording transfers,
- implementing periodic monitoring of transfer activity,
- and enhancing review procedures to identify unsupported or unusual transactions timely, including transactions subsequently reversed within the accounting records.

**Management Response:** Management acknowledges that documentation could be strengthened. Although, the activity netted to zero and left a clear trail. City's current internal controls actively mitigate risks through robust governance, continuous information flow, and timely monitoring activities. The existing control environment establishes clear lines of authority and a strict "tone at the top." Management and the governing body actively review financials for outliers and inconsistencies. The ability of the system to identify these transfers, reverse them, and correctly label them as "transfer not justified" demonstrates that management is effectively exercising oversight responsibilities. Relevant, quality information must be generated and communicated to support internal controls. The general ledger's detailed recording and clear transaction descriptions prove that the information system successfully communicated issues, allowing visibility into transactions that were initially misaligned with Finance Department practices. Full documentation to support the reversals and the final year-end totals was openly provided to the auditor. Ongoing and separate evaluations to ascertain whether components of internal control are functioning are critical. The fact that these unsupported transfers were identified, corrected, and documented during the fiscal year proves that the City's monitoring controls are operating as intended. In conclusion, because these transfers were identified, corrected, and did not result in a net balance impact and because the reversal descriptions provide a clear audit trail the existing controls are functioning to maintain accurate reporting and compliance. However, management is always open to continuous improvement. To further strengthen operations, the Finance Department has already updated its journal entry procedures. These updated procedures explicitly require sufficient backup documentation, review by appropriate personnel, and enhanced monitoring to ensure ongoing compliance.

**<u>MLC-2025-05 Grant Compliance - Significant deficiency</u>**

**Condition:** During our review of grant-funded project activity, we noted a significant change order that increased the original contract amount by approximately 120%. Although the change order was approved by the appropriate parties, including project oversight personnel, the modification reportedly exceeded the amount eligible for reimbursement under the applicable grant terms.
As a result, the City may be responsible for costs incurred in excess of allowable grant funding and is pursuing recovery efforts related to the matter.

**Effect:** Insufficient monitoring of grant requirements and contract modifications increases the risk of:

- noncompliance with grant provisions,
- reimbursable or questioned costs,
- financial loss to the City,
- and ineffective oversight of grant-funded projects.

Additionally, reliance on external consultants or project personnel without adequate verification of grant compliance may result in approvals that are inconsistent with grant limitations and funding restrictions.

**Cause:** The condition appears to have resulted from inadequate oversight and monitoring controls surrounding grant-funded projects, including insufficient review of grant limitations applicable to contract change orders and project cost increases.
The City may have also experienced operational challenges related to turnover in key personnel responsible for grant administration and project oversight.

**Criteria:** Effective internal controls and sound grant administration practices require management to:

- monitor compliance with grant requirements,
- ensure contract modifications remain within allowable funding parameters,
- and verify that significant project changes are reviewed for compliance with grant terms prior to approval and execution.

**Recommendation:** We recommend the City strengthen controls over grant-funded projects by:

- implementing formal review procedures for contract modifications and change orders,
- requiring documented verification of grant compliance prior to approval of significant project cost increases,
- enhancing oversight of external consultants and project managers,
- and ensuring personnel responsible for grant administration possess adequate knowledge of applicable grant requirements and funding limitations.

Management should also continue evaluating the financial impact of reimbursable costs and monitor the status of any related recovery efforts or litigation.

**Management Response:** The City agrees with the audit finding. The funding source for this initiative is the Drinking Water State Revolving Fund (DWSRF) Program, which provides low-interest loans to eligible entities for planning, designing, and constructing public water facilities under Chapter 62-552, F.A.C.. The change order was processed in January 2025, during a period of operational challenges when the City was short-staffed. To date, the City has resolved these capacity issues and is currently fully staffed with a dedicated, full-time Grant Administrator/Grant Writer. Additionally, the City will be seeking alternative funding sources in place of the State Revolving Loan. The City acknowledges that prior staffing turnover created a vulnerability. With the newly hired, full-time Grant Administrator, the City is actively restoring a strong tone at the top and reinforcing organizational commitment to robust grant oversight. The Grant Administrator/Grant Writer will review the underlying grant agreement to ensure compliance is fully met for any grant related change order prior to approval. The City recognizes that large scope modifications (such as the 120% contract increase) carry inherent compliance risks. We have re-assessed our operations and are committed to identifying and mitigating risks of noncompliance, questioned costs, and financial loss before authorizing project modifications. We will ensure all personnel responsible for grant administration, including external project managers, possess a thorough knowledge of applicable funding limitations. Moving forward, management will conduct independent evaluations of grant-funded project activity to monitor compliance, track project costs, and evaluate the status of any recovery efforts.

## MLC-2025-06 Inadequate Journal Entry Supports - Significant deficiency

**Condition:** During journal entry testing for both the City and CRA funds, we identified multiple instances where journal entries were not supported by adequate underlying documentation. In several cases, support provided consisted primarily of informal calculations, spreadsheets, or summarized figures without sufficient source documentation to substantiate the nature, purpose, accuracy, or validity of the recorded entries. Additionally, we noted instances where the same individual appeared to both prepare and review journal entries within the financial system, limiting the effectiveness of independent review controls. As a result, certain journal entries could not be readily traced to complete and appropriate supporting documentation.

**Effect:** Inadequate journal entry documentation and insufficient segregation of duties increase the risk of:

- material misstatements in the financial records,
- unauthorized or unsupported journal entries,
- management override of controls,
- undetected errors or irregularities,
- and incomplete audit trails supporting financial reporting activity.

The lack of independently verifiable support may also impair management's ability to demonstrate the accuracy and propriety of financial transactions.

**Cause:** The condition appears to result from inadequate policies and procedures governing:

- journal entry preparation and documentation requirements,
- retention of supporting documentation,
- and independent review and approval of journal entries.

Additionally, insufficient segregation of duties within the financial reporting process may have contributed to the control weakness.

**Criteria:** Effective internal controls require that:

- journal entries be supported by complete and appropriate documentation,
- supporting records be retained in a manner sufficient to substantiate recorded transactions,
- and journal entries be independently reviewed and approved by personnel separate from the preparer.

Adequate documentation and review controls are necessary to ensure the accuracy, validity, and transparency of financial reporting activity.

**Recommendation:** We recommend management strengthen controls over journal entry processing by:

- establishing formal documentation standards for all journal entries,
- requiring supporting documentation sufficient to substantiate the purpose and accuracy of recorded entries,
- implementing independent review and approval procedures,
- and enhancing segregation of duties within the journal entry process where feasible.

Management should also consider periodic supervisory review of journal entries and supporting documentation to ensure compliance with established policies and internal control expectations.

**Management Response:** Management’s assessment is that this finding is not indicative of a broader pattern. However, to ensure a proactive and robust internal control environment, the Finance Director met with key staff immediately following the audit notification. The journal entry processing workflow has been updated to require a mandatory journal entry form that explicitly lists a separate preparer and approver. To ensure immediate compliance, the Grant Accountant, Finance Specialist, and Financial Services Supervisor have signed a formal acknowledgment demonstrating their understanding and adoption of these new workflow changes. The workflow changes demonstrate a strong “tone at the top” by treating this gap proactively, despite believing it to be an isolated event. The signed employee acknowledgments enforce clear authority, responsibility, and strict accountability for financial reporting. By moving swiftly to implement changes, management has actively identified and mitigated risks associated with material misstatements, management override, and unauthorized or unsupported financial transactions. The implementation of a standardized journal entry form establishes a mandatory preventive control. Requiring separate signatures for the preparer and approver enforces a strict segregation of duties within the financial reporting process. The new workflow establishes rigorous documentation and retention standards. This ensures that relevant, high-quality, and independently verifiable support is maintained to provide a complete and transparent audit trail. Management's immediate intervention lays the groundwork for ongoing compliance monitoring. The signed forms provide an auditable baseline that allows management to perform routine supervisory reviews and verify that the control remains effective over time.