City of Palmetto, Florida

2025 Annual Comprehensive Financial Report

Fiscal Year Ended

September 30, 2025

Annual Comprehensive Financial Report

City of Palmetto, Florida

For the Fiscal Year Ended
September 30, 2025

Prepared By

The Finance Department

Cheryl A Miller, MBA CGFO

Finance Director

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Phone (941) 723-4570
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June 26, 2026

To the Citizens and Governing Board of the City of Palmetto, Florida:

State law requires that all general purpose local governments publish each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) in the United States of America and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, I present to you the Annual Comprehensive Financial Report of the City of Palmetto, Florida, for the fiscal year ended September 30, 2025.

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

The City of Palmetto's basic financial statements have been audited by independent certified public accountants, Mauldin & Jenkins CPAs & Advisors. The purpose of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2025, are free from material misstatement. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Palmetto's financial statements for the fiscal year ended September 30, 2025 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component in the financial section of this report.

In addition to meeting the requirements of the State Statutes, the audit was also designed to meet the requirements of the OMB Uniform Guidance. The City did meet the required minimum threshold of $1,000,000 of Federal expenditures during fiscal year 2025.

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

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

THE CITY

The City of Palmetto, Florida was incorporated in 1897. The current charter was approved by the voters on November 8, 2016. Revisions to the charter included changing the residency requirements for elected officials, modifications to the selection process for electing a Vice Mayor and changing the time requirement for a charter review from every five years to every ten years. In November of 2026, voters will consider a charter amendment to add a map to the City Charter document. The government of the City consists of a Legislative Branch comprised of five elected Commissioners and an Executive Branch consisting of an elected Mayor. Three of the five Commissioners are elected by the electors of wards. The remaining two Commissioners are elected at-large by the electors of the entire City. The Mayor appoints all appointed officers of the City and the Commission has the power to confirm such appointments.

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

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

ECONOMIC CONDITION AND OUTLOOK

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

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

As with most cities throughout Florida, 2025 continued to show strong signs that the economy is rebounding from Hurricane Helene and Milton. The economic environment has placed additional demands and growth has been steady for several years. The real estate market and sales tax collections remain strong, however rising interest rates and inflation appear to be influencing the economy. The rate of growth in property values is expected to slow down substantially in the next few years. In recent years, the State legislature continues to place financial pressures on local government via unfunded mandates, and home rule continues to come under attack. The increases to property values have helped to lessen this impact, but challenges remain. In November of 2026, voters will consider a constitutional amendment which could significantly increase the homestead exemption limits and reduce tax revenue to the City. Statewide unemployment increased slightly to 4.3 percent as of December 2025. Unemployment in the North Port, Bradenton, Sarasota Metropolitan Statistical Area (MSA) was slightly higher than the statewide average and was 4.8 percent as of December 2025.

The City and its community leaders have made a commitment to work together and help achieve our goal of making the City of Palmetto a great place to live. Through our Community Redevelopment Agency (CRA), we have implemented a variety of programs to promote growth and economic development. Examples include downtown commercial core incentives for improvements to business properties coupled with additional incentives for local businesses to complete the enhancements. In addition to developer incentives, storefront grants are available for commercial businesses, and the residential rehabilitation program that was started in 2010 continues to help qualifying properties. In 2018, the CRA established a Tax Incremental Financing (TIF) rebate incentive to encourage large-scale development projects. In fiscal year 2020, the CRA awarded its first TIF rebate for the new convention center hotel. This $85 million hotel project is now complete, bringing new jobs and economic activity to the area. In 2025, the City approved three large mixed-use developments in the downtown urban core. These projects all combine residential apartments and commercial/retail stores with hopes of revitalizing the downtown area. TIF rebate incentives have been awarded to each project to assist with the financial viability of each project and ensure the redevelopment of our downtown core.

Although the economy has been on a very positive run for the last several years, Palmetto continues to be faced with increasing costs, increasing demand for services, aging infrastructure and unfunded mandates by state and federal governments. Fortunately, in November 2016, residents of Manatee County passed an additional ½ cent sales tax. This tax will generate approximately $17 million dollars through 2031 and the revenue will be used to fund much needed capital infrastructure in areas such as transportation, public safety, and parks. As stated above, the Florida Legislature continues to propose and pass legislation that puts additional pressure on local government. Increasing property values during the last decade have helped offset declines in other areas and tax revenues. The taxable value for FY 2027 is projected to be approximately $1.68 billion which is 3.28% higher compared to the previous year.

Capital funding presents a big challenge for the City but the additional ½ cent sales tax will go a long way towards improving our aging infrastructure. In FY 2020, the City implemented a new utility rate structure to ensure the current rates support the costs to provide service. In addition, the City will continue to aggressively seek grant funds to help offset the costs for infrastructure projects. The City received approximately $5 million in State appropriations with the help of our local state legislative delegation. This includes monies for sanitary sewer lining, underground injection well, Public Works storage building, and new evacuation turn lanes at 10th Street and US BUS 41. The City was awarded $1.7 million from the Florida Department of Transportation (FDOT) for the 10th Avenue multimodal corridor project and design is underway and expected to be complete in 2027. The $3.1 million Community Development Block Grant (CDBG) for economic development through the State of Florida for infrastructure improvements next to the convention center hotel is complete and we are in the final stages of grant closeout. In addition, the Community Development Block Grant (CDBG) for residential rehabilitation of $750,000 for qualifying home improvements is in the construction phase with three qualified residential homes. The City received $6.8 million dollars from the American Rescue Plan Act and $2.5 million from the Florida Department of Environmental Projection. We are starting to see the benefits of this additional funding as many infrastructure projects are in the design phase or under construction. Most notably, the City received a $19 million dollar grant forgiveness loan from the State of Florida for the expansion of our wastewater treatment plant. Major current and future initiatives for fiscal year 2025 and fiscal year 2026 include:

- $7 million towards Ward 1 Phase 3 community revitalization upgrades to streets, sewer lines, reclaimed water, and sidewalks around 17th Street West. to 14th Street West. between 2nd Avenue West. 4th Avenue West. This project will be completed in 2026.
- Several public safety improvements at wastewater treatment plant (WWTP)
  - WWTP capacity study is complete, and we are in design phase of new AGS system
    - $52M Budget; $19M grant forgiveness loan from the State of Florida.
  - Several lift stations upgraded to include emergency generators. ($300 thousand in FY 2025)
  - Inflow and infiltration work on existing sewer pipes continued ($1.1million in FY 2025)
- Several Mixed-Use Developments have been approved by the Commission and moving forward in FY 2025 and FY 2026.
  - Palmetto Place - 115 residential units; 15,000 Sq. Ft retail/restaurant
  - Gray Property Group - 75 luxury residential apartments; 30,0000 retail/commercial Sq. Ft. and public parking spaces at Riverside Drive and 10th Avenue West.
  - Re-Envision Properties - Redevelopment of several CRA properties into affordable housing.
  - Mosaic Development is moving forward with mixed used project at Riverside Drive and US BUS 41.
- Lead & Copper utility line evaluation throughout the City in partnership with Drinking Water State Revolving Fund is underway.
- Street paving throughout the City continues as part of the annual CIP program.
- Renovation of the 1930 Women's Club building within the Palmetto historic district is scheduled to be complete in 2026.
- New development of Patriot Park will include additional pickleball courts, basketball courts, walking trail, multipurpose field and a playground with a pavilion. Construction to begin in summer of 2026 with a $5.5 million budget.
- MLK park improvements, including a new playground are underway. Installation to conclude in 2026.
- Design of a new trail connecting Manatee County, City of Bradenton and Palmetto is now complete. Project was funded by FDOT and Manatee County.

- Capacity study for administrative offices underway for City Hall and Public Works to ensure we are well positioned for future growth.
- City in design phase for complete streets project on 10th Avenue West. This is a $1.7 million grant from FDOT.
- Design and start of construction for the new evacuation turn lane/intersection improvements at 8th Avenue West and 10th Street West are scheduled to begin in 2026 with a budget of $3 million.

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

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Palmetto for its Annual Comprehensive Financial Report for the fiscal year ended September 30, 2024. This was the twentieth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate. The City also received the GFOA's Award for Distinguished Budget Presentation for its annual budget for the fiscal year beginning October 1, 2025, the same period covered by this Annual Comprehensive Financial Report. This was the seventieth consecutive year that the City received this award. To qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in all the required categories including policy documentation, financial planning, organization, and as a communications medium.

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

Sincerely,

Daniel W. West

Daniel W. West, Mayor
City of Palmetto

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Palmetto
Florida

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2024

Christopher P. Morrill

Executive Director/CEO

List of Principal Officials

Elected Officials

Daniel W. West	Mayor
Brian Williams	Vice Mayor, Ward 3
Harold Smith	Commissioner, Ward 1
Sunshine Matthews	Commissioner, Ward 2
Dr. Tamara Cornwell	Commissioner, At-Large
Scott Whitaker	Commissioner, At-Large

Office of the City Clerk

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

Public Works

Mohammed Rayan	Public Works Director
Matt Bloome	Superintendent
Steven Spangler	Building Official
Jake Bibler	City Planner

Police Department

Scott D. Tyler	Police Chief
Mike Stinson	Assistant Chief
Lorenzo Waiters	Assistant Chief

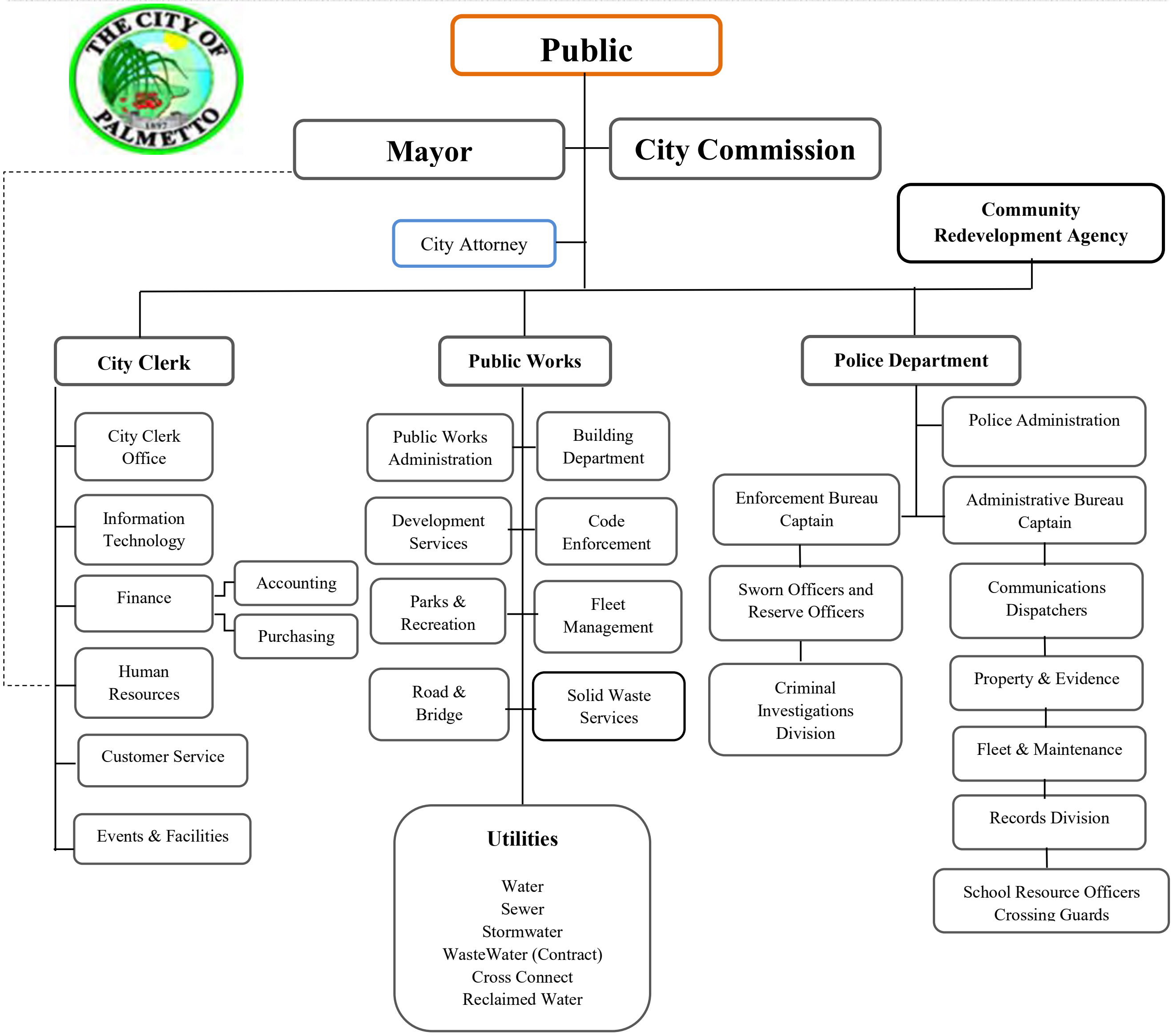
Community Redevelopment Agency

Rowena A. Young	CRA Executive Director

City Attorney

Mark P. Barnebey	City Attorney
Marisa J. Powers	City Attorney

CITY OF PALMETTO, FLORIDA
ORGANIZATION CHART
Fiscal Year ending September 30, 2025



MAULDIN & JENKINS
CPAs & ADVISORS

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Palmetto, Florida (the "City"), as of and for the year ended September 30, 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, each major fund, and the aggregate remaining fund information of the City, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

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MEMBERS OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension and other post-employment benefit schedules on pages 13 through 28 and 105 through 128, respectively, 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, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 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.

Mauldin & Jenkins, LLC

Bradenton, Florida
June 26, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Palmetto, Florida (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2025. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the Mayor's letter of transmittal preceding this report and the City's financial statements beginning on page 29.

FINANCIAL HIGHLIGHTS

At the close of the fiscal year ending September 30, 2025:

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources by $148,031,198 (*net position*). Of this amount, $26,760,880 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.

- The City reported an increase in total net position of $9,569,226 compared to $11,571,719 in fiscal year 2024. Revenues continue to outpace expenses, however the presence of one-time expenses related to Hurricanes Milton on Helene are a significant factor as reimbursement from FEMA remains pending. The City's total net position increase of $9,569,226 represents a 6.91% increase over the prior year.

- Total revenues increased $3,760,648 or 9.01% in comparison to the prior year. Charges for services, which includes building permits and utility service revenue, increased $1,728,810 as development continues throughout the city while capital grants and contributions increased $739,250 as the City continues to utilize American Rescue Plan Act funding towards the completion of capital projects. Property taxes increased by $1,202,481 over the prior year and other taxes consisting of sales, utility, motor fuel, and other tax decreased by $18,508. The change in property tax revenue represents a 8.88% increase from the prior year which can be attributed to a combination of new construction and an increase in property values. The decrease in other taxes was primarily associated with a one time adjustment to business license revenue.

- Total expenses increased $5,763,141 or 19.11% in comparison to prior year. Governmental activities reported a net increase in expenses of $2,378,826 as Public Safety related departments increased salaries and staffing and the Community Redevelopment Agency hired a full time director and made significant progress toward the completion of redevelopment projects. Business-type activities expenses increased $3,384,315 with hurricane related expenses a key contributor.

- The City's governmental funds reported combined ending fund balances of $39,806,657, an increase of $5,507,279 in comparison with the prior year ending balance. Approximately 19.51% of this total amount, $7,764,757 (*unassigned fund balance*), is available for spending at the City's discretion and is 44.29% of the total general fund expenditures. Restricted fund balance of $20,907,869 accounts for over $3 million of the fund balance increase and is restricted for roadway infrastructure, Community Redevelopment Agency (CRA), building department operating expenses, law enforcement special projects, the maintenance of the City's cemetery and impact fees used to fund growth in the City. The largest increases to ending fund balance are with the Capital Projects Fund and the Community Redevelopment Agency which had funded several large capital projects that were either still in the engineering stages or whose construction had recently commenced . As per statute the entire CRA trust fund has been budgeted in fiscal year 2026 and it is anticipated that the fund balance will return to its historically lower level by the end of the year. The committed fund balance in the amount of $7,451,284 includes $2,363,987 for the trailer park trust with the remainder capital projects primarily associated with the City's Capital Improvement Plan projects.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Government-wide financial statements

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

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

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

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

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

Fund financial statements

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

Governmental funds

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fund financial statements (Continued)

Governmental funds (Continued)

there is an analysis after the statement of revenues, expenditures, and changes in fund balances that reconciles the total change in fund balances for all governmental funds to the change in net position as reported in the governmental activities column in the statement of activities.

The City presents in separate columns, funds that are most significant to the City (major funds) and all other governmental funds are aggregated and reported in a single column (non-major funds). The City does not have any non-major funds for the year-ended September 30, 2025.

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

Proprietary funds

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

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

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the major enterprise funds which are the solid waste collection, water and sewer utility, stormwater utility system, and reuse utility. The City does not have any non-major proprietary funds during the year-ended September 30, 2025.

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

Fiduciary funds

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

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

Notes to the financial statements

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

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension and other post-employment benefits to its employees. Required supplementary information can be found beginning on page 104 of this report.

Included in the required supplementary information are budgetary comparison schedules for the General Fund, Community Redevelopment Fund and the Road and Bridge Fund found on pages 104 through 106.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $148,031,198 at the close of the most recent fiscal year.

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

City of Palmetto's Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Assets						
Current and other assets	$ 33,497,089	$ 29,980,343	$ 11,803,040	$ 9,054,466	$ 45,300,129	$ 39,034,809
Restricted assets	9,538,819	8,045,540	8,457,414	12,046,489	17,996,233	20,092,029
Capital assets, net of depreciation	65,990,342	63,164,887	45,433,313	43,450,395	111,423,655	106,615,282
Total assets	109,026,250	101,190,770	65,693,767	64,551,350	174,720,017	165,742,120
Deferred outflows of resources	1,061,381	780,144	204,888	229,317	1,266,269	1,009,461
Liabilities						
Current and other liabilities	2,340,457	2,195,585	4,832,930	4,213,753	7,173,387	6,409,338
Non-current liabilities	10,806,726	11,683,500	7,624,792	8,344,275	18,431,518	20,027,775
Total liabilities	13,147,183	13,879,085	12,457,722	12,558,028	25,604,905	26,437,113
Deferred inflows of resources	2,239,949	1,769,830	110,234	82,666	2,350,183	1,852,496
Net Position						
Net investment in capital assets	60,615,898	57,128,353	38,928,862	35,666,910	99,544,760	92,795,263
Restricted	20,907,884	17,723,800	817,674	415,108	21,725,558	18,138,908
Unrestricted	13,176,717	11,469,846	13,584,163	16,057,955	26,760,880	27,527,801
Total net position	$ 94,700,499	$ 86,321,999	$ 53,330,699	$ 52,139,973	$148,031,198	$ 138,461,972

The overall net position of the City increased in 2025 as revenues continue to outpace expenses, albeit with a decreased margin this year. Changes in net position over time can be one of the best and more useful indicators of financial position. The total net position of the City increased from fiscal year 2024 by $9,569,226 or 6.91%. The net position of governmental activities increased by $8,378,500, or 9.71% due to an increase of property tax of $1,202,481 associated with new construction and rising home values. Additionally, fiscal year 2025 saw an increase of $274,481 in capital grants received related to the American Rescue Plan Act. Net position of business-type activities increased by $1,190,726, or 2.28% which was a smaller increase compared to the previous year due to additional expenditures related to hurricanes Helene and Milton. The overall net operating income of the business-type activities is $265,165.

A significant portion of the City's net position, $99,544,760 or 67.25% reflects its investment in capital assets (e.g., land, buildings, improvements, infrastructure and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should still be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

An additional portion of the City's net position, $21,725,558 or 14.68% represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, $26,760,880 or 18.08% may be used to meet the City's ongoing obligations to citizens and creditors. The unrestricted net position includes the fund balance of the Trailer Park Trust (Governmental Activities) of $2,363,987, which may be used upon approval of the City Commission after a duly advertised public hearing.

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

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

City of Palmetto's Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Revenues						
Charges for services	$ 2,816,892	$ 1,926,681	$ 14,707,847	$ 13,869,248	$ 17,524,739	$ 15,795,929
Operating grants and contributions	75,922	68,444	--	--	75,922	68,444
Capital grants and contributions	678,958	404,477	1,476,726	1,011,957	2,155,684	1,416,434
General revenue						
Property taxes	14,740,699	13,538,218	--	--	14,740,699	13,538,218
Other taxes	7,088,730	7,107,238	--	--	7,088,730	7,107,238
Other	3,054,507	2,926,015	854,253	881,608	3,908,760	3,807,623
Total revenues	28,455,708	25,971,073	17,038,826	15,762,813	45,494,534	41,733,886
Expenses						
Governmental Activities:						
General government	6,363,297	5,944,904	--	--	6,363,297	5,944,904
Public Safety	7,189,213	6,357,007	--	--	7,189,213	6,357,007
Highways and streets	1,422,997	1,363,371	--	--	1,422,997	1,363,371
Recreation	1,113,227	1,041,594	--	--	1,113,227	1,041,594
Economic and physical environment	5,117,191	4,104,110	--	--	5,117,191	4,104,110
Interest on long-term debt	119,680	135,793	--	--	119,680	135,793
Business-type Activities:						
Solid waste	--	--	5,321,557	2,720,216	5,321,557	2,720,216
Water and sewer	--	--	8,123,765	7,558,418	8,123,765	7,558,418
Stormwater	--	--	838,081	684,200	838,081	684,200
Reuse	--	--	316,300	252,554	316,300	252,554
Total expenses	21,325,605	18,946,779	14,599,703	11,215,388	35,925,308	30,162,167
Increase (decrease) in net position before transfers	7,130,103	7,024,294	2,439,123	4,547,425	9,569,226	11,571,719
Transfers	1,248,397	782,833	(1,248,397)	(782,833)	--	--
Change in net position	8,378,500	7,807,127	1,190,726	3,764,592	9,569,226	11,571,719
Net position - beginning	86,321,999	78,514,872	52,139,973	48,375,381	138,461,972	126,890,253
Net position - ending	$ 94,700,499	$ 86,321,999	$ 53,330,699	$ 52,139,973	$ 148,031,198	$ 138,461,972

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Governmental activities

Total revenues for governmental activities increased by $2,484,635 or 9.57% when compared to the prior year. The net increase in revenues for the current year is the result of the following:

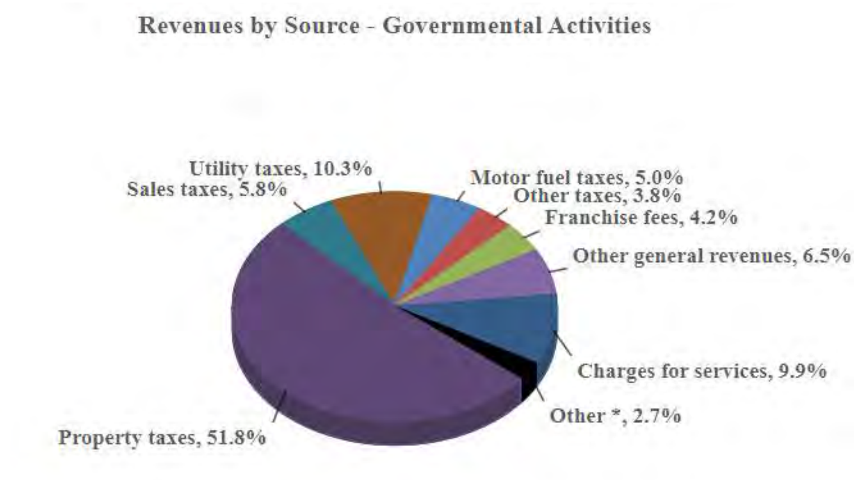
- City property tax revenues increased by $1,202,481 or 8.88% due to an increase in property values. These increases affect both the property taxes collected by the City and the tax increment financing (TIF) monies received by the CRA from the City and Manatee County. This was the twelfth consecutive year property values have increased.
- Capital grants and contributions increased by $274,481 or 67.86% due to the recognition of American Rescue Plan act funding used in part to fund the ongoing Ward 1 Phase III project.
- Charges for services increased by $890,211 or 46.20% compared to the previous year due to the continued increase in building permit fees collected.
- Other general revenues increased by $128,492 or 4.39% compared to the prior year is largely attributed to the increase in interest income from investments as the City's pooled cash balance remains high and staff leverages the funds to maximize return given the available investment opportunities allowed by policy and statute.

Total expenses for governmental activities increased by $2,378,826 or 12.56% in comparison to the prior year. The increase in the current year expenses is attributed to a combination of:

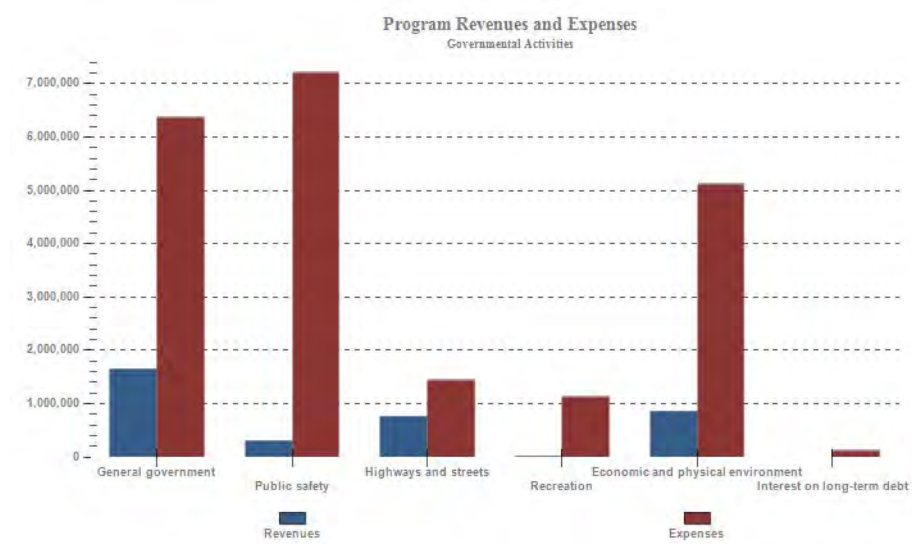
- General government increased by $418,393 or 7.04% in comparison to the prior years' governmental expenses. This includes $242,224 in increased tax increment funds to CRA for increased property values within the district, and an increase of $69,436 in attorney fees related to several ongoing redevelopment projects.
- Public safety increased by $832,206 or 13.09% in comparison to the prior years' governmental expenses. The increase includes $918,598 in personnel related costs due to additional staffing in the building department, and increased salary and pension expenses in the police department.
- Highways and streets increased by $59,626 or 4.37% compared to the prior year. A decrease in expenses related to light and street repairs were offset by increased insurance and utility costs. Lastly, after a year in 2024 with no purchases on the capital lease, the Road & Bridge department purchased a new dump truck.
- Increases in culture and recreation accounted for $71,633 or 6.88% compared to the prior year. Slight increases to repair and maintenance related accounts contributed to the increase.
- Increases in economic and physical environmental services was $1,013,081 or 24.68% higher compared to last year. This increase is primarily related to the one-time hurricane related expenses, increased staffing and project management expenses at the CRA, and the implementation of a free ride sharing partnership with the City of Bradenton CRA.
- Decreases in interest on long-term debt totaled $16,113 or 11.87% compared to the prior year. The decrease is primarily due to the decrease to the CRA loan interest expense as it enters its final year.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

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



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



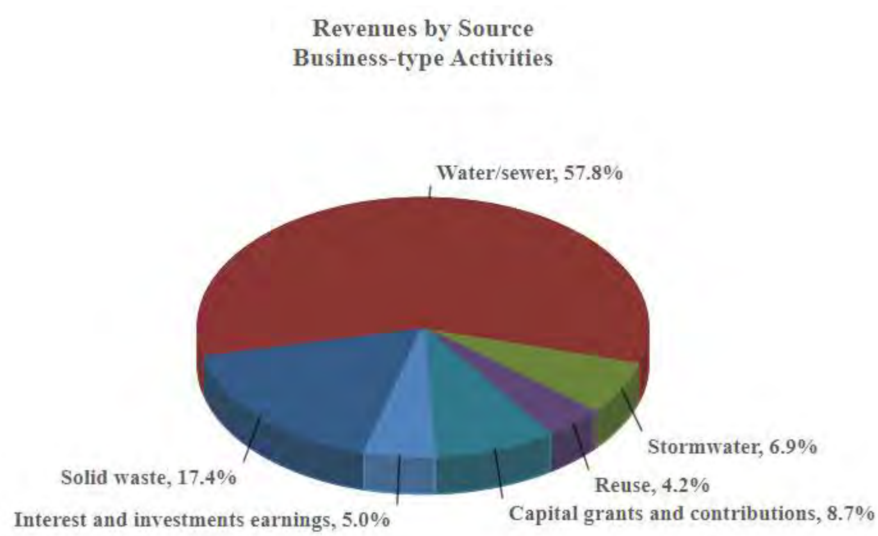
Business-type Activities

Total revenues increased by $1,276,013 or 8.10% compared to last year. This revenue increase was largely associated with increases in charges for services of $838,599 and in grants totaling $464,769. The City completed a new user rate study in fiscal year 2019 and implemented the rates in fiscal year 2020. The first year of utility rates increased for water (4%), sewer (4%), stormwater (10%) and reuse (7%). In years two through ten, the rates will be increased for water (2%), sewer (2%), stormwater (5%) and reuse (3.5%). An increase occurred in fiscal year 2025 related to the charges for service revenue in each of the funds. Each of the funds also received a increase in their allocated interest revenue.

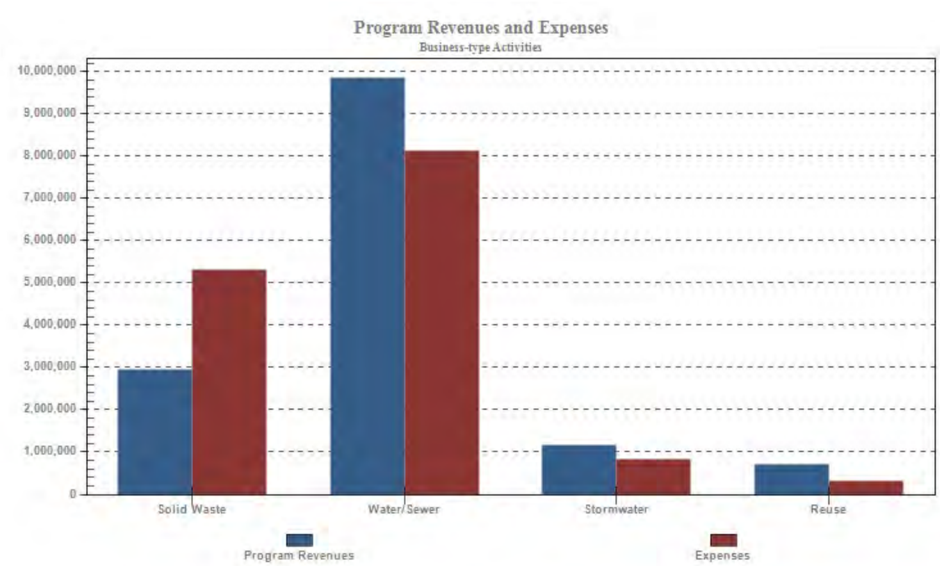
GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Total expenses increased by $3,384,315 or 30.18% when compared to the previous year. Increased expenses in solid waste of $2,601,341 was due to storm cleanup expenses related to Hurricanes Milton and Helene. A combination of increased expenses related to procuring water from Manatee County for resale purposes and the filling of vacant staff positions resulted in an increase of expenses in the Water/Sewer Department of $565,347. Increases of $153,881 in Stormwater were primarily due to an increase to personnel expenses as previously vacant positions were filled. Reuse expenses increased by $63,746 as a result of increased contractual services related to the underground injection control permitting process. Greater detail and explanation is provided in the Proprietary funds section.

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



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



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental funds

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

At the end of the current fiscal year, the City's total Governmental funds reported combined ending fund balances of $39,806,657, an increase of $5,507,279 compared to the prior year. Approximately 19.51% of the ending balance, or $7,764,757, constitutes *unassigned fund balance*, which is available for spending at the City's discretion subject to budgetary constraints. The total fund balance increase resulted from the following individual net changes in fund balance: General Fund of $1,287,334, CRA fund of $1,607,937, Road and Bridge fund of $(81,723) and Capital Projects Fund of $2,693,731. Staff has identified projects within fiscal year 2026 to utilize a significant portion of fund balance in each fund as appropriate based upon project composition and in order to maintain adequate levels of fund balance according to policy.

The General Fund is the chief operating fund of the City. General tax revenues and other receipts that are not allocated by law or by contractual agreement to another fund are accounted for in this fund. General operating expenses, fixed charges and capital improvement costs not paid through other funds are paid from this fund. At the end of the current fiscal year, the total fund balance of the general fund was $23,030,352, as compared with $21,743,018 in the previous year.

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

- Unassigned fund balance is $7,764,757 as compared to $9,010,000 the previous year. The $1,245,243 decrease was due in part to an increased utilization of fund balance as a funding source as the City continues to implement a robust capital improvement plan. The current unassigned fund balance is 4.52 months of budgeted 2026 expenditures. The City's fund balance policy allows the utilization of unassigned balances above five months of the expenditure budget to be used to fund capital projects. The City anticipates spending some of these funds in the coming years on the pubic works facility and other administration offices as well as a new park at 14th Avenue.
- Assigned fund balance increased by $815,330 to $3,265,671. This increase was attributed to an increase in General Fund projects included in the fiscal year 2025 CIP, primarily in regard to land acquisition for Park projects.
- Committed fund balance is $2,363,987, all of which is associated with the Trailer Park Trust.
- Restricted fund balance is $9,218,861 which includes $4,968,954 for the Building Department, $3,905,304 for the Infrastructure Half-Cent Sales Tax Fund, $252,158 for impact fees and $92,445 in financed purchase agreement proceeds, law enforcement reserve, and cemetery reserve. The Building Department restricted fund balance was increased $661,168 as a result of fiscal year 2025 operations. This is the eleventh year reserves have increased due to an upturn in construction.
- Nonspendable fund balance related to inventory and prepaid expenses is $417,076.

Revenues for the General Fund increased by $862,423 or 4.74%. Revenue categories featured a mix of increases and decreases compared to the prior fiscal year with the largest increase in Property taxes of $806,134 from higher property values. The largest decrease in the amount of $143,385 was related to a one time adjustment to business tax license revenue.

Expenditures for the General Fund increased by $1,555,512 or 9.74%. Salary, retirement, and health insurance cost increases to City departments contributed to the $852,197 increase in public safety related departments and the $168,536 increase to economic and physical environment related departments, specifically the CRA. General government expenses increased by $478,404, primarily driven by the increased TIF funding provided to the CRA.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (CONTINUED)

Governmental funds (Continued)

The total net change to unassigned fund balance is a decrease of $1,245,243. Revenues continue to exceed expenses, and the net change in overall fund balance remains positive.. When developing the annual capital budget, staff utilizes a mix of funding sources including any unassigned fund balance allowable by policy in order to avoid debt service costs where possible. Potential sales of city-owned property remain pending and will serve to further increase the available unassigned fund balance until appropriate projects are identified.

Revenues for the CRA, a blended component unit of the City, increased $1,433,730 or 23.37% compared to the previous year. Contributing to this are increases of $105,613 in interest revenue as well as TIF dollars from the City and County in the amount of $396,347. The CRA also received a reimbursement for a redevelopment loan in the amount of $800,000. Total expenditures increased by $2,514,824 or 76.46%. This increase is attributed to the Palmetto Women's Club renovation beginning in earnest this year. Funding had previously been established for this project as it underwent an extensive design and engineering process.

Revenues in the Road and Bridge fund increased by $198,568 or 11.61% compared to the previous year. The amount of state fuel tax funding distributed by the county remained constant, however it remains significantly decreased from prior years as per an updated allocation percentage in fiscal year 2024. Expenditures increased by $157,690 in the Road and Bridge fund with an increase in street light repairs and capital purchases being the largest contributors.

Revenues in the Capital Project fund decreased by $1,520,867 as the prior year included reimbursement that was received from the CDBG 7th Street Extension grant. Expenditures increased in the fund by $832,442 primarily related to the Ward I Phase III comprehensive utility and road improvement project.

Proprietary funds

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

At the end of the current fiscal year, the City's proprietary funds reported combined ending net position of $53,330,699, an increase of $1,190,726 in comparison with the prior year. Total operating revenues associated with the proprietary funds were $14,707,847. Total operating revenues, increased by $838,599 or 6.05% compared to the previous year. The reasons for the increased revenues are explained below.

The Solid Waste fund had operating loss of $2,358,370 for the year, and a decrease in net position of $2,450,717. Hurricanes Milton and Helene resulted in significant storm cleanup expenses and reimbursement from FEMA remains pending. Revenues increased by $109,290 or 3.83% due to the increase in the rates and operating expenses increased by $2,601,853 or 95.68% due to hurricane related expenses described above. Net position decreased by $2,450,717 after interest and transfers out. The total net position at the end of the current fiscal year, is $(1,146,657).

The Water and Sewer fund had operating income of $1,840,078 for the year, and an increase in net position of $3,978,349. Revenues increased by $591,283 or 6.39% in accordance with the scheduled rate increase. Operating expenses increased by $705,638 or 9.67% as a result of increased expenses related to the repair and maintenance of City utilities. The unrestricted net position at the end of current fiscal year is $11,419,752 and total net position is $37,779,220.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (CONTINUED)

Proprietary funds (Continued)

The Stormwater fund had operating income of $371,447 and an increase in net position of $811,533. The stormwater user fee structure for residential and commercial customers increased in accordance with the scheduled rate increase while operating expenses increased by $156,516 or 24.08% primarily related to hurricane related expenses in addition to increased personnel costs. The unrestricted net position at the end of current fiscal year is $1,510,431 and the total net position is $8,739,898.

The Reuse fund had operating income of $412,010 and a decrease in net position of $1,148,439. The expenses increased by $68,238 or 28.85% as a result of slightly increased personnel costs. Revenue increased due addition reclaimed lines installed and utility rate adjustment per the rate study. At the end of the current fiscal year the unrestricted net position reflects a balance of $1,882,662 and the total net position is $7,958,238. The decrease in net position is primarily due to the transfer of $1.6 million of capital funding from the UV System Upgrade to the water/sewer fund as project prioritization was reevaluated.

GENERAL FUND BUDGET AND ACTUAL

Differences between the original budget and the final amended budget can be found on page 104. Revenues increased by $2,724,825 from the original budget to the final budget. The increase in budgeted revenue included increases associated with taxes of $1,892,421. More specifically, $1,643,129 of sales tax including $1,475,1857 in half-cent sales tax that was not included in the original budget as the fund's budget is adopted via a separate resolution as projects are prioritized after the start of the fiscal year. In addition, budgeted revenues increased $218,475 in permit, fees, and assessments and $919,022 in intergovernmental revenue associated with American Rescue Plan Act (ARPA) funds. The original General Fund budget anticipated decreasing the General Fund’s fund balance by $105,500 for use of fund balance to fund approved capital outlay, contingencies, and the renovation of public works facilities.

The General fund total expense budget was increased by $4,586,329 of which the largest adjustments totaling $3,550,959 within capital outlay accounts, specifically, the Half Cent Infrastructure projects which are not accounted for within the original budget. A combination of funding for road paving, sidewalk construction, 14th Avenue Park design, and Public Works storage facility accounts for the majority of these expenses. Debt service related to the police department construction loan accounts for the increase of $550,727 in debt service budget. Encumbrance carryforward from fiscal year 2025 was $766,729 . The final amended budget anticipated decreasing the General Fund’s fund balance by $4,087,372 after transfers. This was largely due to the planned usage of fund balance in both the General Fund and the Half Cent Fund to fund capital purchases. Based on actual revenues and expenses, the general fund's fund balance saw a net increase of $1,287,334.

Actual revenues excluding other financing sources were less than final budgetary estimates by $483,597. The largest factor contributing to this is the partial recognition of ARPA funds as unearned revenue as several projects were not completed within the fiscal year. Actual expenditures were less than budgetary estimates by $5,858,303 and can be attributed to a combination of multi-year capital projects not completing within the fiscal year and conservative spending within each of the City department's operating budgets.

CAPITAL ASSETS AND DEBT

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2025, amounts to $111,423,655 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, infrastructure, and machinery and equipment. The total increase net of accumulated depreciation in the City's investment in capital assets for the current fiscal year was $4,808,373 or 4.51%. The largest factors contributing to the increase in capital assets were related to the renovation of the Palmetto Women's Club, the Ward I Phase III project, utility infrastructure projects, and the annual financed purchase agreement. The vehicle and equipment purchases included within the FY2025 financed purchase agreement included 4 police vehicles along with their associated accessories, two mowers for the Parks department, a skid steer for Road & Bridge, employee vehicles for the Customer Service and Stormwater Departments, and a Sewer Camera Truck. The budgeted total of the financed purchase agreement is $1,083,600.

The 2025 Capital Improvement Plan (CIP) was approved by the Commission on December 2, 2024 in the amount of $17,373,894 for fiscal year 2025.

The CRA also budgeted $10,683,567 for other capital improvements within the CRA district.

The following projects in 2025 had expenditures greater than $50,000:

City Capital Projects

- Ward I Phase III Project - $2,059,575 for comprehensive utility and roadway improvements within Ward 1. This project is funded by both state and federal grants with the balance of funding from the City's utility departments..
- Lift Station Upgrades - $83,729 for the ongoing upgrades of the City's lift stations including new generators, pumps, and SCADA systems.
- 24th Avenue Stormwater Project - $425,737 improvements to the drainage system along 24th Avenue.
- 7th Street Extension (CDBG Funded) - $122,643 for construction to connect 7th Street West to Haben Boulevard to facilitate construction of a new hotel and expanded convention center. This last phase involved improvements to the area lights.
- Water Line R&R - $78,107 for construction related to the City's water distribution system.
- Waste Water Treatment Plant Upgrades - $410,079 for improvements to the plant. While current facilities require the regular replacement of equipment, engineering toward future construction on the plant is underway.
- Patriot Park - $222,238 for design toward the newest City park located on 14th Avenue. Construction on the park is anticipated to begin in fiscal year 2026..
- Inflows and Infiltration - $430,298 in ongoing upgrades. This program is consistently included in the City's CIP.
- 10th Street Intersection - $110,675 in engineering toward traffic flow improvements at the intersection of 10th Street and 10th Avenue.

CAPITAL ASSETS AND DEBT (CONTINUED)

Capital Assets (Continued)

CRA

- Women's Club Renovation - $2,471,459 in construction costs for the renovation of the Palmetto Women's Club. Completion of this project is anticipated in fiscal year 2026.
- Martin Luther King Jr. Park Improvements - $84,650 in continued improvements to the park in the form of restroom facilities, utility infrastructure, and the engineering required to allow the installation of playground equipment.
- The CRA also budgeted significant funds toward improvements to infrastructure, the newest phase of the Lamb/Sutton Park project, 10th Avenue Streetscape, and land acquisition. While these projects did not meet the $50,000 threshold, these will be a focus in the upcoming years.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Land	$ 11,019,594	$ 10,929,100	$ 1,163,660	$ 1,163,660	$ 12,183,254	$ 12,092,760
Buildings	12,154,011	1,416,515	615,897	494,963	12,769,908	1,911,478
Improvements other than buildings	--	--	37,130,496	37,692,062	37,130,496	37,692,062
Machinery and equipment	3,521,397	3,112,293	4,429,308	3,973,339	7,950,705	7,085,632
Infrastructure	34,802,859	32,923,736	--	--	34,802,859	32,923,736
Construction in progress	4,492,481	14,783,243	2,093,952	126,371	6,586,433	14,909,614
Total	$ 65,990,342	$ 63,164,887	$ 45,433,313	$ 43,450,395	$ 111,423,655	$ 106,615,282

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

CAPITAL ASSETS AND DEBT (CONTINUED)

Long-term Liabilities

At the end of the current fiscal year, the City had long-term liabilities outstanding of $18,431,518. Long-term liabilities include compensated absences of $1,375,715, net pension liability of $3,003,988, and other post-employment benefits of $494,469 as well as the City's bank loans and financed purchase agreements as shown in the table below. The City's debt is comprised of a $1.25 million loan in fiscal year 2014, a $7.1 million loan in fiscal year 2019, a $5.6 million loan in fiscal year 2021, and a State of Florida revolving fund loan. All loans were used to fund capital improvement projects throughout the City. The loans are secured by a primary pledge of the Water, Sewer, Reuse and Stormwater revenues, with a secondary pledge of the non-ad valorem General Fund revenues. The City has $2,011,199 in outstanding financed purchase agreements as of September 30, 2025.

In fiscal year 2006, the Community Redevelopment Association (CRA) obtained a loan for $4,395,000 to fund capital improvement projects within the CRA district and to retire $1,500,000 of debt issued in 2004. The current balance is $200,098 as of September 30, 2025. The loan is secured by a primary pledge of Tax Increment Funds (TIF) and is included in the City's outstanding debt. In fiscal year 2023 the CRA entered an agreement with Manatee County resulting in an intergovernmental note payable whereby the CRA would reimburse a percentage of costs associated with the construction of a new pool facility at Lincoln Park. The note is for 10 years for a total of $2,001,360 with equal annual payments and no associated interest. A total of $1,400,952 remains on the note at this time. The CRA has $40,525 in outstanding financed purchase agreements as of September 30, 2025.

City of Palmetto's Loans and Financed Purchase Agreements Payable

	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Bank Qualified Loans or Agreements						
2014 Loan	$ --	$ --	$ 389,927	$ 480,226	$ 389,927	$ 480,226
2019 Loan	165,425	330,134	710,574	1,418,066	875,999	1,748,200
SRF Loans	--	--	5,000,170	5,316,950	5,000,170	5,316,950
2021 Loan	3,679,000	4,180,000	--	--	3,679,000	4,180,000
2006 CRA Loan	200,098	419,848	--	--	200,098	419,848
2022 CRA Interlocal Loans	--	1,601,088	--	--	--	1,601,088
Total Loans	4,044,523	6,531,070	6,100,671	7,215,242	10,145,194	13,746,312
Financed purchase agreements	1,037,685	1,065,035	973,514	669,855	2,011,199	1,734,890
Total Loans and Agreements	$ 5,082,208	$ 7,596,105	$ 7,074,185	$ 7,885,097	$ 12,156,393	$ 15,481,202

See Note IV, G, and H on pages 69 through 78.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The unemployment rate for the North Port/Sarasota/Bradenton area for December 2025 was 4.8%, which is slightly higher than the State's unemployment rate of 4.30% for the same time period. The national unemployment rate for the same time period is 4.40% percent (source: Bureau of Labor Statistics).

According to the estimated 2025 Census, the City's population was 13,961. (source: Bureau of Economic and Business Research).

The 2025 taxable value of commercial and residential property increased from $1,498,720,159 in fiscal year 2025 to $1,627,148,204 for fiscal year 2026. This represents a 10.12% increase in taxable value and is largely attributed to the increased property values that are being experienced statewide. This increase of 10.12% was lower than the 14.78% increased realized a year ago but still represents a significant increase to the tax base. After several years of declining property values, fiscal year 2025 was the twelfth year in a row that the City saw values increase. We expect this increase to slow in the coming year as inflation and elevated interest rates appear to be affecting home values. We will continue to monitor the economic data and the overall health of the real estate market within the City. Since the City's taxable value peaked in fiscal year 2009, values decreased by 36% during a

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

four year slide ending in FY2012. The City has made adjustments along the way to meet the challenges of the economic downturn.

An upcoming property tax reduction bill will be decided by voters in November, 2026. If approved, it will increase the homestead exemption significantly over the next two years. This will result in substantial decreases to revenue associated with property taxes. The City will monitor proposed changes and adjust future budgets as appropriate.

The General Fund property tax millage of $5.9671 for FY 2025 has remained the same since 2016 when the millage increased by .25 mills. Prior to FY2016, the City passed millage increases in FY2012, 2013 and 2014 of .4523 mills, .10 mills and .50 mils respectively. These increases were driven by the declining property values during this timeframe.

The fiscal year 2026 pension contribution amounts as a percentage of each payroll dollar for the Police and General Employees Pension Plans is 21.34% and 13.6% respectively compared to 22.40% and 12.59% for the prior year. This represents a decrease of 1.06% for the Police Plan and an increase of 1.01% for the General Employees' Pension Plan.

Funding for capital projects presents a need to balance the requirements of the City with available resources, however the City is in the best funding position that it has been in for several years due to grants, state appropriations, ARPA funds and the overall availability of fund balance. The cost of construction materials, concrete and steel have escalated creating a challenge as we move forward with major construction projects. However, in fiscal year 2020 the utility rate study was implemented and will provide much needed funding. In addition, the City continues to seek grants whenever possible to leverage City dollars. The convention center hotel, completed in 2024, has been approved with incentives being provided by the CRA and the CDBG economic development grant for $3.1 million awarded in FY2019. Construction of the Palmetto Police Department has been completed. This project leveraged funding from the capital infrastructure sales tax fund, general fund and impact fees with an overall cost of $11 million. The Ward 1 Phase III project will substantially began construction in FY2025 with funding a mix of state, federal, and local funding contributing to the $7 million infrastructure project. Design for the new Waste Water Treatment Plant and construction of Patriot Park will be two of the larger projects in the next few years.

REQUESTS FOR INFORMATION

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

City of Palmetto, Florida

For the Year Ended September 30, 2025

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CITY OF PALMETTO, FLORIDA
STATEMENT OF NET POSITION
As of September 30, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	$ 28,159,234	$ 10,108,300	$ 38,267,534
Receivables, net of allowance for uncollectible	860,059	1,694,740	2,554,799
Lease Receivable	564,410	--	564,410
Due from other governments	402,659	--	402,659
Investments	3,093,651	--	3,093,651
Inventory	417,076	--	417,076
Restricted assets			
Cash and cash equivalents	9,538,819	8,457,414	17,996,233
Capital assets			
Nondepreciable	15,512,075	3,257,612	18,769,687
Depreciable, net	50,478,267	42,175,701	92,653,968
Total assets	109,026,250	65,693,767	174,720,017
DEFERRED OUTFLOW OF RESOURCES			
Deferred outflows of pension resources	977,919	141,911	1,119,830
Deferred outflows of other post-employment benefits	72,690	16,710	89,400
Deferred outflows of loss on refunding	10,772	46,267	57,039
Total deferred outflow of resources	1,061,381	204,888	1,266,269
LIABILITIES			
Accounts payable and other accrued liabilities	1,245,587	2,112,346	3,357,933
Accrued interest	13,407	9,862	23,269
Unearned revenue	1,076,364	1,913,216	2,989,580
Customer deposits	5,099	797,506	802,605
Noncurrent liabilities			
Due within one year	1,703,681	1,059,881	2,763,562
Due in more than one year	9,103,045	6,564,911	15,667,956
Total liabilities	13,147,183	12,457,722	25,604,905
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows from lease	522,363	--	522,363
Deferred inflows from settlement	171,841	--	171,841
Deferred inflows of pension earnings	1,422,859	91,484	1,514,343
Deferred inflows from other post-employment benefits	122,886	18,750	141,636
Total deferred inflows of resources	2,239,949	110,234	2,350,183
NET POSITION			
Net investment in capital assets	60,615,898	38,928,862	99,544,760
Restricted for:			
Capital projects	4,232,607	--	4,232,607
Debt service	--	766,863	766,863
Building program	4,968,954	--	4,968,954
Law enforcement	21,222	--	21,222
Impact fees	660,840	50,811	711,651
Community redevelopment	10,167,640	--	10,167,640
Transportation	856,621	--	856,621
Unrestricted	13,176,717	13,584,163	26,760,880
Total net position	$ 94,700,499	$ 53,330,699	$ 148,031,198

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

CITY OF PALMETTO, FLORIDA
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2025

Function/Programs	Expenses	Indirect Expenses Allocation
Primary Government:		
Governmental activities:		
General government	$ 6,363,297	$ --
Public safety	7,719,906	(530,693)
Highways and streets	1,422,997	--
Recreation	1,113,227	--
Economic and physical environment	4,586,498	530,693
Interest on long-term debt	119,680	--
Total governmental activities	21,325,605	--
Business-type activities:		
Solid waste	5,321,557	--
Water and sewer	8,123,765	--
Stormwater	838,081	--
Reuse	316,300	--
Total business-type activities	14,599,703	--
Total primary government	$ 35,925,308	$ --

	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
				Primary Government		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
	$ 1,578,385	$ --	$ 67,438	$ (4,717,474)	$ --	$ (4,717,474)
	218,538	75,922	--	(6,894,753)	--	(6,894,753)
	183,108	--	575,794	(664,095)	--	(664,095)
	21,587	--	--	(1,091,640)	--	(1,091,640)
	815,274	--	35,726	(4,266,191)	--	(4,266,191)
	--	--	--	(119,680)	--	(119,680)
	2,816,892	75,922	678,958	(17,753,833)	--	(17,753,833)
	2,962,847	--	--	--	(2,358,710)	(2,358,710)
	9,850,123	--	1,282,140	--	3,008,498	3,008,498
	1,178,072	--	194,586	--	534,577	534,577
	716,805	--	--	--	400,505	400,505
	14,707,847	--	1,476,726	--	1,584,870	1,584,870
	$ 17,524,739	$ 75,922	$ 2,155,684	$ (17,753,833)	$ 1,584,870	$ (16,168,963)
General Revenues:						
Property taxes				$ 14,740,699	$ --	$ 14,740,699
Sales taxes				2,930,485	--	2,930,485
Utility taxes				1,652,725	--	1,652,725
Motor fuel taxes				1,426,612	--	1,426,612
Other taxes				1,078,908	--	1,078,908
Franchise fees				1,198,992	--	1,198,992
Interest and investment earnings				1,660,012	854,253	2,514,265
Other general revenues				195,503	--	195,503
Transfers				1,248,397	(1,248,397)	--
Total general revenues and transfers				26,132,333	(394,144)	25,738,189
Change in net position				8,378,500	1,190,726	9,569,226
Net position - beginning				86,321,999	52,139,973	138,461,972
Net position - ending				$ 94,700,499	$ 53,330,699	$ 148,031,198

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

CITY OF PALMETTO, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2025

	General	Community Redevelopment Agency	Road and Bridge	Capital Projects	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 10,482,161	$ 10,780,869	$ 957,184	$ 5,939,020	$ 28,159,234
Receivables	723,214	98,549	35,796	2,500	860,059
Lease receivable	564,410	--	--	--	564,410
Due from other governments	296,845	--	105,814	--	402,659
Investments	3,093,651	--	--	--	3,093,651
Inventory	417,076	--	--	--	417,076
Cash - restricted	9,072,240	--	466,579	--	9,538,819
Total assets	$ 24,649,597	$ 10,879,418	$ 1,565,373	$ 5,941,520	$ 43,035,908
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable and accrued liabilities	$ 309,173	$ 627,796	$ 19,015	$ 303,010	$ 1,258,994
Unearned revenue	320,651	--	--	543,713	864,364
Customer deposits payable	3,499	1,600	--	--	5,099
Total liabilities	633,323	629,396	19,015	846,723	2,128,457
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows - Lease	522,363	--	--	--	522,363
Deferred Inflow - Settlement	171,841	--	--	--	171,841
Unavailable Revenue	291,718	82,394	24,978	7,500	406,590
Total deferred inflows of resources	985,922	82,394	24,978	7,500	1,100,794
FUND BALANCES					
Nonspendable - Inventory and prepaids	417,076	--	--	--	417,076
Restricted	9,218,861	10,167,628	1,521,380	--	20,907,869
Committed	2,363,987	--	--	5,087,297	7,451,284
Assigned	3,265,671	--	--	--	3,265,671
Unassigned	7,764,757	--	--	--	7,764,757
Total fund balances	23,030,352	10,167,628	1,521,380	5,087,297	39,806,657
Total liabilities, deferred inflows of resources and fund balances	$ 24,649,597	$ 10,879,418	$ 1,565,373	$ 5,941,520	

Adjustments for primary government total net position	
General capital assets, net of accumulated depreciation	$ 65,990,342
Unearned revenue	(212,000)
Unavailable revenue	406,590
Deferred outflows of pension resources	977,919
Deferred inflows of pension earnings	(1,422,859)
Net pension liability	(2,626,986)
Deferred outflows of other post-employment benefits	72,690
Deferred inflows from other post-employment benefits	(122,886)
Other post employment benefits	(415,731)
Long term debt for financed purchases; compensated absences, loss on refunding, and loans	(7,753,237)
Total net position for governmental activities (page 29)	$ 94,700,499

CITY OF PALMETTO, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2025

	General	Community Redevelopment Agency	Road and Bridge	Capital Projects	Total Governmental Funds
REVENUES					
Taxes					
Property	$ 8,633,934	$ 6,106,765	$ --	$ --	$ 14,740,699
Sales	2,930,485	--	--	--	2,930,485
Utility	1,652,725	--	--	--	1,652,725
Motor fuel	13,364	--	1,413,248	--	1,426,612
Other	1,078,908	--	--	--	1,078,908
Permits, fees, and special assessments	2,279,999	--	--	--	2,279,999
Intergovernmental revenues	143,360	150,000	--	1,071,769	1,365,129
Fines and forfeitures	47,826	--	--	--	47,826
Charges for services	791,430	--	256,437	--	1,047,867
Interest earnings	1,087,576	496,909	75,527	--	1,660,012
Miscellaneous	380,042	815,274	2,093	--	1,197,409
Impact fees	33,188	--	162,315	--	195,503
Total revenues	19,072,837	7,568,948	1,909,620	1,071,769	29,623,174
EXPENDITURES					
Current					
General government	5,675,793	--	--	--	5,675,793
Public safety	7,235,195	--	--	--	7,235,195
Highways and streets	--	--	814,531	--	814,531
Recreation	923,728	--	--	--	923,728
Economic and physical environment	1,778,293	2,681,043	--	--	4,459,336
Capital outlay					
Streets	--	4,500	212,027	833,060	1,049,587
Other	898,866	2,668,954	40,899	375,489	3,984,208
Debt service principal and interest	1,018,729	449,448	208,895	--	1,677,072
Total expenditures	17,530,604	5,803,945	1,276,352	1,208,549	25,819,450
Excess of revenues over expenditures	1,542,233	1,765,003	633,268	(136,780)	3,803,724
OTHER FINANCING SOURCES (USES)					
Transfers in	1,466,939	--	--	2,845,581	4,312,520
Transfers out	(2,135,438)	(157,066)	(756,549)	(15,070)	(3,064,123)
Issuance of debt	413,600	--	41,558	--	455,158
Total other financing sources (uses)	(254,899)	(157,066)	(714,991)	2,830,511	1,703,555
Net change in fund balances	1,287,334	1,607,937	(81,723)	2,693,731	5,507,279
Fund balances, beginning	21,743,018	8,559,691	1,603,103	2,393,566	34,299,378
Fund balances, ending	$ 23,030,352	$ 10,167,628	$ 1,521,380	$ 5,087,297	$ 39,806,657

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

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CITY OF PALMETTO, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2025

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

Net change in fund balances - total governmental funds	$ 5,507,279
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	2,825,455
The issuance of long-term debt (i.e. loans and capital leases) provides current financial resources to government funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds and does not effect net assets. This amount is the net effect of these differences in the treatment of long-term debt and related payments.	1,112,944
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.	(26,401)
Some revenues reported in the statement of activities do not increase current financial resources	(636,773)
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:	(404,004)
Changes in net assets of governmental activities	$ 8,378,500

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

CITY OF PALMETTO, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2025

	Business-type Activities - Enterprise Funds				
	Solid Waste	Water and Sewer	Stormwater	Reuse	Total
ASSETS					
Current assets					
Cash and cash equivalents	$ 2,559	$ 7,167,119	$ 1,593,902	$ 1,344,720	$ 10,108,300
Receivables	273,881	1,229,366	113,203	78,290	1,694,740
Advances to other funds	--	880,000	--	--	880,000
Total current assets	276,440	9,276,485	1,707,105	1,423,010	12,683,040
Noncurrent assets					
Cash - restricted					
Cash - capital projects	24,500	5,257,017	563,523	473,727	6,318,767
Loan proceeds	--	508,825	14,642	--	523,467
Loan covenant accounts	--	766,863	--	--	766,863
Impact fees	--	50,811	--	--	50,811
Customer deposits	--	797,506	--	--	797,506
Total cash - restricted	24,500	7,381,022	578,165	473,727	8,457,414
Total noncurrent assets	24,500	7,381,022	578,165	473,727	8,457,414
Capital assets:					
Land	--	889,060	274,600	--	1,163,660
Buildings	9,995	1,116,455	13,990	8,274	1,148,714
Improvements other than buildings	--	43,095,611	11,316,045	8,020,750	62,432,406
Machinery and equipment	367,768	8,865,303	766,080	87,972	10,087,123
Construction in progress	--	1,857,002	194,586	42,364	2,093,952
Less: accumulated depreciation	(291,293)	(24,331,783)	(4,895,307)	(1,974,159)	(31,492,542)
Total capital assets (net of accumulated depreciation)	86,470	31,491,648	7,669,994	6,185,201	45,433,313
Total noncurrent assets	110,970	38,872,670	8,248,159	6,658,928	53,890,727
Total assets	387,410	48,149,155	9,955,264	8,081,938	66,573,767
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows of pension earnings	19,773	97,527	21,634	2,977	141,911
Deferred outflows of other post-employment benefit	1,861	10,593	3,537	719	16,710
Deferred outflows of loss on refunding	--	27,722	11,172	7,373	46,267
Total deferred outflows of resources	21,634	135,842	36,343	11,069	204,888

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

CITY OF PALMETTO, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2025

	Business-type Activities - Enterprise Funds				
	Solid Waste	Water and Sewer	Stormwater	Reuse	Total
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	555,782	1,252,240	299,474	4,850	2,112,346
Accrued interest payable	--	8,283	951	628	9,862
Advances from other funds	880,000	--	--	--	880,000
Compensated absences	9,539	11,789	2,389	--	23,717
Financed purchases payable-current	1,098	186,696	121,972	1,251	311,017
Loans payable-current	--	599,710	75,567	49,870	725,147
Unearned revenue	--	1,526,196	387,020	--	1,913,216
Total current liabilities payable from unrestricted assets	1,446,419	3,584,914	887,373	56,599	5,975,305
Current liabilities payable from restricted assets:					
Customer deposits payable	--	797,506	--	--	797,506
Total current liabilities	1,446,419	4,382,420	887,373	56,599	6,772,811
Noncurrent liabilities					
Loans payable	--	5,216,142	96,016	63,366	5,375,524
Other post-employment benefits	9,312	52,771	14,512	2,143	78,738
Net pension liability	52,529	259,092	57,474	7,907	377,002
Compensated absences	28,617	35,366	7,167	--	71,150
Financed purchases payable	3,348	483,853	172,785	2,511	662,497
Total noncurrent liabilities	93,806	6,047,224	347,954	75,927	6,564,911
Total liabilities	1,540,225	10,429,644	1,235,327	132,526	13,337,722
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of pension earnings	12,747	62,871	13,947	1,919	91,484
Deferred inflows of other post-employment benefits	2,730	13,262	2,434	324	18,750
Total deferred inflows of resources	15,477	76,133	16,381	2,243	110,234
NET POSITION (Deficit)					
Net investment in capital assets	82,025	25,541,794	7,229,467	6,075,576	38,928,862
Restricted for:					
Debt service	--	766,863	--	--	766,863
Impact fees	--	50,811	--	--	50,811
Unrestricted	(1,228,682)	11,419,752	1,510,431	1,882,662	13,584,163
Total net position (deficit)	$ (1,146,657)	$ 37,779,220	$ 8,739,898	$ 7,958,238	$ 53,330,699

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

CITY OF PALMETTO, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended September 30, 2025

	Business-type Activities - Enterprise Funds				
	Solid Waste	**Water and Sewer**	**Stormwater**	**Reuse**	**Total**
Operating Revenues					
Charges for sales and services					
Garbage and trash pickup	$ 2,926,022	$ --	$ --	$ --	$ 2,926,022
Water sales	--	5,349,990	--	--	5,349,990
Sewer charges	--	4,182,687	--	--	4,182,687
Stormwater fees	--	--	1,160,394	--	1,160,394
Reuse fees	--	--	--	713,028	713,028
Installation and connection fees	--	8,800	--	--	8,800
Penalties and check charges	6,195	27,340	3,019	3,240	39,794
Miscellaneous	30,630	281,306	14,659	537	327,132
Total operating revenues	2,962,847	9,850,123	1,178,072	716,805	14,707,847
Operating Expenses					
Cost of sales and services	5,299,791	6,619,250	512,084	111,883	12,543,008
Depreciation	21,426	1,390,795	294,541	192,912	1,899,674
Total operating expenses	5,321,217	8,010,045	806,625	304,795	14,442,682
Operating income (loss)	(2,358,370)	1,840,078	371,447	412,010	265,165
Nonoperating Revenues (Expenses)					
Interest earnings	12,593	603,438	90,844	147,378	854,253
Interest expense	(340)	(113,720)	(31,456)	(11,505)	(157,021)
Total nonoperating revenues, net	12,253	489,718	59,388	135,873	697,232
Income (loss) before impact fees, capital contributions and transfers	(2,346,117)	2,329,796	430,835	547,883	962,397
Impact fees	--	20,990	--	--	20,990
Capital contributions-grants	--	1,261,150	194,586	--	1,455,736
Transfers in	--	1,600,000	605,618	--	2,205,618
Transfers out	(104,601)	(1,233,587)	(419,505)	(1,696,322)	(3,454,015)
Change in net position	(2,450,718)	3,978,349	811,534	(1,148,439)	1,190,726
Total net position - beginning	1,304,060	33,800,871	7,928,365	9,106,677	52,139,973
Total net position (deficit) - ending	$ (1,146,658)	$ 37,779,220	$ 8,739,899	$ 7,958,238	$ 53,330,699

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

CITY OF PALMETTO, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2025

	Solid Waste	Water and Sewer	Stormwater	Reuse	Total Proprietary
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	$ 2,934,342	8,621,018	979,115	716,526	13,251,001
Payments to suppliers	(4,711,880)	(4,534,959)	62,197	(70,052)	(9,254,694)
Payments to employees	(195,673)	(963,344)	(246,867)	(33,830)	(1,439,714)
Net cash provided by operating activities	(1,973,211)	3,122,715	794,445	612,644	2,556,593
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Advance from (to) other funds	880,000	(880,000)	-	-	-
Transfers to other funds	(104,601)	(1,233,587)	(419,505)	(1,696,322)	(3,454,015)
Net cash used by noncapital and related financing activities	775,399	(513,587)	186,113	(1,696,322)	(1,248,397)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	-	(3,049,661)	(790,567)	(42,364)	(3,882,592)
Impact fee capital contributions	-	20,990	-	-	20,990
Grant capital contributions	-	1,261,150	194,586	-	1,455,736
Financed purchase proceeds	-	628,442	-	-	628,442
Payments on financed purchase obligations	(19,379)	(327,042)	(45,095)	(23,566)	(415,082)
Principal paid on capital debt	-	(740,688)	(170,839)	(112,745)	(1,024,272)
Interest paid on capital debt	(340)	(89,693)	(21,295)	(4,799)	(116,127)
Net cash provided (used) by capital and related financing activities	(19,719)	(2,296,502)	(833,210)	(183,474)	(3,332,905)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and dividends received	12,593	603,438	90,844	147,378	854,253
Net cash provided by investing activities	12,593	603,438	90,844	147,378	854,253
Net change in cash and cash equivalents	(1,204,938)	916,064	238,192	(1,119,774)	(1,170,456)
Cash and cash equivalents - October 1	1,231,997	13,632,077	1,933,875	2,938,221	19,736,170
Cash and cash equivalents - September 30	$ 27,059	14,548,141	2,172,067	1,818,447	18,565,714
Detail of cash and equivalents at September 30:					
Cash and equivalents	$ 2,559	7,167,119	1,593,902	1,344,720	10,108,300
Restricted cash:					
Cash - Capital Projects	24,500	5,257,017	563,523	473,727	6,318,767
Loan proceeds	-	508,825	14,642	-	523,467
Loan covenant accounts	-	766,863	-	-	766,863
Impact fees	-	50,811	-	-	50,811
Customer deposits	-	797,506	-	-	797,506
Total	$ 27,059	14,548,141	2,172,067	1,818,447	18,565,714
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	$ (2,358,370)	1,840,078	371,447	412,010	265,165
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	21,426	1,390,795	294,541	192,912	1,899,674
(Increase) decrease in accounts receivable	(28,505)	(315,269)	(4,370)	(279)	(348,423)
(Increase) decrease in prepaid expenses	1,978	12,322	4,168	-	18,468
(Increase) decrease in deferred outflows - pensions	(1,878)	(16,122)	(8,244)	(1,252)	(27,496)
(Increase) decrease in deferred outflows - OPEB	825	4,068	903	124	5,920
Increase (decrease) in accounts payable and accrued liabilities	374,009	1,031,855	295,420	4,848	1,706,132
Increase (decrease) in unearned revenue	-	(913,836)	(194,587)	-	(1,108,423)
Increase (decrease) in customer deposits	-	26,579	-	-	26,579
Increase (decrease) in accrued compensated absences	9,556	1,973	6,787	-	18,316
Increase (decrease) in net pension liability	4,781	41,884	21,746	3,304	71,715
Increase (decrease) in OPEB liability	195	961	213	29	1,398
Increase (decrease) in deferred inflows - pensions	2,951	18,311	6,617	975	28,854
Increase (decrease) in deferred inflows - OPEB	(179)	(884)	(196)	(27)	(1,286)
Total adjustments	385,159	1,282,637	422,998	200,634	2,291,428
Net cash provided (used) by operating activities	$ (1,973,211)	3,122,715	794,445	612,644	2,556,593

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

CITY OF PALMETTO, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
September 30, 2025

	Pension Trust Funds
ASSETS	
Accounts receivable	$ 120
Interest and dividends receivable	108,203
Prepaid benefits	164,925
Investments, at fair value	
Money market funds	987,624
U. S. government securities	4,469,215
Corporate bonds	2,145,407
Corporate stocks	8,692,865
Mutual funds	19,151,950
Alternative investments	1,513,096
Total investments	36,960,157
Total assets	37,233,405
LIABILITIES	
Accounts payable	9,126
Total liabilities	9,126
NET POSITION	
Restricted for pension benefits	$ 37,224,279

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

CITY OF PALMETTO, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended September 30, 2025

	Pension Trust Funds
ADDITIONS	
Contributions:	
Employer	$ 1,100,782
Plan members	341,449
State	222,748
Total contributions:	1,664,979
Investment Earnings	
Interest	217,423
Dividends, net increase	1,157,599
Net increase in the fair value of investments	1,825,133
Total investment earnings	3,200,155
Less investment expense	(134,696)
Net investment earnings	3,065,459
Total additions	4,730,438
DEDUCTIONS	
Benefits	2,646,496
Refunds of contributions	48,217
Administrative expenses	75,963
Total deductions	2,770,676
Change in net position	1,959,762
Net position, beginning	35,264,517
Net position, ending	$ 37,224,279

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

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City of Palmetto, Florida

September 30, 2025

CONTENTS

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Palmetto, Florida, (the City) was incorporated June 15, 1897, by referendum and amended in 2004 and 2010. The City was created under Chapter 11059, Laws of Florida, as amended, and may exercise any power for municipal purposes as set forth in Chapter 166, Florida Statutes. The City is located on the west coast of Florida in Manatee County and is comprised of seven square miles with a population of 13,961. The current charter provides for an elected mayor and a five-member commission, all serving four year terms. The City provides municipal services such as public safety (police), roads and streets, recreation, public improvements, planning and zoning, and general administrative services. The City also has enterprise operations consisting of solid waste (garbage and trash collection), water, sewer, reclaimed water and stormwater.

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

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

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

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

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

The Palmetto Police Pension Plan (the "Plan")

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

B. Government-wide and Fund Financial Statements

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

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

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

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Governmental funds report the following major funds:

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

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

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

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

Proprietary funds report the following major funds:

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

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

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

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

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

D. Assets, Liabilities and Net Position or Equity

1. Deposits and Investments

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

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

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2. Fair Value

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

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

The three categories within the hierarchy are as follows:

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

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

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

See Note IV for additional information regarding fair value.

3. Investments Measured at the Net Asset Value

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

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

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

4. Receivables

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

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

5. Leases

Lessor

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

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

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

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

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

6. Interfund Transactions

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

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

7. Inventories and Prepaid Items

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

8. Restricted Assets

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

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

9. Compensated Absences

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

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

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

10. Capital Assets

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

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

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

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

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

11. Deferred Outflows/Inflows of Resources

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

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

12. Property Tax Calendar

The City levies property taxes each November 1, which become a lien on real and personal property located in the City. Property taxes are based on the assessed values determined by the Manatee County Property Appraiser as of the prior January 1. The property tax revenue for fiscal year 2025 was based on taxable assessed property values totaling $1,627,148,204.

The State of Florida permits the City to levy taxes up to 10 mills of assessed property valuations for the General Fund. For the 2023-2025 fiscal year, the City levied taxes of $5.9671 mills for the General Fund.

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

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

12. Property Tax Calendar (Continued)

The property tax cycle is summarized as follows:

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

13. Special Assessments

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

14. Long-term Obligations

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

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

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

15. Net Position/Fund Balance

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

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

15. Net Position/Fund Balance (Continued)

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

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

- *Nonspendable:* Fund balances are reported as nonspendable when amounts cannot be spent because they are either: (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

- *Restricted:* Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

- *Committed:* Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Commission through the adoption of a resolution. Only the City Commission may modify or rescind the commitment.

- *Assigned:* Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Under City policy, assigned fund balance amounts represent intended uses established by the City Commission. The City Commission has authorized the City Clerk or his designee to assign fund balance.

- *Unassigned:* Fund balances are reported as unassigned when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the General Fund. Negative unassigned fund balances may be reported in other funds.

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

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

NOTE II - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

1. *General government capital assets, net of accumulated depreciatio*n: Capital assets are not included as part of total assets in the fund statements and need to be reported as capital assets in the government-wide statement of net position. The details of this $65,990,342 difference are as follows:

Capital assets (net of accumulated depreciation)	
Land	$ 11,019,594
Buildings	12,154,011
Machinery and equipment	3,521,397
Infrastructure	34,802,859
Construction in progress	4,492,481
Net adjustment to increase *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$ 65,990,342

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

Unearned revenue for Manatee Fruit Company	$ (212,000)
Net adjustment to decrease *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$ (212,000)

3. *Deferred inflows*: Revenues that are an acquisition of net position and applicable to a future reporting period and therefore unavailable for use in the governmental funds. The details of this $406,590 difference are as follows:

Unavailable revenue - Code Enforcement	$ 65,294
Unavailable revenue - General Fund	160,165
Unavailable revenue - Special Assessments	68,208
Unavailable revenue for grants which were earned in the governmental activities but did not meet the 60 day requirement in the governmental funds	112,923
Net adjustment to increase *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$ 406,590

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

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

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

Deferred outflows of pension resources	$ 977,919
Deferred outflows of other post-employment benefits	72,690
Deferred inflows of pension earnings	(1,422,859)
Deferred inflows from other post-employment benefits	$ (122,886)

5. *Long-term debt for financed purchase agreements, compensated absences, net pension liabilities and loans*: Long-term liabilities, including loans payable, are not due and payable in the current period and therefore are not reported in the governmental fund statements. The details of this $7,753,237 difference are as follows:

Deferred outflows - debt refunding	$ 10,772
2019 Loan	(165,425)
2022 Half Cent Loan	(3,679,000)
Financed purchase agreements	(1,037,685)
Compensated absences	(1,280,849)
CRA Pool Interlocal Agreement	(1,400,952)
2006 CRA Loan	(200,098)
Net adjustment to decrease *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$ (7,753,237)

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

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

1. *Governmental funds report capital outlays as expenditures*: In the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this $2,825,455 difference are as follows:

Capital outlay	$ 5,023,879
Depreciation expense	(2,198,424)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$ 2,825,455

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

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

2. *The issuance and repayment of long-term debt (i.e. loans and financed purchase agreements)*: The issuance of long-term debt provides current financial resources to governmental funds. The repayment of the principal of long-term debt consumes the current financial resources of governmental funds and is reported as debt service payments in the Statement of Revenues, Expenditures, and Changes in Fund Balances. The details of this $1,112,944 difference are as follows:

Principal payments on long-term bank loans	$ 1,085,593
Payments on financed purchase agreement	482,509
Financed purchase agreement additions	(455,158)
Net adjustment to decrease *net changes in fund balances – total governmental funds* to arrive at *changes in net position of governmental activities*	$ 1,112,944

3. *Some expenses reported in the statement of activities do not require the use of current financial resources*: These expenses are not reported as expenditures in governmental funds. The details of this $(404,004) difference are as follows:

Changes in compensated absences	$ (393,294)
Loss on refunding	(10,710)
Net adjustment to decrease *net changes in fund balances – total governmental funds* to arrive at *changes in net position of governmental activities*	$ (404,004)

4. *Some revenues reported in the statement of activities do not provide current financial resource*s: These revenues, therefore, are not reported in the governmental fund statements. The details of the difference is zero for fiscal year 2024.

5. *Some expenses reported in the statement of activities do not provide current financial resource*s: These expenses, therefore, are not reported in the governmental fund statements. The details of this $(26,401) difference are as follows:

Changes in the net pension liability	$ 13,707
OPEB Change	(40,108)
Net adjustment to decrease *net changes in fund balances – total governmental funds* to arrive at *changes in net position of governmental activities*	$ (26,401)

NOTE III - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

B. Excess of Expenditures over Appropriations

For the year ended September 30, 2025, expenditures did not exceed appropriations at the departmental level, the legal level of budgetary control.

NOTE IV - DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

At September 30, 2025, the carrying amount of the City's primary government deposits was $59,357,418. This amount includes interest bearing time deposits consisting of collateralized certificates of deposit and FDIC insured certificates of deposit valued at $24,982,047, two money market accounts valued at $9,990,665, the SBA investment of $12,712,727, the FMIT investment of $222,937, loan covenant accounts of $766,863, the operating account of $6,943,927, financed purchase agreement proceeds $642,401, petty cash $2,200 and $3,093,651 from the Trailer Park Trust fund that may be used only on approval by City Commission. The bank balance for the operating accounts was $7,508,447. All deposits are insured by either the Federal Depository Insurance Corporation or by the Multiple Financial Institution Collateral Pool established by Chapter 280 of the Florida Statutes. Chapter 280 requires all financial institutions holding municipal deposits to pledge securities with the State or third party custodians equal to a percentage between 25% and 200% determined by the State’s Chief Financial Officer and based on information from nationally recognized financial rating services and established financial performance guidelines for the banking institutions. New and financially troubled institutions are required to pledge securities equal to 125% of municipal deposits with the State or third party custodians.

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

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

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

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

For the year ended September 30, 2025, the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense was 9.95% for the Police Pension Plan and 7.78% for the General Employees’ Pension Plan. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The pension plans did not hold investments in any one organization that represent 5% or more of the Pension Plan’s fiduciary net position.

NOTE IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

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

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

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

With regard to liquidity fees, Florida Statute 218.409(4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. From October 1, 2023 through September 30, 2025, no such disclosure has been made.

As of September 30, 2025, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

NOTE IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

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

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

As of September 30, 2025, the City and its pension trust funds had the following cash and investments and maturities:

		Investment Maturities (in Years)			
Investment Type	**Fair Value**	**Less than 1**	**1 - 5**	**6 - 10**	**More than 10**
Cash and Short Term Investments	$ 34,401,463	$ 27,338,518	$ 7,062,945	$ --	$ --
Investment Pools	22,626,990	22,626,990	--	--	--
US Agencies	7,785,803	3,573,186	1,805,254	797,088	1,610,275
Corporate Bonds	2,145,407	245,596	1,386,042	465,463	48,306
Common Stock	8,692,865	8,692,865	--	--	--
Mutual Funds - Fixed Income	3,482,206	3,482,206	--	--	--
Mutual Funds - Equity	15,669,744	15,669,744	--	--	--
Alternative Investments - Real Estate	1,513,096	1,513,096	--	--	--
Total cash and investments	$ 96,317,575	$ 83,142,202	$ 10,254,241	$ 1,262,552	$ 1,658,581

1. *Interest Rate Risk*: As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy requires diversification of the investments. The investment policy of the General Employees' Pension Fund requires the investment manager to maintain liquid reserves for the payment of pension benefits and expenses. This also limits exposure to fair value losses by allowing for quick liquidation in the event of fluctuating interest rates. The dollar weighted average days to maturity of the SBA at September 30, 2025 is 39 days, and the weighted average life is 74 days.

NOTE IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

2. *Credit Risk*: *City Investments*. Credit quality risk results from potential default of investments that are not financially sound. The City invests a large amount of its surplus funds pursuant to Chapter 280 of the Florida Statutes whereby the City is made whole by all participating banks should a principal loss be incurred by the City. This statute limits investing activities to the SBA, certificates of deposits, registered SEC and money market mutual funds, and intergovernmental investment pools. Investments of these types insure the security of the City's surplus funds. The City has invested funds in two investment pool's, both of which are currently rated by Standard and Poor's at AAAm as of September 30, 2025. These funds include $12,712,727 in the SBA and $9,914,263 in Florida Safe. The City also has $24,982,047 in certificates of deposit and term series held by qualified participating depositories. Investments in the Florida Municipal Investment Trust (FMIT) are rated by Fitch for the 1-3 Year High Quality Bond Fund at AAAf/S2, and the Intermediate High Quality Bond Fund at AAAf/S3 as of September 30, 2025. The City has investments in these bond funds of $222,937 and $3,093,651, respectively.

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

General Employees' Pension Plan

Investments	Fair Value	Credit Rating (Moody's)	Percent Distribution
Cash and Short Term Investments	$ 535,922		2.86 %
U.S. Government Securities	2,122,271	Not rated	11.34 %
	501,342	AAA	2.68 %
Corporate Bonds	46,614	Aa3	0.25 %
Corporate Bonds	61,323	A1	0.33 %
Corporate Bonds	1,417,839	Not rated	7.57 %
Corporate Stock	8,692,865	Not rated	46.44 %
Mutual Funds - Fixed Income	957,722	Not rated	5.12 %
Mutual Funds - Equity	3,302,998	Not rated	17.64 %
Alternative Investments - Real Estate	1,081,547	Not rated	5.78 %
Total cash and investments	$ 18,720,443		100.00 %

NOTE IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Police Pension Plan

Investments	Fair Value	Credit Rating (Moody's)	Percent Distribution
Cash and Short Term Investments	$ 451,702		2.48 %
U.S. Governmental Securities	373,754	Aa1	2.05 %
U.S. Governmental Securities	1,471,848	Not rated	8.07 %
Corporate Bonds	307,939	A1	1.69 %
Corporate Bonds	51,029	A2	0.28 %
Corporate Bonds	87,954	A3	0.48 %
Corporate Bonds	126,099	Baa1	0.69 %
Corporate Bonds	46,611	Baa2	0.26 %
Mutual Funds - Fixed Income	2,524,483	Not rated	13.84 %
Mutual Funds - Equity	12,366,746	Not rated	67.80 %
Alternative Investments - Real Estate	431,549	Not rated	2.37 %
Total cash and investments	$ 18,239,714		100.00 %

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

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

NOTE IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Fair Value

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles which are measured on a recurring basis. The City and the Pension Plans have the following recurring fair value measurements as of September 30, 2025:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
Common Stocks	$ 8,692,865	$ 8,692,865	$ --	$ --
Mutual Funds	19,151,950	19,151,950	--	--
Money Market Funds	987,624	987,624	--	--
Debt Securities:				
U.S. Treasury Notes	3,958,091	--	3,958,091	--
U.S. Government Agencies	3,604,775	--	3,604,775	--
Corporate Bonds	2,145,407	--	2,145,407	--
Total investments by fair value level	38,540,712	28,832,439	9,708,273	--
Instruments measured at the net asset value (NAV):				
Real Estate:				
UBS Trumbull Property Fund	1,081,547			
Principal U.S. Property Account	431,549			
Total investments measured at NAV	1,513,096			
Total investments	$ 40,053,808	$ 28,832,439	$ 9,708,273	$ --

Investment derivative instruments:

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

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

NOTE IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Fair Value (Continued)

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

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Real Estate:				
UBS Trumbull Property Fund	$ 1,081,547	$ --	Quarterly	60 Days Prior to Quarter End
Principal U.S. Property Account	431,549	--	Monthly	Daily, but Subject to Deferment
Total investments measured at NAV	$ 1,513,096			

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

NOTE IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Receivables

Receivables and allowances for uncollectible accounts as of September 30, 2025 totals $3,227,533 for the City at the fund level as shown below:

	Governmental Funds					Fiduciary Funds
	General	CRA	Road & Bridge	Capital Projects	Total	Pension Trust
Accounts receivable	$ 482,511	$ 85,394	$ 5,660	$ --	$ 573,565	$ 120
Lease receivable	564,410	--	--	--	564,410	--
Special assessments	45,643	--	26,301	--	71,944	--
Intergovernmental	160,998	--	--	--	160,998	--
Interest and dividends	29,264	13,155	3,835	--	46,254	108,203
Grants	4,799	--	--	2,500	7,299	--
Gross Receivables	1,287,625	98,549	35,796	2,500	1,424,470	108,323
Less: Allowances for Uncollectible	--	--	--	--	--	--
Net Total Receivables	$ 1,287,625	$ 98,549	$ 35,796	$ 2,500	$ 1,424,470	$ 108,323

	Enterprise Funds				
	Solid Waste Fund	Water and Sewer Fund	Stormwater Fund	Reuse Fund	Total
Accounts receivable	$ 340,755	$ 1,428,646	$ 142,241	$ 94,381	$ 2,006,023
Special assessments	--	952	--	--	952
Interest and dividends receivable	2,443	23,251	2,541	4,424	32,659
Gross Receivables	343,198	1,452,849	144,782	98,805	2,039,634
Less: Allowances for Uncollectible	(69,317)	(223,483)	(31,579)	(20,515)	(344,894)
Net Total Receivables	$ 273,881	$ 1,229,366	$ 113,203	$ 78,290	$ 1,694,740

D. Inter-fund Receivables, Payables and Transfers

1. Advances To/From Other Funds

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

NOTE IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

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

2. Interfund Transfers

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

The composition of interfund transfers as of September 30, 2025, is as follows:

Transfers Out	Transfers In General Fund (1)	Transfers In Capital Projects Fund (2)	Transfers In Water/ Sewer Fund (2)	Transfers In Stormwater Fund (2)	Total Transfers
General Fund	$ --	$ 2,135,438	$ --	$ --	$ 2,135,438
CRA Fund	157,066	--	--	--	157,066
Road and Bridge Fund	244,716	467,500	--	44,333	756,549
Capital Projects Fund	15,070	--	--	--	15,070
Solid Waste Fund	104,601	--	--	--	104,601
Water and Sewer Fund	672,302	--	--	561,285	1,233,587
Stormwater Fund	176,862	242,643	--	--	419,505
Reuse Fund	96,322	--	1,600,000	--	1,696,316
Total	$ 1,466,939	$ 2,845,581	$ 1,600,000	$ 605,618	$ 6,518,132

Transfers are used for the following purposes:

(1) to move budgeted administration fees to the General Fund from other funds

(2) to provide funding for capital projects

NOTE IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Restricted Assets

The balances of the restricted asset accounts are as follows:

	Governmental Funds		
	General	Road and Bridge	Total
Building department reserve	$ 4,968,954	$ --	$ 4,968,954
Financed purchase agreement	67,538	51,396	118,934
Law enforcement	21,222	--	21,222
Impact fees	252,160	408,682	660,842
Customer deposits	3,499	--	3,499
Contributions - capital improvements	3,758,867	6,501	3,765,368
Total Governmental Restricted Assets	$ 9,072,240	$ 466,579	$ 9,538,819

	Proprietary Funds				
	Solid Waste	Water and Sewer	Stormwater	Reuse	Total
Cash - capital projects	$ 24,500	$ 5,257,017	$ 563,523	$ 473,727	$ 6,318,767
Financed purchase agreement	--	508,825	14,642	--	523,467
Loan covenant accounts	--	766,863	--	--	766,863
Impact fees	--	50,811	--	--	50,811
Customer deposits	--	797,506	--	--	797,506
Total Proprietary Restricted Assets	$ 24,500	$ 7,381,022	$ 578,165	$ 473,727	$ 8,457,414
Total Restricted Assets					$ 17,996,233

F. Capital Assets

Governments possess many different types of assets that may be considered intangible assets, including easements and right of ways. GASB 51 requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. The City has certain easements and right of ways that meet these requirements and have classified these assets as land in the governmental activities. These assets were not increased in fiscal year 2025 and total $108,721.

NOTE IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Capital Assets (Continued)

Capital asset activity, for the year ended September 30, 2025, was as follows:

Primary Government	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 10,929,100	$ 90,494	$ --	$ 11,019,594
Construction in progress	14,783,243	3,518,087	(13,808,849)	4,492,481
Total capital assets, not being depreciated:	25,712,343	3,608,581	(13,808,849)	15,512,075
Capital assets, being depreciated:				
Buildings	3,705,813	10,847,054	--	14,552,867
Machinery and equipment	11,979,711	1,226,751	(999)	13,205,463
Infrastructure	53,451,319	3,151,339	--	56,602,658
Total capital assets, being depreciated:	69,136,843	15,225,144	(999)	84,360,988
Less accumulated depreciation for:				
Buildings	(2,289,298)	(109,558)	--	(2,398,856)
Machinery and equipment	(8,867,418)	(816,651)	--	(9,684,069)
Infrastructure	(20,527,583)	(1,272,213)	--	(21,799,796)
Total accumulated depreciation	(31,684,299)	(2,198,422)	--	(33,882,721)
Total capital assets, being depreciated, net	37,452,544	13,026,722	(999)	50,478,267
Governmental activities capital assets, net	$ 63,164,887	$ 16,635,303	$(13,809,848)	$ 65,990,342

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 1,163,660	$ --	$ --	$ 1,163,660
Construction in progress	126,371	1,967,581	--	2,093,952
Total capital assets, not being depreciated:	1,290,031	1,967,581	--	3,257,612
Capital assets being depreciated:				
Buildings	997,714	151,000	--	1,148,714
Improvements other than buildings	61,799,319	633,087	--	62,432,406
Machinery and equipment	8,956,199	1,130,924	--	10,087,123
Total capital assets, being depreciated:	71,753,232	1,915,011	--	73,668,243
Less accumulated depreciation for:				
Buildings	(502,751)	(30,068)	--	(532,819)
Improvements other than buildings	(24,107,257)	(1,194,653)	--	(25,301,910)
Machinery and equipment	(4,982,860)	(674,953)	--	(5,657,813)
Total accumulated depreciation	(29,592,868)	(1,899,674)	--	(31,492,542)
Total capital assets being, depreciated, net	42,160,364	15,337	--	42,175,701
Business-type activities capital assets, net	$ 43,450,395	$ 1,982,918	$ --	$ 45,433,313

NOTE IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Capital Assets (Continued)

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

Governmental activities:		
General government	$	525,805
Public safety		440,118
Streets and roads		589,996
Intergovernmental services		485,935
Recreation		156,568
Total depreciation for governmental activities	$	2,198,422
Business-type activities:		
Solid waste	$	21,426
Water and sewer		1,390,795
Stormwater		294,541
Reuse		192,912
Total depreciation expense for business-type activities	$	1,899,674

Construction Commitments

The City has various active construction projects. At September 30, 2025, the City's commitments with contractors, with the CRA listed separately for illustration purposes, are as follows:

Capital Projects	Spent-to-Date	Remaining Commitment
Ward 1 Phase III	$ 2,242,438	$ 5,590,832
Inflow & Infiltration	430,298	309,235
14th Ave Park	250,738	57,154
10th St Intersection	136,675	250,825
PW Storage	111,771	21,408
Water Line R&R	86,842	10,000
Surface Upgrades - 7th Street	40,000	--
Complete Streets	33,418	86,582
WWTP Upgrades	1,532	21,704
Total capital projects	$ 3,333,712	$ 6,347,740

CRA Projects	Spent-to-Date	Remaining Commitment
Women's Club	$ 2,787,724	$ 2,070,029
Palmetto Bay Oyster Restoration	332,299	--
MLK Park	122,277	647,290
Lamb/Sutton Park	5,920	76,800
Haben Blvd	4,500	14,000
Total CRA projects	$ 3,252,720	$ 2,808,119

NOTE IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Financed Purchase Agreements

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

The assets acquired through these agreements as of September 30, 2025, are as follows:

	Year Ended September 30, 2025		
	Governmental Activities	Business -type Activities	Total
Asset:			
Machinery & Equipment by Type			
Police Vehicles & Equipment	$ 1,551,647	$ --	$ 1,551,647
Light Duty & Equipment	656,235	1,783,539	2,439,774
Heavy Duty & Equipment	485,924	1,986,319	2,472,243
Office Systems	28,309	--	28,309
Total Assets	2,722,114	3,769,858	6,491,973
Less Accumulated Depreciation	(982,198)	(2,240,224)	(3,222,422)
Total Assets, net	$ 1,739,917	$ 1,529,634	$ 3,269,551

During the fiscal year ending September 30, 2025, payments were made totaling $888,996 which includes principal payments of $807,291 and $81,705 in interest. Annual installments remaining as of September 30, 2025, were as follows:

	Governmental Activities		Business-type Activities		City-Wide		
Year	Principal	Interest	Principal	Interest	Principal	Interest	Total
2026	$ 403,380	$ 38,117	$ 311,017	$ 37,192	$ 714,397	$ 75,309	$ 789,706
2027	331,235	21,440	297,935	23,614	629,170	45,054	674,224
2028	202,983	8,722	232,961	10,992	435,944	19,714	455,658
2029	70,684	2,157	96,005	2,784	166,689	4,941	171,630
2030	9,929	867	12,020	1,050	21,949	1,917	23,866
2031 - 2032	19,474	838	23,576	1,014	43,050	1,852	44,902
Total	$ 1,037,685	$ 72,141	$ 973,514	$ 76,646	$ 2,011,199	$ 148,787	$2,159,986

NOTE IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Long Term Liabilities

1. State Revolving Fund Loans

Water/Sewer Loan - Design

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

As of September 30, 2025, the City had drawn down loan funds totaling $369,094. The loan balance at the end of the year was $252,179. Pledged revenues for the repayment of the loan are net water and sewer system revenues after payment of debt on the City's prior liens. The original amortization of the loan was to be repaid in forty semiannual payments of $11,220 including interest which accrued semiannually at 1.13% (annual rate) of the unpaid balance. Payments began December 15, 2018 with the final maturity date of June 15, 2038. During fiscal year 2020, it was determined that the design phase of the project was finalized and the outstanding balance re-amortized. The interest rate and repayment term of the loan was not changed; however the semiannual payment amount was changed to $10,456. The loan requires the City to make monthly loan deposits in a debt service account equal to the semiannual loan payment.

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

During the fiscal year ending September 30, 2025, loan payments were made totaling $20,972 which includes principal payments of $17,911 and $3,064 in interest.

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

	Business-Type Activities		
Year	**Principal**	**Interest**	**Total**
2026	$ 18,114	$ 2,799	$ 20,913
2027	18,319	2,594	20,913
2028	18,527	2,386	20,913
2029	18,737	2,176	20,913
2030	96,918	7,646	104,564
2030 - 2034	81,564	2,087	83,651
Total	$ 252,179	$ 19,688	$ 271,867

NOTE IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Long Term Liabilities (Continued)

Water/Sewer Loan - Construction

The City received funding in the amount of $6,915,245 under the State of Florida Department of Environmental Protection Revolving Loan Program to assist in funding costs related to the construction of an equalization basin at the City's Waste Water Treatment Plant.

During Fiscal Year 2024, FDEP issued Amendment 2 to Loan Agreement WW410201 closing out the project and finalizing the agreement. As of September 30, 2025, the City had drawn down loan funds totaling $6,248,447, representing the amended total loan amount awarded. A Loan Service Fee in the amount of $124,969 was assessed repreenting two percent of the loan amount, excluding capitalized interest. The total amount of the loan, incorporating all disbursements and fees is $6,377,0031.

The loan balance at the end of the year was $4,747,991. Pledged revenues for the repayment of the loan are net water and sewer system revenues after payment of debt on the City's prior liens. The updated amortization of the loan will result in repayment over 40 installments of $167,166 through Fiscal Year 2040 via semiannual payments on November 15th and May 15th of each year.

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

During the fiscal year ending September 30, 2025, loan payments were made totaling $333,533 which includes principal payments of $298,869 and $34,664 in interest.

Annual installments for the fiscal years ending September 30, are estimated based on the amount outstanding as of September 30, 2024 as follows:

	Business-Type Activities		
Year	Principal	Interest	Total
2026	$ 301,004	$ 33,328	$ 334,332
2027	303,154	31,178	334,332
2028	305,319	29,013	334,332
2029	307,500	26,832	334,332
2030	309,697	24,635	334,332
2031-2035	1,581,991	89,667	1,671,658
2036-2040	1,639,326	32,335	1,671,661
Total	$ 4,747,991	$ 266,988	$ 5,014,979

NOTE IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Long Term Liabilities (Continued)

2. Capital Improvement Revenue Loans

2014 Water/Sewer Loan

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

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

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

During the fiscal year ending September 30, 2025, loan payments were made totaling $103,471 which includes principal payments of $90,299 and $13,172 in interest. Annual estimated installments for the fiscal years ending September 30, are as follows:

	Business-Type Activities		
Year	**Principal**	**Interest**	**Debt Service**
2026	$ 93,085	$ 10,835	$ 103,920
2027	95,957	7,963	103,920
2028	98,917	5,003	103,920
2029	101,968	1,950	103,918
Total	$ 389,927	$ 25,751	$ 415,678

NOTE IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Long Term Liabilities (Continued)

Refunding Revenue Note, Series 2019

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

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

The refunding of the 2004, 2005, and 2007 loans resulted in a loss on refunding of $504,015. The loss on refunding is the difference between the reacquisition price and the net carrying amount of the old debt. The loss on refunding is recognized on the statement of net position as a deferred outflow and amortized using a straight-line approach over the shorter of the remaining life of the old debt or the life of the new debt. Amortization of the deferred outflow is recognized as interest expense and totaled $56,719 during the year ended September 30, 2025.

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

The allocation at September 30, 2025, was 18.88% to governmental activities and 81.12% to business-type activities.

During the fiscal year ending September 30, 2025 loan payments were made totaling $901,485 which includes principal payments of $872,200 and $29,285 in interest. Annual estimated installments for the fiscal years ending September 30, are as follows:

	Governmental Activities		Business-Type Activities		City-Wide		
Year	Principal	Interest	Principal	Interest	Principal	Interest	Total
2026	$ 72,855	$ 3,284	$ 312,944	$ 14,102	$ 385,799	$ 17,386	$ 403,185
2027	74,102	1,652	318,298	7,094	392,400	8,746	401,146
2028	18,468	208	79,332	885	97,800	1,093	98,893
Total	$ 165,425	$ 5,144	$ 710,574	$ 22,081	$ 875,999	$ 27,225	$ 903,224

NOTE IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Long Term Liabilities (Continued)

Police Department Note - Series 2021

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

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

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

The note requires that non-ad valorem revenues shall cover the projected aggregate maximum annual debt service on the note and on all other debt by at least 1.5x. Additionally, the projected aggregate maximum annual debt service on all debt shall on exceed 20% of the governmental and proprietary fund revenues exclusive of ad valorem tax revenues restricted to payment of debt service on any debt and any proceeds from debt.

During the fiscal year ending September 30, 2025, loan payments were made totaling $547,040 which includes principal payments of $501,000 and $46,040 in interest.

	Governmental Activities		
Year	**Principal**	**Interest**	**Total**
2026	$ 507,000	$ 41,449	$ 548,449
2027	513,000	35,278	548,278
2028	519,000	29,034	548,034
2029	525,000	22,718	547,718
2030	532,000	16,323	548,323
2031 - 2032	1,083,000	13,147	1,096,147
Total	$3,679,000	$ 157,949	$3,836,949

NOTE IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Long Term Liabilities (Continued)

CRA Loan Agreement 2006

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

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

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

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

During the fiscal year ending September 30, 2025, loan payments were made totaling $231,808 which includes principal payments of $219,750 and $12,058 in interest. Annual estimated installments for the fiscal years ending September 30, are as follows:

	Governmental Activities		
Year	Principal	Interest	Total
2026	$ 200,098	$ 6,867	$ 206,965

NOTE IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Long Term Liabilities (Continued)

CRA Interlocal Agreement 2022

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

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

During the fiscal year ending September 30, 2025, loan payments were made total $200,136 which includes principal only payments of $200,136. Annual estimated installments for the fiscal years ending September 30, are as follows:

	Governmental Activities		
	Principal	Interest	Total
2026	$ 200,136	$ --	$ 200,136
2027	200,136	--	200,136
2028	200,136	--	200,136
2029	200,136	--	200,136
2030	200,136	--	200,136
2031 - 2032	400,272	--	400,272
Total	$ 1,400,952	$ --	$ 1,400,952

NOTE IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Long Term Liabilities (Continued)

3. Conduit Debt

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

As of September 30, 2025, there were two series of Industrial Revenue Bonds outstanding with an aggregate principal amount payable of $29,975,005.

4. Other Information

In accordance with loan covenants and Section 148 of the Internal Revenue Code, the City is required to rebate to the U.S. Treasury, every five years, earnings on loan proceeds in excess of bond yield. For the year ended September 30, 2025, no amounts were earned that are required to be rebated to the U.S. Treasury for 2025.

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

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

NOTE IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Long Term Liabilities (Continued)

The following is a summary of changes in long-term liabilities for the year ended September 30, 2025:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:					
Long-term direct borrowings					
2019 Loan	$ 330,134	$ --	$ 164,709	$ 165,425	$ 72,855
2006 CRA Loan	419,848	--	219,750	200,098	200,098
2022 Half Cent Loan	4,180,000	--	501,000	3,679,000	507,000
Total Long-term direct borrowings	4,929,982	--	885,459	4,044,523	779,953
Intergovernmental Note Payable	1,601,088	--	200,136	1,400,952	200,136
Other post-employment benefits	406,433	36,974	27,676	415,731	--
Net pension liability	2,793,408	--	166,422	2,626,986	--
Financed purchase agreements	1,065,035	455,158	482,508	1,037,685	403,380
Compensated absences	887,554	393,294	--	1,280,848	320,213
Governmental activities long-term liabilities	$ 11,683,500	$ 885,426	$ 1,762,201	$ 10,806,725	$ 1,703,682

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Business-type activities:					
Long-term direct borrowings					
2014 Loan	$ 480,226	$ --	$ 90,299	$ 389,927	$ 93,085
2019 Loan	1,418,066	--	707,492	710,574	312,944
Total long-term direct borrowings	1,898,292	--	797,791	1,100,501	406,029
State revolving loans					
Water - Design	270,090	--	17,911	252,179	18,114
Water - Construction	5,046,860	--	298,869	4,747,991	301,004
Total state revolving loans	5,316,950	--	316,780	5,000,170	319,118
Total loans payable	7,215,242	--	1,114,571	6,100,671	725,147
Other post-employment benefits	77,340	7,043	5,645	78,738	--
Net pension liability	305,287	71,715	--	377,002	--
Financed purchase agreements	669,855	628,442	324,783	973,514	311,017
Compensated absences	76,551	18,316	--	94,867	23,717
Total business-type activities long-term liabilities	$ 8,344,275	$ 725,516	$ 1,444,999	$ 7,624,792	$ 1,059,881

NOTE IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

I. Fund Balances

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

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

Nonspendable - Inventory and prepaids		$ 417,076

Restricted - The following fund balances are restricted for:

General Fund

Building Department - used to fund operations		$ 4,968,954
Infrastructure half-cent sales tax - voter approved to be used for capital improvements		3,905,304
Impact fees - used to fund growth in general government	176,783	
Impact fees - used to fund growth in law enforcement	63,918	
Impact fees - used to fund growth in parks and recreation	11,457	
Total Impact fees		252,158
Proceeds from the Hazel Smith Estate for the beautification and maintenance of the City's cemetery		3,685
Special law enforcement reserve		21,222
Financed purchase agreement proceeds - for capital assets		67,538
General Fund subtotal		9,218,861

Community Redevelopment Agency Fund

Used to alleviate slum and blight in the City per Florida Statute 163	10,167,628
Community Redevelopment Agency Fund subtotal	10,167,628

NOTE IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

I. Fund Balances (Continued)

Road and Bridge Fund

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

Capital improvements	198,180
Impact fees - for the growth in transportation	408,682
Boccage legal settlement	6,501
Financed purchase agreement proceeds - for capital assets	51,398
General operating expenses	856,619
Road and Bridge Fund subtotal	1,521,380
Total Restricted Fund Balances	$ 20,907,869

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

General Fund

Trailer Park Trust - City Commission approval required	$ 2,363,987
General Fund subtotal	2,363,987

Capital Projects Fund

Capital Projects	5,087,297
Capital Projects Fund subtotal	5,087,297
Total Committed Fund Balances	$ 7,451,284

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

General Fund

Funding for Capital Improvements Program	$ 2,809,322
Tree reserve - used to replant trees in the City	25,089
One-time operating expenses	431,260
Total Assigned Fund Balance	$ 3,265,671

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

NOTE IV - DETAILED NOTES ON ALL FUNDS (CONTINUED)

J. Encumbered Commitments

The following table lists the outstanding encumbrances at September 30, 2025. These encumbrances are reported in the financial statements based on the specific purpose of the resources that have been provided.

	Governmental Activities				
	General Fund	CRA Fund	Road and Bridge Fund	Capital Projects Fund	Total
Operating Encumbrances	$ 218,232	$ 317,754	$ 58,868	$ --	$ 594,854
Operating Capital Projects	135,620	3,178,630	--	--	3,314,251
Capital Improvement Projects (CIP)	21,409	--	--	1,999,798	2,021,207
Total Encumbrances Outstanding	$ 375,261	$ 3,496,385	$ 58,868	$ 1,999,798	$ 5,930,312

	Business-Type Activities				
	Solid Waste Fund	Water and Sewer Fund	Stormwater Fund	Reuse Fund	Total
Operating Encumbrances	$ --	$ 202,038	$ 33,354	$ 10,953	$ 246,345
Capital Improvement Projects (CIP)	--	4,111,393	1,048,563	29,294	5,189,249
Total Encumbrances Outstanding	$ --	$ 4,313,431	$ 1,081,917	$ 40,246	$ 5,435,594
Total Outstanding Encumbrances					$ 11,365,906

NOTE V - OTHER INFORMATION

A. Risk Management

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

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

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

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

NOTE V - OTHER INFORMATION (CONTINUED)

A. Risk Management (Continued)

1. Unemployment Insurance

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

2. Worker's Compensation

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

B. Employee Pension Plans

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

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

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

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

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

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

NOTE V - OTHER INFORMATION (CONTINUED)

C. Palmetto General Employees' Pension Plan

Plan Administration

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

Plan Membership

	Valuation as of October 1, 2023	Valuation as of October 1, 2025
Retirees, beneficiaries, and DROP participants benefits	56	58
Terminated employees entitled to, but not yet receiving benefits	33	38
Active plan members	64	68
Total	153	164

Normal Retirement and Vesting

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

Early Retirement

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

Disability

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

NOTE V - OTHER INFORMATION (CONTINUED)

C. Palmetto General Employees' Pension Plan (Continued)

Termination of Employment

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

Death Benefits

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

Contributions

Participants are required to contribute 5% of their annual salary to the Plan. The City contributes an amount to make the fund actuarially sound. The City's contribution rate for fiscal year 2025 was 13.60%.

Deferred Retirement Option Program (DROP)

Effective October 18, 2004, the City approved an ordinance creating a deferred retirement option plan (DROP). In lieu of terminating employment, any member may elect to defer receipt of such service retirement pension and to participate in the DROP. A member's participation in the DROP may not exceed sixty months beginning at the time the member becomes eligible for Normal Retirement. A member may participate only once. An account is established for each member participating in the DROP. The member's DROP account consists of the monthly retirement benefit the member would have received had they terminated their employment and the earnings on those amounts. DROP accounts earn interest as elected by the plan member at an effective rate of 6.5% per annum, compounded monthly, or at the actual net rate of investment return realized by the plan. As of September 30, 2025, four employees are participating in the DROP program with a balance of $273,171.

Net Pension Liability (Asset) of the City

The City's net pension liability was measured as of September 30, 2025. The total pension liability used to calculate the net pension liability was determined as of that date. The components of the net pension liability of the City at September 30, 2025, were as follows:

Total pension liability	$ 20,647,703
Plan fiduciary net position	(18,837,519)
City's net pension liability (asset)	$ 1,810,184
Plan fiduciary net position as a percentage of the total pension liability	91.23 %

NOTE V - OTHER INFORMATION (CONTINUED)

C. Palmetto General Employees' Pension Plan (Continued)

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

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of October 1, 2024, updated to September 30, 2025 using the following actuarial assumptions:

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

Mortality rates were based as follows:

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

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

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

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

All rates are projected generationally with Mortality Improvement Scale MP-2021.

Changes in Actuarial Assumptions

For measurement date September 30, 2025, as mandated by Chapter 2015-157, Laws of Florida. This law requires the use of the assumption used in either of the two more recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Milliman's July 1, 2023 FRS actuarial valuation for non-special-risk lives.

Investment Policy Assumptions

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. For 2025 the inflation rate assumption of the investment advisor was 2.40%. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

NOTE V - OTHER INFORMATION (CONTINUED)

C. Palmetto General Employees' Pension Plan (Continued)

Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2025 are summarized in the following table:

Asset Class	Target Allocations	Long Term Expected Real Rate of Return
Domestic equity	50.00 %	5.88 %
International equity	10.00 %	4.70 %
Fixed income	22.50 %	1.23 %
Global fixed income	5.00 %	1.23 %
MLP/Energy Infrastructure	5.00 %	4.33 %
Real estate	7.50 %	3.35 %
Total	100.00 %	

Concentrations

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

Rate of Return

For the year ended September 30, 2025 the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 7.78%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

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

NOTE V - OTHER INFORMATION (CONTINUED)

C. Palmetto General Employees' Pension Plan (Continued)

CHANGES IN NET PENSION LIABILITY

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Reporting Period Ending September 30, 2024	$ 19,399,092	$ 17,874,771	$ 1,524,321
Changes for a Year:			
Service cost	408,594	--	408,594
Interest	1,298,865	--	1,298,865
Differences between expected and actual experience	461,344	--	461,344
Changes of assumptions	210,284	--	210,284
Changes of benefit terms	--	--	--
Contributions - Employer	--	546,249	(546,249)
Contributions - Employee	--	216,939	(216,939)
Net investment income	--	1,369,623	(1,369,623)
Benefit payments, including refunds of employee contributions	(1,130,476)	(1,130,476)	--
Administrative expense	--	(39,587)	39,587
Net changes	1,248,611	962,748	285,863
Reporting Period Ending September 30, 2025	$ 20,647,703	$ 18,837,519	$ 1,810,184

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

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

	1.0% Decrease 5.75%	Current Discount Rate 6.75%	1.0% Increase 7.75%
City's net pension liability	$ 4,084,124	$ 1,810,184	$ (98,033)

NOTE V - OTHER INFORMATION (CONTINUED)

C. Palmetto General Employees' Pension Plan (Continued)

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

For the year ended September 30, 2025, the City recognized pension expense of $848,154. On September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between expected and actual expense	$ 540,754	$ --
Changes of assumptions	140,190	--
Net difference between projected and actual earnings on pension plan investments	--	438,974
Total	$ 680,944	$ 438,974

The outcome of the deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the applicable year. There were no subsequent contributions for the year ended September 30, 2025. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30:	
2026	$ 866,177
2027	(205,067)
2028	(383,702)
2029	(35,438)
Thereafter	--
Total	$ 241,970

NOTE V - OTHER INFORMATION (CONTINUED)

D. Palmetto Police Pension Plan

Plan Administration

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

Plan Membership

	Valuation As of October 1, 2023	Valuation As of October 1, 2025
Retirees, beneficiaries, and DROP participants receiving benefits	35	36
Terminated employees entitled to, but not yet receiving benefits	16	15
Active plan members	27	29
Total	78	80

NOTE V - OTHER INFORMATION (CONTINUED)

D. Palmetto Police Pension Plan (Continued)

Normal Retirement and Vesting

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

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

Early Retirement

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

Disability

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

Termination of Employment

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

NOTE V - OTHER INFORMATION (CONTINUED)

D. Palmetto Police Pension Plan (Continued)

Death Benefits

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

Contributions

Participants are required to contribute 5% of their annual salary to the Plan. Other contributions are received from the State of Florida and the City. The State of Florida contribution results from the City's share of insurance tax. The City contributes an amount to make the fund actuarially sound. The City's contribution rate was 21.34% for fiscal year 2025.

Deferred Retirement Option Program (DROP)

Effective October 7, 2002, the City approved an Ordinance No. 02-759 creating a deferred retirement option plan (DROP). In lieu of terminating employment, any member may elect to defer receipt of such service retirement pension and to participate in the DROP. A member's participation in the DROP may not exceed sixty months beginning at the time the election becomes effective. A member may participate only once. An account is established for each member participating in the DROP. The member's DROP account consists of the monthly retirement benefit the member would have received had they terminated their employment and the earnings on those amounts. DROP accounts earn interest as elected by the plan member at an effective rate of 6.5% per annum, compounded monthly, or at the actual net rate of investment return realized by the plan. As of September 30, 2025, three employees are participating in the DROP program with a balance of $266,314.

Net Pension Liability (Asset) of the City

The City's net pension liability was measured as of September 30, 2025. The total pension liability used to calculate the net pension liability was determined as of that date. The components of the net pension liability of the City at September 30, 2025, and reported for fiscal year 2025, were as follows:

Total pension liability	$ 19,580,564
Plan fiduciary net position	(18,386,760)
City's net pension liability (asset)	$ 1,193,804
Plan fiduciary net position as a percentage of the total pension liability	93.90 %

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

NOTE V - OTHER INFORMATION (CONTINUED)

D. Palmetto Police Pension Plan (Continued)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of October 1, 2023, updated to September 30, 2025 using the following actuarial assumptions:

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

Mortality rates were based on as follows:

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

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

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

Mortality Rate Disabled Lives: PubS.H-2010 for Disabled Retirees, set forward one year. Male: PubS.H-2010 for Disabled Retirees.

All rates are projected generationally with Mortality Improvement Scale MP-2021.

Changes in Actuarial Assumptions

For measurement date September 30, 2025, as mandated by Chapter 2015-157, Laws of Florida, This law mandates the use of the assumption used in either of the two more recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Millman's July 1, 2024 FRS valuation report for special-risk lives.

Investment Policy Assumptions

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. For 2025, the inflation rate assumption of the investment advisor was 2.50%.

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

NOTE V - OTHER INFORMATION (CONTINUED)

D. Palmetto Police Pension Plan (Continued)

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic equity	45.00 %	7.50 %
International equity	15.00 %	8.50 %
Fixed income (Core)	10.00 %	2.50 %
Fixed income (Non-Core)	10.00 %	2.50 %
Real estate	10.00 %	4.50 %
Alternative	10.00 %	5.60 %
Total	100.00 %	

Concentrations

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

Rate of Return

For the year ended September 30, 2025, the annual money-weighted rate of return on Pension Plan investments, net of Pension Plan investment expense, was 9.95%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

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

NOTE V - OTHER INFORMATION (CONTINUED)

D. Palmetto Police Pension Plan (Continued)

CHANGES IN NET PENSION LIABILITY (ASSET)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Position Liability (Asset) (a) - (b)
Reporting Period Ending September 30, 2024	$ 18,964,120	$ 17,389,746	$ 1,574,374
Changes for a Year:			
Service cost	409,921	--	409,921
Interest	1,254,955	--	1,254,955
Differences between expected and actual experience	120,831	--	120,831
Changes of assumptions	394,976	--	394,976
Changes of benefits terms	--	--	--
Contributions - Employer	--	554,533	(554,533)
Contributions - State	--	222,748	(222,748)
Contributions - Employee	--	124,510	(124,510)
Net investment income	--	1,695,836	(1,695,836)
Benefit payments, including refunds of employee contributions	(1,564,239)	(1,564,239)	--
Administrative expense	--	(36,374)	36,374
Net changes	616,444	997,014	(380,570)
Reporting Period Ending September 30, 2025	$ 19,580,564	$ 18,386,760	$ 1,193,804

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

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

	1.0% Decrease 5.75%	Current Discount Rate 6.75%	1.0% Increase 7.75%
City's net pension liability	$ 3,452,062	$ 1,193,804	$ (695,768)

NOTE V - OTHER INFORMATION (CONTINUED)

D. Palmetto Police Pension Plan (Continued)

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

For the year ended September 30, 2025, the City recognizes pension expense of $531,814 and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 175,568	$ --
Changes of assumptions	263,318	--
Net difference between projected and actual earnings on pension plan investments	--	1,075,369
	$ 438,886	$ 1,075,369

The outcome of the deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date is recognized as a reduction of the pension expense in the applicable year. There were no subsequent contributions for the year ended September 30, 2025. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:	
2026	$ 431,758
2027	(425,683)
2028	(532,943)
2029	(109,615)
2030	--
Thereafter	--
	$ (636,483)

NOTE V - OTHER INFORMATION (CONTINUED)

E. Aggregate Information for City Pension Plans

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

	Deferred Outflows of Resources	Net Pension Liability	Deferred Inflows	Pension Expense
Palmetto General Employees' Pension Plan	$ 680,944	$ 1,810,184	$ 438,974	$ 848,154
Palmetto Police Pension Plan	438,886	1,193,804	1,075,369	531,814
	$ 1,119,830	$ 3,003,988	$ 1,514,343	$ 1,379,968

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

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

	Palmetto Police Officers' Pension Plan	Palmetto General Employees' Pension Plan	Total Fiduciary Funds
Assets			
Accounts receivable	$ --	$ 120	$ 120
Interest and dividends receivable	68,962	39,241	108,203
Prepaid benefits	81,102	83,823	164,925
Investments			
Money market funds	451,702	535,922	987,624
U. S. government securities	1,845,602	2,623,613	4,469,215
Corporate bonds	619,631	1,525,776	2,145,407
Corporate stocks	--	8,692,865	8,692,865
Mutual funds	14,891,230	4,260,720	19,151,950
Alternative investments	431,549	1,081,547	1,513,096
Total Investments	18,239,714	18,720,443	36,960,157
Total Assets	18,389,778	18,843,627	37,233,405
Liabilities			
Accounts payable and accrued liabilities	3,018	6,108	9,126
Total liabilities	3,018	6,108	9,126
Net Position			
Restricted for pension benefits	$ 18,386,760	$ 18,837,519	$ 37,224,279

NOTE V - OTHER INFORMATION (CONTINUED)

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

	Palmetto Police Officers' Pension Plan	Palmetto General Employees' Pension Plan	Total Fiduciary Funds
Additions			
Contributions			
Employer	$ 554,533	$ 546,249	$ 1,100,782
Plan members	124,510	216,939	341,449
State	222,748	--	222,748
Total contributions	901,791	763,188	1,664,979
Investment earnings			
Interest	105,054	112,369	217,423
Dividends, net increase	853,486	304,114	1,157,600
Net increase in the fair value of investments	776,623	1,048,510	1,825,133
Total investment earnings	1,735,163	1,464,993	3,200,156
Investment expense	(39,327)	(95,369)	(134,696)
Net investment earnings	1,695,836	1,369,624	3,065,460
Total additions	2,597,627	2,132,812	4,730,439
Deductions			
Benefits	1,547,734	1,098,762	2,646,496
Refunds of contributions	16,504	31,714	48,218
Administrative expenses	36,375	39,588	75,963
Total deductions	1,600,613	1,170,064	2,770,677
Change in net position	997,014	962,748	1,959,762
Net position, beginning of year	17,389,746	17,874,771	35,264,517
Net position, end of year	$ 18,386,760	$ 18,837,519	$ 37,224,279

NOTE V - OTHER INFORMATION (CONTINUED)

G. Other Post-Employment Benefits

Plan Administration

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

Employees covered by benefit terms: At September 30, 2023 the date of the actuarial valuation, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	98
Inactive employees entitled to but not yet receiving benefit payments	1
	99

Benefits Provided

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

Total OPEB Liability

The City's total OPEB liability, as of September 30, 2025, was measured using a discount rate of 4.50%. The measurement for the OPEB expense was October 1, 2024 to September 30, 2025. The City's total OPEB liability was measured as of September 30, 2025.

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

Inflation rate	2.50%
Salary increase rate	Varies by Service
Discount rate	4.50%
Initial healthcare cost trend rate	7.00%
Ultimate trend rate	4.00%
Years to ultimate	51

All mortality rates were based on the Pub-2010 mortality tables. All mortality rates are those outlined in Milliman's July 1, 2023 Florida Retirement System (FRS) valuation report. All tables include fully generational adjustments for mortality improvements using gender-specific improvement scale MP-2018.

NOTE V - OTHER INFORMATION (CONTINUED)

G. Other Post-Employment Benefits (Continued)

Mortality Rate Heathly Active Lives:

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

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

Mortality Rate Heathly Inactive Lives:

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

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

Mortality Rate Disabled Lives:

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

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

NOTE V - OTHER INFORMATION (CONTINUED)

G. Other Post-Employment Benefits (Continued)

Discount Rate:

Given the City's decision not to fund the program, all future benefit payments were discounted using a high-quality municipal bond rate of 4.50%. The high-quality municipal bond rate was based on the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices nearest the measurement date. The S&P Municipal 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor's Ratings Services, Aa2 by Moody's or AA by Fitch. If there are multiple ratings, the lowest rating is used.

Changes in the Total OPEB Liability

	Increase (Decrease)
Beginning balance	$ 483,773
Changes for the year:	
Service cost	23,646
Interest	20,371
Changes of assumptions	(21,898)
Benefit payments	(11,423)
Net changes	10,696
Ending balance	$ 494,469

Changes in assumptions reflect a change in the discount rate from 4.06% for the reporting period ending September 30, 2023, to 4.50% for the reporting period ending September 30, 2025.

NOTE V - OTHER INFORMATION (CONTINUED)

G. Other Post-Employment Benefits (Continued)

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower (3.50%) or one percentage-point higher (5.50%) than the current discount rate:

	1% Decrease 3.50%	Discount Rate 4.50%	1% Increase 5.50%
Total OPEB liability	$ 546,267	$ 494,469	$ 449,399

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

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

	1% Decrease 3.00%- 6.00%	Healthcare Cost Trend Rates 4.00%- 7.00%	1% Increase 5.00%- 8.00%
Total OPEB liability	$ 434,676	$ 494,469	$ 565,675

For the year ended September 30, 2025, the City recognized OPEB expense of $59,789. At September 30, 2025, the City 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
Differences between expected and actual experience	$ 10,514	$ 116,275
Changes of assumptions	78,886	25,361
Total	$ 89,400	$ 141,636

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

Year ended: September 30,	
2026	$ 11,380
2027	(13,980)
2028	(12,058)
2029	(17,568)
2030	(16,880)
Thereafter	(3,130)
Total	$ (52,236)

NOTE V - OTHER INFORMATION (CONTINUED)

H. Contingent Liabilities

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

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

I. Deferred Compensation Plan

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

J. Subsequent Events

Subsequent to September 30, 2025, the City does not have any subsequent events materially affected the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

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

Budget (GAAP Basis) and Actual

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

Pension Trust Funds

Palmetto General Employees' Pension Plan

Palmetto Police Officers' Pension Plan

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

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CITY OF PALMETTO, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
For the Year Ended September 30, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Taxes				
Property	$ 8,654,209	$ 8,634,136	$ 8,633,934	$ (202)
Sales	1,287,705	2,930,834	2,930,485	(349)
Utility	1,452,000	1,652,725	1,652,725	--
Motor fuel	10,000	13,364	13,364	--
Other	1,104,722	1,169,998	1,078,908	(91,090)
Permits, fees, and special assessments	2,061,524	2,279,999	2,279,999	--
Intergovernmental revenues	756,000	1,040,573	143,360	(897,213)
Fines and forfeitures	35,900	48,348	47,826	(522)
Charges for services	843,954	834,763	791,430	(43,333)
Interest earnings	368,705	566,408	1,087,576	521,168
Miscellaneous	256,890	352,098	380,042	27,944
Impact fees	--	33,188	33,188	--
Total revenues	16,831,609	19,556,434	19,072,837	(483,597)
EXPENDITURES				
Current				
General government				
Commission	535,710	541,263	521,942	19,321
City Clerk	4,315,059	4,426,818	3,566,082	860,736
City Attorney	357,734	404,824	396,182	8,642
Finance	1,008,655	1,033,026	881,891	151,135
Human resources	424,296	424,329	309,696	114,633
Total general goverment	6,641,454	6,830,260	5,675,793	1,154,467
Public Safety				
Police	6,588,998	6,703,153	6,353,991	349,162
Code enforcement	297,884	299,104	286,967	12,137
Planning and zoning	215,831	223,764	219,889	3,875
Building department	579,398	581,433	374,348	207,085
Total public safety	7,682,111	7,807,454	7,235,195	572,259
Recreation				
Parks and recreation	850,374	853,181	587,265	265,916
Events and facilities	252,538	360,366	336,463	23,903
Total recreation	1,102,912	1,213,547	923,728	289,819
Economic and physical environment				
Information technology	1,089,251	1,139,759	861,627	278,132
Public works administration	848,210	852,173	683,148	169,025
Fleet management	283,136	288,524	233,518	55,006
Total economic and physical environment	2,220,597	2,280,456	1,778,293	502,163
Capital outlay	685,743	4,236,702	898,866	3,337,836
Debt service principal and interest	469,761	1,020,488	1,018,729	1,759
Total expenditures	18,802,578	23,388,907	17,530,604	5,858,303
Excess (deficiency) of revenues over (under) expenditures	(1,970,969)	(3,832,473)	1,542,233	5,374,706
OTHER FINANCING SOURCES (USES)				
Transfers in	1,451,869	1,466,939	1,466,939	--
Transfers out	--	(2,135,438)	(2,135,438)	--
Issuance of debt	413,600	413,600	413,600	--
Total other financing sources (uses)	1,865,469	(254,899)	(254,899)	--
Net change in fund sources (uses)	(105,500)	(4,087,372)	1,287,334	5,374,706
Fund balances - beginning	21,743,018	21,743,018	21,743,018	--
Fund balances - ending	$ 21,637,518	$ 17,655,646	$ 23,030,352	$ 5,374,706

CITY OF PALMETTO, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
COMMUNITY REDEVELOPMENT AGENCY (CRA) FUND
For the Year Ended September 30, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Taxes				
Property	$ 6,206,783	$ 6,106,765	$ 6,106,765	$ --
Intergovernmental revenues	--	459,744	150,000	(309,744)
Interest earnings	215,660	325,000	496,909	171,909
Miscellaneous	12,000	819,474	815,274	(4,200)
Total revenues	6,434,443	7,710,983	7,568,948	(142,035)
EXPENDITURES				
Economic and physical environment	4,281,561	4,917,068	2,681,043	2,236,025
Capital outlay				
Streets	275,000	292,545	4,500	288,045
Other	3,712,000	10,391,022	2,668,954	7,722,068
Debt service principal and interest	467,284	467,392	449,448	17,944
Total expenditures	8,735,845	16,068,027	5,803,945	10,264,082
Excess (deficiency) of revenues over (under) expenditures	(2,301,402)	(8,357,044)	1,765,003	10,122,047
OTHER FINANCING SOURCES (USES)				
Transfers out	(157,066)	(157,066)	(157,066)	--
Total other financing sources (uses)	(157,066)	(157,066)	(157,066)	--
Net change in fund sources (uses)	(2,458,468)	(8,514,110)	1,607,937	10,122,047
Fund balances - beginning	8,559,691	8,559,691	8,559,691	--
Fund balances - ending	$ 6,101,223	$ 45,581	$ 10,167,628	$ 10,122,047

CITY OF PALMETTO, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
ROAD AND BRIDGE FUND
For the Year Ended September 30, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Taxes				
Motor fuel	$ 1,360,221	$ 1,413,248	$ 1,413,248	$ --
Intergovernmental revenues	--	86,042	--	(86,042)
Charges for services	179,036	179,036	256,437	77,401
Interest earnings	30,099	42,986	75,527	32,541
Miscellaneous	--	--	2,093	2,093
Impact fees	--	162,315	162,315	--
Total revenues	1,569,356	1,883,627	1,909,620	25,993
EXPENDITURES				
Highways and streets	1,107,549	1,183,362	814,531	368,831
Capital outlay				
Streets	68,500	276,995	212,027	64,968
Other	--	40,899	40,899	--
Debt service principal and interest	213,591	212,088	208,895	3,193
Total expenditures	1,389,640	1,713,344	1,276,352	436,992
Excess of revenues over (under) expenditures	179,716	170,283	633,268	462,985
OTHER FINANCING SOURCES (USES)				
Transfers out	(244,716)	(756,549)	(756,549)	--
Issuance of debt	60,000	60,000	41,558	(18,442)
Total other financing sources (uses)	(184,716)	(696,549)	(714,991)	(18,442)
Net change in fund balance	(5,000)	(526,266)	(81,723)	444,543
Fund balances - beginning	1,603,103	1,603,103	1,603,103	--
Fund balances - ending	$ 1,598,103	$ 1,076,837	$ 1,521,380	$ 444,543

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

	2016	2017	2018	2019	2020	2021
Total pension liability						
Service cost	$ 432,504	$ 340,367	$ 356,601	$ 376,299	$ 391,459	$ 364,575
Interest	1,167,342	1,077,822	1,100,191	1,126,047	1,136,455	1,129,819
Changes of benefit terms	--	--	--	--	--	--
Differences between expected and actual experience	(598,066)	(91,591)	(104,875)	(357,867)	(276,753)	(255,942)
Changes of assumptions	(137,785)	--	--	--	(265,003)	184,458
Benefit payments, including refunds of employee contributions	(937,187)	(940,734)	(1,105,822)	(898,657)	(1,123,245)	(984,909)
Net change in total pension liability	(73,192)	385,864	246,095	245,822	(137,087)	438,001
Total pension liability - beginning	15,600,652	15,527,460	15,913,324	16,159,419	16,405,241	16,268,154
Total pension liability - ending (a)	$ 15,527,460	$ 15,913,324	$ 16,159,419	$ 16,405,241	$ 16,268,154	$ 16,706,155
Plan fiduciary net position						
Contributions - employer	$ 836,906	$ 854,277	$ 773,083	$ 721,806	$ 626,893	$ 496,359
Contributions - employee	144,902	148,466	157,785	160,975	169,707	164,884
Net investment income	928,197	1,443,970	1,379,409	416,451	1,074,774	2,999,120
Benefit payments, including refunds of employee contributions	(937,187)	(940,734)	(1,105,822)	(898,657)	(1,123,245)	(984,909)
Administrative expense	(25,909)	(39,707)	(27,759)	(34,635)	(29,818)	(42,035)
Net change in plan fiduciary net position	946,909	1,466,272	1,176,696	365,940	718,311	2,633,419
Plan fiduciary net position - beginning	11,371,394	12,318,303	13,784,575	14,961,271	15,327,211	16,045,522
Plan fiduciary net position - ending (b)	$ 12,318,303	$ 13,784,575	$ 14,961,271	$ 15,327,211	$ 16,045,522	$ 18,678,941
City's net pension liability (asset)- ending (a - b)	$ 3,209,157	$ 2,128,749	$ 1,198,148	$ 1,078,030	$ 222,632	$ (1,972,786)
Plan fiduciary net position as a percentage of the total pension liability (asset)	79.33 %	86.62 %	92.59 %	93.43 %	98.63 %	111.81 %
Covered payroll (2)	$ 2,898,036	$ 2,969,332	$ 3,155,700	$ 3,219,489	$ 3,394,133	$ 3,297,706
City's net pension liability as a percentage of covered payroll	110.74 %	71.69 %	37.97 %	33.48 %	6.56 %	(59.82)%

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

	2022	2023	2024	2025
Total pension liability				
Service cost	$ 312,483	$ 318,424	$ 348,797	$ 408,594
Interest	1,154,979	1,211,094	1,220,534	1,298,865
Changes of benefit terms	624,091	--	--	--
Differences between expected and actual experience	418,459	(288,485)	699,579	461,344
Changes of assumptions	--	--	--	210,284
Benefit payments, including refunds of employee contributions	(1,063,897)	(1,057,125)	(1,205,996)	(1,130,476)
Net change in total pension liability	1,446,115	183,908	1,062,914	1,248,611
Total pension liability - beginning	16,706,155	18,152,270	18,336,178	19,399,092
Total pension liability - ending (a)	$ 18,152,270	$ 18,336,178	$ 19,399,092	$ 20,647,703
Plan fiduciary net position				
Contributions - employer	$ 496,359	$ 296,187	$ 351,612	$ 546,249
Contributions - employee	161,806	170,814	188,431	216,939
Net investment income	(3,020,122)	1,231,007	2,783,163	1,369,623
Benefit payments, including refunds of employee contributions	(1,063,897)	(1,057,125)	(1,205,996)	(1,130,476)
Administrative expense	(40,113)	(44,016)	(42,309)	(39,587)
Net change in plan fiduciary net position	(3,465,967)	596,867	2,074,901	962,748
Plan fiduciary net position - beginning	18,678,941	15,203,003	15,799,870	17,874,771
Plan fiduciary net position - ending (b)	$ 15,212,974	$ 15,799,870	$ 17,874,771	$ 18,837,519
City's net pension liability (asset)- ending (a - b)	$ 2,939,296	$ 2,536,308	$ 1,524,321	$ 1,810,184
Plan fiduciary net position as a percentage of the total pension liability (asset)	83.81 %	86.17 %	92.14 %	91.23 %
Covered payroll (2)	$ 3,236,111	$ 3,416,276	$ 3,768,630	$ 4,338,780
City's net pension liability as a percentage of covered payroll	91.14 %	74.24 %	40.45 %	41.72 %

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

Notes to the Schedule:

(1) The covered payroll numbers shown are in compliance with GASB 82.

Changes of benefit terms:

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

Changes of assumptions:

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

For measurement date September 30, 2025, as required by Chapter 2015-157, Laws of Florida, the assumed rates of mortality have been updated from those in the July 1, 2024 actuarial valuation for non-special-risk employees.

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

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

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

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

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

	2016	2017	2018	2019	2020	2021
Actuarially determined contribution	$ 836,083	$ 854,277	$ 772,200	$ 721,809	$ 626,896	$ 492,018
Contributions in relation to the actuarially determined contributions	836,906	854,277	773,083	721,806	626,893	496,359
Contribution deficiency (excess)	(823)	--	(883)	$ 3	$ 3	$ (4,341)
Covered payroll (2)	2,898,036	2,969,332	3,155,700	$ 3,219,489	$ 3,394,133	$ 3,297,706
Contributions as a percentage of covered payroll	28.88 %	28.77 %	24.50 %	22.42 %	18.47 %	15.05 %

Notes to the Schedule:

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

Valuation date	October 1, 2024
Funding method	Entry age normal actuarial cost method (level percent of pay).
Amortization method	New UAAL amortization bases are amortized over 15 years.
Remaining amortization period	15 years (as of October 1, 2024)
Mortality	Mortality Rate Healthy Active Lives: Female: PubG.H-2010 for Employees. Male: PubG.H-2010 (Below Median) for Employees, set back one year. Mortality Rate Healthy Retiree Lives: Female: PubG.H-2010 (Below Median) for Healthy Retirees. Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year. Mortality Rate Beneficiary Lives: Female: PubG.H-2010 (Below Median) for Healthy Retirees. Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year. Mortality Rate Disabled Lives: PubG.H-2010 for Disabled Retirees, set forward four years. All rates are projected generationally with Mortality Improvement Scale MP-2021.
Interest rate	6.75% per year compounded annually, net of investment related expenses.
Inflation	2.50% per year
Cost of living adjustments	None
Payroll increases	None
Actuarial value of assets	The Actuarial Value of Assets utilize four-year smoothing methodology. The annual difference between expected and actual investment earnings (fair value, net of investment-related expenses), is phased-in over a four-year period.

Normal retirement age (3):

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

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

	2022	2023	2024	2025
Actuarially determined contribution	$ 486,388	$ 296,191	$ 351,613	$ 546,252
Contributions in relation to the actuarially determined contributions	486,388	296,187	351,612	546,249
Contribution deficiency (excess)	$ --	$ 4	$ 1	$ 3
Covered payroll (2)	$ 3,236,111	$ 3,416,276	$ 3,768,630	$ 4,338,780
Contributions as a percentage of covered payroll	15.03 %	8.67 %	9.33 %	12.59 %

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

Early retirement age:

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

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

Salary increases:

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

Disability Rates:

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

Termination rates:

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

Terminal leave pay:

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

Notes to the Schedule:

(1) The covered payroll numbers shown are in compliance with GASB 82.

(2) The rates assumption is confirmed as part of an Experience Study dated August 25, 2021.

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

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

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

	September 30, 2016	September 30, 2017	September 30, 2018	September 30, 2019	September 30, 2020	September 30, 2021
Annual money-weighted rate of return net of investment expense	8.77 %	1.61 %	10.07 %	2.81 %	7.09 %	18.49 %

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

	September 30, 2022	September 30, 2023	September 30, 2024	September 30, 2025
Annual money-weighted rate of return net of investment expense	(16.06)%	8.29 %	18.01 %	7.78 %

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

	2016	2017	2018	2019	2020	2021
Total pension liability						
Service cost	$ 392,233	$ 332,469	$ 341,648	$ 340,650	$ 396,835	$ 307,206
Interest	975,789	984,780	1,016,788	1,068,270	1,062,027	1,105,469
Changes of benefit terms	--	--	--	--	--	--
Differences between expected and actual experience	(332,570)	81,800	173,880	(713,554)	439,144	(199,535)
Changes of assumptions	485,432	220,697	163,140	--	(316,881)	348,580
Benefit payments, including refunds of employee contributions	(703,105)	(1,073,813)	(708,481)	(800,334)	(881,144)	(860,659)
Net change in total pension liability	817,779	545,933	986,975	(104,968)	699,981	701,061
Total pension liability - beginning	--	--	14,333,545	15,320,520	15,215,552	15,915,533
Total pension liability - ending (a)	$ 817,779	$ 545,933	$ 15,320,520	$ 15,215,552	$ 15,915,533	$ 16,616,594
Plan fiduciary net position						
Contributions - employer	$ 442,836	$ 525,731	$ 452,774	$ 480,634	$ 406,200	$ 351,060
Contributions - state	114,200	121,071	130,363	131,486	133,879	144,799
Contributions - employee	82,118	86,729	85,229	89,571	90,800	82,768
Net investment income	1,076,748	1,308,549	1,169,844	422,898	1,134,529	2,610,556
Benefit payments, including refunds of employee contributions	(703,105)	(1,073,813)	(708,481)	(800,334)	(881,144)	(860,659)
Administrative expense	(31,438)	(32,154)	(30,797)	(50,391)	(30,590)	(31,703)
Net change in plan fiduciary net position	981,359	936,113	1,098,932	273,864	853,674	2,296,821
Plan fiduciary net position - beginning	--	--	12,404,635	13,503,567	13,777,431	14,631,105
Plan fiduciary net position - ending (b)	$ 981,359	$ 936,113	$ 13,503,567	$ 13,777,431	$ 14,631,105	$ 16,927,926
City's net pension liability (asset) - ending (a - b)	$ (163,580)	$ (390,180)	$ 1,816,953	$ 1,438,121	$ 1,284,428	$ (311,332)
Plan fiduciary net position as a percentage of the total pension liability (asset)	- %	- %	88.14 %	90.55 %	91.93 %	101.87 %
Covered payroll (2)	$ 1,642,361	$ 1,734,587	$ 1,704,571	$ 1,791,416	$ 1,816,002	$ 1,655,365
City's net pension liability as a percentage of covered payroll	141.20 %	111.20 %	106.59 %	80.28 %	70.73 %	(18.81)%

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

	2022	2023	2024	2025
Total pension liability				
Service cost	$ 328,906	$ 332,514	$ 364,683	$ 409,921
Interest	1,151,960	1,174,775	1,210,137	1,254,955
Changes of benefit terms	588,624	--	--	--
Differences between expected and actual experience	(142,726)	(20,832)	285,041	120,831
Changes of assumptions	--	--	--	394,976
Benefit payments, including refunds of employee contributions	(936,091)	(1,071,423)	(918,041)	(1,564,239)
Net change in total pension liability	990,673	415,034	941,820	616,444
Total pension liability - beginning	16,616,594	17,607,267	18,022,300	18,964,120
Total pension liability - ending (a)	$ 17,607,267	$ 18,022,301	$ 18,964,120	$ 19,580,564
Plan fiduciary net position				
Contributions - employer	$ 348,905	$ 314,242	$ 389,331	$ 554,533
Contributions - state	139,825	171,077	196,841	222,748
Contributions - employee	91,827	93,677	105,338	124,510
Net investment income	(2,682,721)	1,240,766	3,090,620	1,695,836
Benefit payments, including refunds of employee contributions	(936,091)	(1,071,423)	(918,041)	(1,564,239)
Administrative expense	(36,276)	(33,063)	(43,014)	(36,374)
Net change in plan fiduciary net position	(3,074,531)	715,276	2,821,075	997,014
Plan fiduciary net position - beginning	16,927,926	13,853,395	14,568,671	17,389,746
Plan fiduciary net position - ending (b)	$ 13,853,395	14,568,671	17,389,746	18,386,760
City's net pension liability (asset) - ending (a - b)	$ 3,753,872	$ 3,453,630	$ 1,574,374	$ 1,193,804
Plan fiduciary net position as a percentage of the total pension liability (asset)	78.68 %	80.84 %	91.70 %	93.90 %
Covered payroll (2)	$ 1,836,536	$ 1,873,530	$ 2,106,762	$ 2,490,198
City's net pension liability as a percentage of covered payroll	204.40 %	184.28 %	74.73 %	47.94 %

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

Notes to the Schedule:

(1) The covered payroll numbers shown are in compliance with GASB 82.

Changes in benefit terms:

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

Changes of assumptions:

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

For measurement date September 30, 2025, as required by Chapter 2015-157, Laws of Florida, the assumed rates of mortality have been updated from those in the July 1, 2024 actuarial valuation for non-special-risk employees.

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

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

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

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

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

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

	2016	2017	2018	2019	2020	2021
Actuarially determined contribution	$ 551,341	$ 640,930	$ 557,736	$ 610,335	$ 540,079	$ 461,185
Contributions in relation to the actuarially determined contributions	557,036	646,802	583,137	612,120	540,079	482,227
Contribution deficiency (excess)	(5,695)	(5,872)	(25,401)	$ (1,785)	$ --	$ (21,042)
Covered payroll (2)	1,642,361	1,734,587	1,704,571	$ 1,791,416	$ 1,816,002	$ 1,655,365
Contributions as a percentage of covered payroll	33.92 %	37.29 %	34.21 %	34.17 %	29.74 %	29.13 %

Notes to the Schedule:

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

Valuation date	October 1, 2024
Funding method	Entry age normal actuarial cost method.
Amortization method	New UAAL amortization bases are amortized over a 15-year period. The amortization payment is subject to a minum based on a 30-year amortization of the UAAL, if the UAAL is positive.
Remaining amortization period	15 years (as of October 1, 2023)
Mortality	Mortality Rate Healthy Active Lives: Female: PubS.H-2010 (Below Median) for Employees, set forward one year. Male: PubS.H-2010 (Below Median) for Employees, set forward one year. Mortality Rate Healthy Retiree Lives: Female: PubS.H-2010 (Below Median) for Healthy Retirees, set forward one year. Male: PubS.H-2010 (Below Median) for Healthy Retirees, set forward one year. Mortality Rate Beneficiary Lives: Female: PubG.H-2010 (Below Median) for Healthy Retirees. Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year. Mortality Rates Disabled Lives: 80% PubG.H-2010 for Disabled Retirees/ 20% PubS.H-2010 for Disabled Retirees. All rates are projected generationally with Mortality Improvement Scale MP-2018.
Interest rate	6.75% per year compounded annually, net of investment related expenses.
Inflation	2.50% per year
Cost of living adjustments	None
Payroll increases	None
Actuarial value of assets	The Actuarial Value of Assets utilize four-year smoothing methodology. The annual difference between expected and actual investment earnings (fair value, net of investment-related expenses), is phased-in over a four-year period.

Normal retirement age:

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

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

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

	2022	2023	2024	2025
Actuarially determined contribution	$ 488,702	$ 476,064	$ 595,160	$ 776,942
Contributions in relation to the actuarially determined contributions	488,730	485,319	586,172	777,014
Contribution deficiency (excess)	$ (28)	$ (9,255)	$ 8,988	$ (72)
Covered payroll (2)	$ 1,836,536	$ 1,873,530	$ 2,106,762	$ 2,490,198
Contributions as a percentage of covered payroll	26.61 %	25.90 %	27.82 %	31.20 %

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

Salary increases:

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

Disability rates:

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

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

Termination rates:

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

Terminal leave pay:

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

(1) The covered payroll numbers shown are in compliance with GASB 82.

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

Changes in benefit terms:

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

Changes of assumptions:

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

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

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

	September 30, 2016	September 30, 2017	September 30, 2018	September 30, 2019	September 30, 2020
Annual money-weighted rate of return net of investment expense	10.33 %	11.46 %	9.46 %	3.17 %	8.37 %

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

	September 30, 2021	September 30, 2022	September 30, 2023	September 30, 2024	September 30, 2025
Annual money-weighted rate of return net of investment expense	18.15 %	(16.10)%	9.20 %	21.60 %	9.95 %

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

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

Notes to the Schedule:

Changes in benefit terms: There are no changes in benefit terms during the year ended September 30, 2024.

Covered-employee payroll was projected one year forward from the valuation date for the reporting period ending September 30, 2024.

Difference Between Expected and Actual Experience: Difference Between Expected and Actual Experience reflects the impact of changes to the census data from the prior valuation to the valuation as of September 30, 2024.

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

- Fiscal Year Ending September 30, 2024: 4.06%
- Fiscal Year Ending September 30, 2023: 4.87%
- Fiscal Year Ending September 30, 2022: 4.77%

Also reflected as assumption changes are:

- Updated health care costs and premiums based on plan experience

Benefit Payment: The plan sponsor did not provide actual net benefits paid by the Plan for the fiscal year ending on September 30, 2024. Expected net benefit payments produced by the valuation model for the same period are shown in the table above.

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

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

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

	2023	2024	2025
Total OPEB liability			
Service cost	$ 20,012	$ 19,149	$ 23,646
Interest	26,149	20,966	20,371
Differences between expected and actual experience	--	(134,019)	--
Changes of assumptions	(4,795)	37,737	(21,898)
Benefit payment	(37,243)	(10,761)	(11,423)
Net change in total OPEB liability	4,123	(66,928)	10,696
Total OPEB liability - beginning	546,578	550,701	483,773
Total OPEB liability - ending	550,701	483,773	494,469
Covered-employee payroll	5,853,029	6,096,505	6,400,720
Total OPEB liability as a percentage of covered-employee payroll	9.41 %	7.94 %	7.73 %

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COMBINING FUND STATEMENTS AND SCHEDULES

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

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

CITY OF PALMETTO, FLORIDA
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
CAPITAL PROJECTS FUND
For the Year Ended September 30, 2025

	Budgeted Amounts			
	Original	**Final**	**Actual**	**Variance with Final Budget**
REVENUES				
Intergovernmental revenues	$ --	$ 2,316,623	$ 1,071,769	$ (1,244,854)
Non-revenue sources	--	4,260,132	--	(4,260,132)
Total revenues	--	6,576,755	1,071,769	(5,504,986)
EXPENDITURES				
Capital outlay				
Streets	--	6,177,188	833,060	5,344,128
Other	--	3,198,988	375,489	2,823,499
Total expenditures	--	9,376,176	1,208,549	8,167,627
Excess (deficiency) of revenues over (under) expenditures	--	(2,799,421)	(136,780)	2,662,641
OTHER FINANCING SOURCES (USES)				
Transfers in	--	2,845,581	2,845,581	--
Transfers out	--	(15,070)	(15,070)	--
Total other financing sources ,net	--	2,830,511	2,830,511	--
Net change in fund balance	--	31,090	2,693,731	2,662,641
Fund balances - beginning	2,393,566	2,393,566	2,393,566	--
Fund balances - ending	$ 2,393,566	$ 2,424,656	$ 5,087,297	$ 2,662,641

Notes to the Schedule:

For the Fiscal Year ending September 30, 2025 the Capital Projects fund is classified as a major fund. Historically, this fund has been considered a non-major fund and it is anticipated that it will be classified as such in future years.

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CITY OF PALMETTO, FLORIDA
OTHER SUPPLEMENTARY INFORMATION
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
September 30, 2025

	Palmetto Police Officers' Pension Plan	Palmetto General Employees' Pension Plan	Total Fiduciary Funds
ASSETS			
Accounts receivable	$ --	$ 120	$ 120
Interest and dividends receivable	68,962	39,241	108,203
Prepaid benefits	81,102	83,823	164,925
Investments			
Money market funds	451,702	535,922	987,624
U. S. government securities	1,845,602	2,623,613	4,469,215
Corporate bonds	619,631	1,525,776	2,145,407
Corporate stocks	--	8,692,865	8,692,865
Mutual funds	14,891,230	4,260,720	19,151,950
Alternative investments	431,549	1,081,547	1,513,096
Total investments	18,239,714	18,720,443	36,960,157
Total assets	18,389,778	18,843,627	37,233,405
LIABILITIES			
Accounts payable	3,018	6,108	9,126
Total liabilities	3,018	6,108	9,126
NET POSITION (DEFICIT)			
Restricted for pension benefits	$ 18,386,760	$ 18,837,519	$ 37,224,279

CITY OF PALMETTO, FLORIDA
OTHER SUPPLEMENTARY INFORMATION
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended September 30, 2025

	Palmetto Police Officers' Pension Plan	Palmetto General Employees' Pension Plan	Total Fiduciary Funds
ADDITIONS			
Contributions:			
Employer	$ 554,533	$ 546,249	$ 1,100,782
Plan members	124,510	216,939	341,449
State	222,748	--	222,748
Total contributions:	901,791	763,188	1,664,979
Investment earnings			
Interest	105,054	112,369	217,423
Dividends, net increase	853,486	304,114	1,157,600
Net increase in the fair value of investments	776,623	1,048,510	1,825,133
Total investment earnings	1,735,163	1,464,993	3,200,156
Less investment expense	(39,327)	(95,369)	(134,696)
Net investment earnings	1,695,836	1,369,624	3,065,460
Total additions	2,597,627	2,132,812	4,730,439
DEDUCTIONS			
Benefits	1,547,734	1,098,762	2,646,496
Refunds of contributions	16,504	31,714	48,218
Administrative expenses	36,375	39,588	75,963
Total deductions	1,600,613	1,170,064	2,770,677
Change in net position	997,014	962,748	1,959,762
Net position, beginning of year	17,389,746	17,874,771	35,264,517
Net position, end of year	$ 18,386,760	$ 18,837,519	$ 37,224,279

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STATISTICAL SECTION

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

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

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

	Fiscal Year			
	2016	2017	2018	2019
Governmental Activities				
Net investment in capital assets	$ 33,506,241	$ 34,364,152	$ 35,933,864	$ 38,025,148
Restricted	4,378,810	5,751,126	8,872,485	9,505,182
Unrestricted	3,140,557	4,160,584	3,620,287	5,111,856
Governmental Activities net position	$ 41,025,608	$ 44,275,862	$ 48,426,636	$ 52,642,186
Business-type Activities				
Net investment in capital assets	22,947,006	24,414,011	24,524,166	26,379,526
Restricted	1,012,806	1,120,585	1,121,064	653,354
Unrestricted	3,937,734	4,927,292	7,184,686	9,128,614
Total business-type activities net position	$ 27,897,546	$ 30,461,888	$ 32,829,916	$ 36,161,494
Primary Government				
Net investment in capital assets	$ 56,453,247	$ 58,778,163	$ 60,458,030	$ 64,404,674
Restricted	5,391,616	6,871,711	9,993,549	10,158,536
Unrestricted	7,078,291	9,087,876	10,804,973	14,240,470
Total primary government net position	$ 68,923,154	$ 74,737,750	$ 81,256,552	$ 88,803,680

Fiscal Year					
2020	2021	2022	2023	2024	2025
$ 42,038,825	$ 42,336,583	$ 46,051,743	$ 55,584,069	$ 57,128,353	$ 60,615,898
9,963,795	13,856,493	17,913,648	14,765,521	17,723,800	20,907,884
6,461,109	9,391,757	7,077,299	8,165,282	11,469,846	13,176,717
$ 58,463,729	$ 65,584,833	$ 71,042,690	$ 78,514,872	$ 86,321,999	$ 94,700,499
29,161,052	30,001,681	31,154,040	33,294,040	35,666,910	38,928,862
1,269,654	1,233,042	1,494,400	1,049,323	415,108	817,674
9,191,740	10,954,989	12,507,274	14,032,018	16,057,955	13,584,163
$ 39,622,446	$ 42,189,712	$ 45,155,714	$ 48,375,381	$ 52,139,973	$ 53,330,699
$ 71,199,877	$ 72,338,264	$ 77,205,783	$ 88,878,109	$ 92,795,263	$ 99,544,760
11,233,449	15,089,535	19,408,048	15,814,844	18,138,908	21,725,558
15,652,849	20,346,746	19,584,573	22,197,300	27,527,801	26,760,880
$ 98,086,175	$ 107,774,545	$ 116,198,404	$ 126,890,253	$ 138,461,972	$ 148,031,198

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

	Fiscal Year 2016	2017	2018	2019
Expenses				
Governmental activities:				
General government	$ 3,063,567	$ 3,202,580	$ 3,389,085	$ 4,029,064
Public Safety (net of indirect allocations)	4,773,190	4,712,040	4,922,734	4,450,463
Highways and streets	1,163,107	1,004,315	1,455,875	1,529,769
Recreation	632,666	650,416	691,519	679,524
Intergovernmental (net of indirect allocation)	2,699,069	2,993,731	3,087,537	3,134,261
Interest on long-term debt	116,363	112,689	123,283	205,543
Total governmental activities expenses	12,447,962	12,675,771	13,670,033	14,028,624
Business-type activities:				
Solid waste	2,001,620	2,001,143	2,324,223	2,067,018
Water and sewer	5,255,761	5,136,548	5,272,179	5,500,925
Stormwater	593,910	559,892	497,092	686,512
Reuse	158,216	143,347	165,525	169,525
Total business-type activties expenses	8,009,507	7,840,930	8,259,019	8,423,980
Total primary government expenses	20,457,469	20,516,701	21,929,052	22,452,604
Program revenues				
Governmental activities:				
Charges for services				
General government	521,631	429,653	881,869	843,384
Public safety	188,432	197,235	244,484	314,232
Highways and streets	88,597	248,239	203,537	186,468
Recreation	33,706	40,285	143,064	116,625
Intergovernmental	--	--	--	--
Operating grants and contributions	5,470	1,952	6,000	110,862
Capital grants and contributions	220,296	224,402	506,276	82,790
Total governmental activities program revenues	1,058,132	1,141,766	1,985,230	1,654,361
Business-type activities:				
Charges for services				
Solid waste	2,170,087	2,151,687	2,166,408	2,220,651
Water and sewer	6,935,577	7,213,578	7,595,756	7,625,127
Stormwater	786,912	778,978	798,498	810,387
Reuse	397,958	409,888	436,377	444,348
Capital grants and contributions	41,303	394,126	134,437	834,777
Total business-type activities program revenues	10,331,837	10,948,257	11,131,476	11,935,290
Total primary government program revenues	11,389,969	12,090,023	13,116,706	13,589,651
Net (Expense)/Revenue				
Government activities	(11,389,830)	(11,534,005)	(11,684,803)	(12,374,263)
Business-type activities	2,322,330	3,107,327	2,872,457	3,511,310
Total primary government net expense	(9,067,500)	(8,426,678)	(8,812,346)	(8,862,953)

Fiscal Year					
2020	2021	2022	2023	2024	2025
$ 4,029,897	$ 4,248,135	$ 4,850,158	$ 5,193,999	$ 5,944,904	$ 6,363,297
4,248,695	3,798,610	5,959,349	6,408,471	6,357,007	7,189,213
1,355,491	967,761	2,133,957	1,341,366	1,363,371	1,422,997
684,068	631,505	882,654	900,776	1,041,594	1,113,227
3,185,980	3,168,983	4,301,339	6,038,967	4,104,110	5,117,191
72,095	69,635	116,201	147,933	135,793	119,680
13,576,226	12,884,629	18,243,658	20,031,512	18,946,779	21,325,605
2,180,346	2,215,866	2,354,169	3,041,996	2,720,216	5,321,557
5,543,719	5,799,859	5,919,901	7,235,617	7,558,418	8,123,765
517,802	473,322	681,327	582,347	684,200	838,081
281,797	309,877	247,170	249,434	252,554	316,300
8,523,664	8,798,924	9,202,567	11,109,394	11,215,388	14,599,703
22,099,890	21,683,553	27,446,225	31,140,906	30,162,167	35,925,308
1,174,634	1,111,828	1,816,716	1,341,365	1,568,642	1,578,385
345,746	204,808	204,157	186,933	124,841	218,538
397,761	134,868	144,834	159,279	180,095	183,108
89,499	26,666	--	--	22,599	21,587
--	--	--	--	30,504	815,274
62,720	28,158	406,621	104,987	68,444	75,922
101,093	353,228	1,308,432	3,305,683	404,477	678,958
2,171,453	1,859,556	3,880,760	5,098,247	2,399,602	3,571,772
2,313,825	2,424,494	2,492,021	2,729,314	2,853,557	2,962,847
7,902,819	8,086,956	8,420,776	9,014,454	9,258,840	9,850,123
880,405	921,755	971,049	1,026,402	1,089,668	1,178,072
495,506	544,465	573,033	622,441	667,183	716,805
1,011,727	142,664	300,371	1,282,275	1,011,957	1,476,726
12,604,282	12,120,334	12,757,250	14,674,886	14,881,205	16,184,573
14,775,735	13,979,890	16,638,010	19,773,133	17,280,807	19,756,345
(11,404,773)	(11,025,073)	(14,362,898)	(14,933,265)	(16,547,177)	(17,753,833)
4,080,618	3,321,410	3,554,683	3,565,492	3,665,817	1,584,870
(7,324,155)	(7,703,663)	(10,808,215)	(11,367,773)	(12,881,360)	(16,168,963)

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

	Fiscal Year			
	2016	2017	2018	2019
Net (Expense)/Revenue				
Government activities	$ (11,389,830)	$ (11,534,005)	$ (11,684,803)	$ (12,374,263)
Business-type activities	2,322,330	3,107,327	2,872,457	3,511,310
Total primary government net expense	(9,067,500)	(8,426,678)	(8,812,346)	(8,862,953)
General Revenues and Other Changes in Net Position				
Government activities:				
Taxes				
Property taxes	7,261,107	7,744,097	8,277,283	8,716,041
Sales taxes	987,991	1,648,177	2,030,235	2,022,593
Utility taxes	1,107,225	1,143,031	1,187,993	1,249,304
Motor fuel taxes	1,528,050	1,591,988	1,590,376	1,603,218
Other taxes	813,066	844,339	858,059	873,901
Franchise fees	848,579	882,834	906,516	927,890
Interest and investment earnings	123,720	138,093	199,260	505,239
Other general revenues	192,608	179,765	167,382	297,954
Transfers	458,963	611,935	643,814	393,673
Total government activities	13,321,309	14,784,259	15,860,918	16,589,813
Business-type activities:				
Investment earnings	36,754	68,950	144,230	213,941
Transfers	(458,963)	(611,935)	(643,814)	(393,673)
Total business-type activities	(422,209)	(542,985)	(499,584)	(179,732)
Total primary government	12,899,100	14,241,274	15,361,334	16,410,081
Change in Net Position				
Government activities	1,931,479	3,250,254	4,176,115	4,215,550
Business-type activities	1,900,121	2,564,342	2,372,873	3,331,578
Total primary government	$ 3,831,600	$ 5,814,596	$ 6,548,988	$ 7,547,128

Fiscal Year					
2020	2021	2022	2023	2024	2025
$ (11,404,773)	$ (11,025,073)	$ (14,362,898)	$ (14,933,265)	$ (16,547,177)	$ (17,753,833)
4,080,618	3,321,410	3,554,683	3,565,492	3,665,817	1,584,870
(7,324,155)	(7,703,663)	(10,808,215)	(11,367,773)	(12,881,360)	(16,168,963)
9,379,278	9,977,632	10,520,061	11,815,993	13,538,218	14,740,699
2,024,823	2,405,574	2,803,367	2,879,983	2,885,416	2,930,485
1,227,589	1,242,277	1,325,561	1,549,267	1,584,909	1,652,725
1,529,630	1,597,359	1,696,928	1,779,620	1,414,620	1,426,612
870,176	899,926	1,026,087	1,090,507	1,222,293	1,078,908
882,651	921,440	1,060,551	1,209,624	1,239,199	1,198,992
425,435	63,568	(124,465)	750,162	1,547,034	1,660,012
112,643	237,028	859,972	478,077	139,782	195,503
774,091	801,373	652,631	852,214	782,833	1,248,397
17,226,316	18,146,177	19,820,693	22,405,447	24,354,304	26,132,333
154,425	47,229	63,950	506,389	881,608	854,253
(774,091)	(801,373)	(652,631)	(852,214)	(782,833)	(1,248,397)
(619,666)	(754,144)	(588,681)	(345,825)	98,775	(394,144)
16,606,650	17,392,033	19,232,012	22,059,622	24,453,079	25,738,189
5,821,543	7,121,104	5,457,795	7,472,182	7,807,127	8,378,500
3,460,952	2,567,266	2,966,002	3,219,667	3,764,592	1,190,726
$ 9,282,495	$ 9,688,370	$ 8,423,797	$ 10,691,849	$ 11,571,719	$ 9,569,226

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

	Fiscal Year			
	2016	2017	2018	2019
General fund				
Nonspendable - Inventory and prepaids	$ 275,926	$ 278,290	$ 263,417	$ 292,142
Restricted	844,837	1,563,003	3,052,271	3,885,242
Committed	2,039,206	2,075,406	2,020,887	2,057,086
Assigned	393,991	350,837	316,356	393,205
Unassigned	4,652,720	5,101,766	4,246,647	5,167,811
Total general fund	$ 8,206,680	$ 9,369,302	$ 9,899,578	$ 11,795,486
All other governmental funds				
Unreserved, reported in:				
Nonspendable - Inventory and prepaids	$ --	$ --	$ --	$ --
Restricted	3,670,011	4,301,268	5,820,214	5,663,246
Committed	846,341	975,801	707,814	641,096
Unassigned	--	--	--	--
Total all other governmental funds	$ 4,516,352	$ 5,277,069	$ 6,528,028	$ 6,304,342

Fiscal Year					
2020	2021	2022	2023	2024	2025
$ 281,992	$ 294,675	$ 284,036	$ 329,516	$ 424,893	$ 417,076
4,989,482	6,730,065	9,140,095	6,713,981	7,565,558	9,218,861
2,079,406	2,171,852	2,341,101	2,242,198	2,292,226	2,363,987
294,066	589,999	2,617,894	598,650	2,450,341	3,265,671
6,110,072	7,050,884	5,919,583	8,588,031	9,010,000	7,764,757
$ 13,755,018	$ 16,837,475	$ 20,302,709	$ 18,472,376	$ 21,743,018	$ 23,030,352
$ --	$ --	$ --	$ --	$ 4,563	$ --
5,019,719	7,528,922	8,773,553	8,051,528	10,158,231	11,689,008
662,457	1,094,842	876,865	87,508	2,393,566	5,087,297
--	--	--	(1,542,204)	--	--
$ 5,682,176	$ 8,623,764	$ 9,650,418	$ 6,596,832	$ 12,556,360	$ 16,776,305

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

	Fiscal Year			
	2016	2017	2018	2019
Revenues				
Taxes	$ 11,697,439	$ 12,971,632	$ 13,943,946	$ 14,465,057
Permits, fees, and special assessments	1,314,226	1,293,917	1,678,070	1,663,967
Intergovernmental revenues	229,447	226,354	109,597	311,108
Charges for services	716,463	894,464	859,465	959,227
Fines and forfeitures	47,122	38,955	96,605	61,499
Interest earnings	123,720	138,093	199,260	505,239
Impact fees	64,528	108,684	266,009	189,529
Miscellaneous	215,230	200,756	192,710	318,499
Total revenues	14,408,175	15,872,855	17,345,662	18,474,125
Expenditures				
General government	3,111,603	3,299,997	3,492,141	3,640,161
Public safety	4,456,172	4,653,229	4,786,308	4,971,856
Highways and streets	740,798	664,664	990,841	1,114,485
Economic and physical environment	2,522,372	2,807,943	2,927,091	3,000,909
Recreation	617,505	650,987	678,255	660,240
Capital outlay	1,724,190	2,008,448	2,923,392	3,301,217
Debt service				
Principal retirement	663,096	681,294	790,830	749,019
Interest	116,369	112,689	123,283	205,546
Total expenditures	13,952,105	14,879,251	16,712,141	17,643,433
Excess of revenues over (under) expenditures	456,070	993,604	633,521	830,692
Other financing sources (uses)				
Transfers in	3,207,657	1,379,591	1,284,956	1,507,744
Transfers out	(2,748,694)	(767,656)	(641,142)	(1,114,071)
Loan proceeds	--	--	--	--
Issuance of debt	266,000	317,800	503,900	337,105
Proceeds from issuance of debt	--	--	--	1,350,466
Payments from issuance of debt	--	--	--	(1,239,714)
Total other financing sources (uses)	724,963	929,735	1,147,714	841,530
Net change in fund balances	$ 1,181,033	$ 1,923,339	$ 1,781,235	$ 1,672,222
Debt service as a percentage of non-capital expenditures	6.37 %	6.17 %	6.63 %	6.66 %

Fiscal Year					
2020	2021	2022	2023	2024	2025
$ 15,031,496	$ 16,122,768	$ 17,372,004	$ 19,115,370	$ 20,645,456	$ 21,829,429
1,977,998	1,986,017	2,785,964	2,431,468	2,337,224	2,279,999
493,261	346,865	994,248	453,186	2,710,460	1,365,129
956,080	951,309	950,404	817,978	827,575	1,047,867
47,005	49,541	65,020	61,295	51,368	47,826
425,435	61,869	(124,465)	747,857	1,545,158	1,660,012
471,655	290,679	777,373	120,690	139,782	195,503
158,830	257,172	869,352	356,173	392,296	1,197,409
19,561,760	20,066,220	23,689,900	24,104,017	28,649,319	29,623,174
3,826,284	3,956,487	4,028,271	4,497,425	5,197,389	5,675,793
5,048,610	4,972,870	5,393,903	5,827,559	6,382,998	7,235,195
859,195	456,533	1,576,396	786,535	822,290	814,531
2,904,712	3,227,296	3,796,359	5,543,501	3,623,991	4,459,336
658,915	632,357	709,165	703,814	856,736	923,728
5,218,525	1,353,914	8,928,913	13,301,717	2,078,538	5,033,795
749,813	806,297	1,403,287	1,591,108	1,673,912	1,568,101
72,097	55,552	102,119	133,851	123,128	108,971
19,338,151	15,461,306	25,938,413	32,385,510	20,758,982	25,819,450
223,609	4,604,914	(2,248,513)	(8,281,493)	7,890,337	3,803,724
1,456,261	1,278,666	1,794,673	2,351,021	2,977,119	4,312,520
(682,170)	(583,487)	(1,142,042)	(1,498,807)	(2,194,286)	(3,064,123)
--	--	--	2,001,360	--	--
339,666	723,953	451,769	544,000	557,000	455,158
--	--	5,636,000	--	--	--
--	--	--	--	--	--
1,113,757	1,419,132	6,740,400	3,397,574	1,339,833	1,703,555
$ 1,337,366	$ 6,024,046	$ 4,491,887	$ (4,883,919)	$ 9,230,170	$ 5,507,279
5.82 %	6.11 %	8.85 %	9.04 %	9.62 %	8.07 %

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

Fiscal year	Tax Year	Property Tax (1)	Sales Tax (2)	Utility Tax	Motor Fuel Tax	Other Taxes	Total
2016	2015	$ 7,261,107	$ 987,991	$ 1,107,225	$ 1,528,050	$ 813,066	$ 11,697,439
2017(2)	2016	7,744,097	1,648,177	1,143,031	1,591,988	844,339	12,971,632
2018	2017	8,277,283	2,030,235	1,187,993	1,590,376	858,059	13,943,946
2019	2018	8,716,041	2,022,593	1,249,304	1,603,218	873,901	14,465,057
2020	2019	9,379,278	2,024,823	1,227,589	1,529,630	870,176	15,031,496
2021	2020	9,977,632	2,405,574	1,242,277	1,597,359	899,926	16,122,768
2022	2021	10,518,845	2,803,368	1,325,561	1,696,929	1,026,086	17,370,789
2023	2022	11,815,993	2,879,983	1,549,267	1,779,620	1,090,507	19,115,370
2024	2023	13,538,219	2,885,416	1,584,909	1,414,621	1,222,293	20,645,458
2025	2024	14,740,699	2,930,485	1,652,725	1,426,612	1,078,908	21,829,429
Change:							
2016 - 2025		103.01 %	196.61 %	49.27 %	(6.64)%	32.70 %	87.40 %

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

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

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

		Real Property (1)			
Fiscal year	Tax Year	Residential Property	Commercial Property (2)	Other Property	Personal Property (2)
2017	2016	$ 604,560,649	$ 204,843,261	$ 153,101,726	$ 51,876,829
2018	2017	649,526,269	209,755,805	154,950,980	53,628,021
2019	2018	694,988,610	217,548,089	157,583,187	53,995,762
2020	2019	733,426,973	241,055,351	156,333,325	58,497,253
2021	2020	779,548,181	263,434,706	173,296,636	60,558,341
2022	2021	831,766,351	275,493,246	193,251,599	66,278,907
2023	2022	961,729,500	301,674,826	205,829,674	70,800,839
2024	2023	1,114,746,020	335,606,115	224,122,147	86,177,413
2025	2024	1,230,733,392	358,946,990	250,060,413	88,083,473
2026	2025	1,291,437,304	420,504,745	265,930,831	99,753,144

Source: Manatee County Property Appraiser's Office

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

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

(3) Adopted Millage Rate

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

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

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

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

Website: https://www.manateepao.gov/DATA/Tax_Roll_Data/2024_Final/drpc_final2024.txt

Website: https://www.manateepao.gov/DATA/Tax_Roll_Data/2024_Final/DR403V.pdf

Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate (3)	Estimated Actual Taxable Value (4)	Assessed Value as a Percent of Actual Value
$ 249,085,938	$ 765,296,527	5.9671	$ 765,296,527	100.0 %
258,248,553	809,612,522	5.9671	809,612,522	100.0 %
272,163,608	851,952,040	5.9671	851,952,040	100.0 %
275,174,735	914,138,167	5.9671	914,138,167	100.0 %
297,899,571	978,938,293	5.9671	978,938,293	100.0 %
325,794,699	1,040,995,404	5.9671	1,040,995,404	100.0 %
354,304,570	1,185,730,269	5.9671	1,185,730,269	100.0 %
399,613,101	1,361,038,594	5.9671	1,361,038,594	100.0 %
429,104,109	1,498,720,159	5.9671	1,498,720,159	100.0 %
450,477,820	1,627,148,204	5.9671	1,627,148,204	100.0 %

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

		City Direct Rates (1)	Overlapping Rates		
Fiscal year	Tax Year	General Fund (1)	School District (2)	County (2)	Total
2016	2015	5.9671	7.2670	6.3100	19.5441
2017	2016	5.9671	6.9200	6.9400	19.8271
2018	2017	5.9671	6.6080	6.9400	19.5151
2019	2018	5.9671	7.3310	6.9100	20.2081
2020	2019	5.9671	7.1350	6.9275	20.0296
2021	2020	5.9671	6.9720	6.9121	19.8512
2022	2021	5.9671	6.8760	6.6977	19.5408
2023	2022	5.9671	6.5220	6.5220	19.0111
2024	2023	5.9671	6.4210	6.4611	18.8492
2025	2024	5.9671	6.2990	6.3951	18.6612

Sources:

(1) Office of the City Clerk

(2) Manatee County Tax Collector's Office

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

https://helpcenter.taxcollector.com/hc/en-us/articles/26676689221389-Millage-Rates-and-Taxing-District-Telephone-Numbers

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

	2025			2016		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assesssed Value	Rank	Percentage of Total Taxable Assessed Value
DE 286 LLC	$ 41,342,682	1	2.54 %			
Florida Power & Light Company	25,848,958	2	1.59 %	8,260,990	4	1.08 %
Wal-Mart Stores East LP	15,315,706	3	0.94 %	12,296,130	1	1.61 %
SS Palmetto LLC	14,809,231	4	0.91 %	7,000,970	5	0.91 %
Palm Bay MHC Holdings LLC	14,131,647	5	0.87 %	10,820,100	2	1.41 %
Palmetto Mobile Home Club Inc	13,467,105	6	0.83 %	6,170,365	9	0.81 %
Colonial Manor MHC Holdings LLC	12,124,303	7	0.75 %	10,094,172	3	1.32 %
Palmetto, City of	9,798,963	8	0.60 %	6,843,017	6	0.89 %
Pacific Tomato Growers LTD	9,350,288	9	0.57 %			
Weiler, David L	9,180,000	10	0.56 %			
Palmetto Dunes LTD				6,757,861	7	0.88 %
Sanctuary Cove (Bradenton) ASLI VI LLLP				6,366,163	8	0.83 %
Riverside Investment Property LLC				5,885,406	10	0.77 %
	$ 165,368,883		10.16 %	$ 80,495,174		10.51 %

Note

	2025	2016
Total taxable assessed value	$1,627,148,204	$ 765,296,527

Source: Manatee County Property Appraiser-Statistics-Top Tax Payers by Jurisdiction-City of Palmetto

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

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

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

			Collected within the Fiscal Year of the Levy (1)			Total Collections to Date	
Fiscal Year	Tax Year	Taxes Levied for the Fiscal Year	Amount (1)	Percentage of Levy	Collections in Subsequent Years (2)	Amount	Percentage of Levy
2016	2015	$ 4,278,064	$ 4,134,271	96.6 %	$ 9,023	$ 4,143,294	96.8 %
2017	2016	4,557,792	4,383,765	96.2 %	4,971	4,388,736	96.3 %
2018	2017	4,842,830	4,668,081	96.4 %	5,708	4,673,789	96.5 %
2019	2018	5,081,681	4,898,649	96.4 %	1,933	4,900,582	96.4 %
2020	2019	5,450,432	5,262,933	96.6 %	4,137	5,267,070	96.6 %
2021	2020	5,836,193	5,627,943	96.4 %	8,723	5,636,666	96.6 %
2022	2021	6,198,484	5,995,133	96.7 %	3,758	5,998,891	96.8 %
2023	2022	7,106,360	6,825,250	96.0 %	2,680	6,827,930	96.1 %
2024	2023	8,130,393	7,821,303	96.2 %	10,287	7,831,590	96.3 %
2025	2024	9,014,801	8,625,726	95.7 %	-	8,625,726	95.7 %

Notes:

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

(2) Collection in subsequent years reflects collections identified to the respective fiscal year.

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

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

	Governmental Activities			Business-type activities					
Fiscal Year	Bank Qualified Loans	Intergovernmental Note Payable	Financed Purchase Agreement	Bank Qualified Loans	State Revolving Loan Funds	Financed Purchase Agreement	Total Primary Government (1)	Percentage of Personal Income	Per Capita
2016	$3,839,607	$--	$678,764	$8,125,454	$892,106	$1,161,853	$14,697,784	3 %	$ 1,124
2017	3,476,242	-	678,635	7,453,918	725,667	1,096,954	13,431,416	3 %	1,021
2018	3,086,339	-	781,608	6,751,582	922,887	941,748	12,484,164	3 %	942
2019	2,803,460	-	763,322	6,411,804	2,017,512	714,365	12,710,463	2 %	951
2020	2,395,737	-	760,896	5,526,806	6,783,397	819,202	16,286,038	2 %	1,192
2021	1,984,558	-	1,089,730	4,624,571	6,571,435	1,028,348	15,298,642	2 %	1,146
2022	6,732,866	-	1,025,901	3,704,779	6,210,691	860,231	18,534,468	2 %	1,375
2023	5,825,643	1,801,224	1,086,151	2,767,277	5,853,946	634,950	17,969,191	2 %	1,290
2024	4,929,982	1,601,088	1,065,035	1,898,292	5,316,950	669,856	15,481,203	2 %	1,110
2025	4,044,523	1,400,952	1,037,685	1,100,501	5,000,170	973,514	13,557,345	2 %	971

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

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Net Bonded Debt (3)	Percentage of Actual Taxable Value of Property (3)	Per Capita (3)
2016	13,082	$ 765,296,527	$ --	$ --	0 %	$ --
2017	13,156	809,612,522	-	-	0 %	-
2018	13,259	851,952,040	-	-	0 %	-
2019	13,360	914,138,167	-	-	0 %	-
2020	13,661	978,938,293	-	-	0 %	-
2021	13,348	1,040,995,404	-	-	0 %	-
2022	13,480	1,185,730,269	-	-	0 %	-
2023	13,927	1,361,038,594	-	-	0 %	-
2024	13,948	1,498,720,159	-	-	0 %	-
2025	13,961	1,627,148,204	-	-	0 %	-

Source:

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

(2) Manatee County Property Appraiser's Office

(3) Office of the City Clerk

CITY OF PALMETTO, FLORIDA
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
AS OF SEPTEMBER 30, 2025

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Direct:			
City of Palmetto	$ 13,557,345	100.00 %	$ 13,557,345
Subtotal direct debt			13,557,345
Overlapping (2):			
Manatee County	697,372,000	2.00 %	9,161,925
Manatee County School Board	494,012,888	2.00 %	15,304,462
Subtotal overlapping debt			24,466,387
Total direct and overlapping debt			$ 38,023,732

Source: Manatee County Government and Manatee County School Board ACFR

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

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

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

CITY OF PALMETTO, FLORIDA
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal year	City Population	Personal Income thousand $(2)	Personal Income Per Capita (2)	Median Age (3)	School Enrollment (4)	Manatee County Unemployment Rate (5)
2016	13,082	$ 655,918	$ 50,139	46	48,600	4.70%
2017	13,156	683,204	51,931	46	48,867	3.50%
2018	13,259	716,357	54,028	48	49,152	2.90%
2019	13,360	751,735	56,268	46	48,853	2.90%
2020	13,661	793,445	58,081	43	49,436	5.20%
2021	13,348	827,416	61,988	49	48,826	3.70%
2022	13,480	835,598	61,988	49	52,000	3.70%
2023	13,927	954,181	68,513	49	52,000	2.80%
2024	13,948	858,332	61,538	49	54,356	2.80%
2025	13,961	874,252	62,621	50	55,942	4.70%

Source:

(1) University of Florida, Bureau of Economic and Business Research. https://bebr.ufl.edu/population/ Florida Estimates of Population - Table 1 Pg 11

(2) Census Reporter https://censusreporter.org/profiles/16000US1254250-palmetto-fl/ . Personal income is a calculated amount based on population and per capita income utilizing North Port-Sarasota-Bradenton Metropolitan Statistical Area.

(3) Census Reporter https://censusreporter.org/profiles/16000US1254250-palmetto-fl/

(4) Manatee County School Board. School enrollment exceeds the City population because the school system serves the entire county via Manatee County FY2025 Manatee County ACRF page 121.

(5) U.S. Bureau of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics Program in cooperation with FloridaCommerce, Bureau of Workforce Statistics and Economic Research. Released December 11, 2025.

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

	2025			2016		
Employer	Employees	Rank	Percentage of Total County Employment (1)	Employees	Rank	Percentage of Total County Employment (1)
Manatee County School Board	5,804	1	3.06 %	5,448	1	3.425 %
Manatee Healthcare System	2,840	2	1.50 %	1,150	4	0.723 %
Publix	2,600	3	1.37 %	639	9	0.402 %
Amazon	2,500	4	1.32 %			
Manatee County Government	2,493	5	1.32 %	1,835	2	1.154 %
Beall's, Inc.	2,300	6	1.21 %	1,694	3	1.065 %
Blake Medical Center	1,742	7	0.92 %	849	7	0.534 %
Manatee County Sheriff's Department	1,275	8	0.67 %	1,149	5	0.722 %
IMG Academy	1,100	9	0.58 %	640	8	0.402 %
State College of Florida, Manatee-Sarasota	946	10	0.50 %			
Tropicana Products, Inc.	1,000		0.53 %	1,000	6	0.63 %
Feld Entertainment				563	10	0.35 %
Total	24,600		12.98 %	14,967		9.41 %

Note

Total Manatee County	189,564	159,044

Source:

(1) Data was unavailable specifically for the City of Palmetto. The above information is based on the county in which the City resides. Manatee County 2025 Annual Comprehensive Financial Report.

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

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

	Full-time Equivalent Employees as of September 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Function										
General government	19.0	19.5	19.0	19.0	18.6	16.7	18.0	18.0	21.0	20.0
Intergovernmental	12.0	12.0	12.0	12.0	15.0	15.0	14.0	12.0	16.0	19.0
Public safety										
Police										
Officers	35.0	35.0	35.0	35.0	30.1	32.8	34.5	34.6	34.5	34.5
Civilians	22.0	22.0	22.0	22.0	22.0	20.5	23.8	25.5	25.6	24.0
Highways and streets										
Maintenance	10.0	10.0	10.0	10.0	7.0	7.0	9.5	4.0	9.5	10.0
Sanitation	2.0	3.0	2.0	2.0	3.0	2.0	2.6	3.0	2.6	2.6
Culture and recreation	8.0	9.0	8.0	8.0	8.0	5.0	9.4	6.0	9.4	9.4
Water	6.0	6.0	6.0	6.0	10.0	10.0	14.5	9.0	7.5	7.0
Sewer	7.0	7.0	7.0	7.0	6.0	7.0	9.0	5.0	7.0	7.0
Total	121.0	123.5	121.0	121.0	119.7	116.0	135.3	117.1	133.1	133.5

Source: Payroll Reports: Cost Center Analysis

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

	Fiscal Year			
Function	2016	2017	2018	2019
Police (1)				
Total calls/incidents (2)	15,092	18,713	18,948	23,109
Adult arrests	732	709	961	735
Juvenile arrests	156	132	125	100
Traffic violations	1,414	1,424	1,891	1,793
Traffic crash reports (2)	687	678	689	733
Water				
New connections (3)	14	20	51	45
Average daily consumption (4) (million of gallons)	1	1	1	1
Average daily capacity (4) (million of gallons)	2	2	2	2
Wastewater				
New connections (3)	9	12	47	48
Average daily sewage treatment (4) (million of gallons)	1	1	1	1
Average daily capacity (4) (million of gallons)	2	2	2	2
Reuse				
New connections (4)	30	38	149	63
Average daily consumption (4) (million of gallons)	1	1	1	1
Average daily capacity (4) (million of gallons)	3	3	3	3

Source: (1) Palmetto PD

(2) Data available from FY2024

(3) Palmetto Customer Service

(4) Palmetto Public Works

Fiscal Year					
2020	2021	2022	2023	2024	2025
21,662	19,885	11,361	19,376	20,399	22,384
598	542	392	658	672	572
73	71	41	128	138	142
1,471	1,363	843	2,115	2,289	2,721
569	677	372	661	615	511
64	310	20	19	37	23
1	1	1	1	1	1
2	2	2	2	2	2
63	310	2	92	37	23
1	2	2	1	1	1
2	2	2	2	2	2
49	18	19	57	34	23
1	1	1	1	1	1
3	6	6	5	5	8

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

	Fiscal Year			
Function	2016	2017	2018	2019
Public Safety (1)				
Police				
Stations	1	1	1	1
Patrol units	45	44	48	48
Highway and Streets (2)				
Streets (miles)	42	42	42	42
Traffic signals	12	12	12	12
Streetlights	928	928	706	928
Culture and Recreation (3)				
Parks acreage	101	101	91	101
Parks	13	13	13	13
Tennis courts	1	1	1	1
Utility Infrastructure (2)				
Water mains (miles)	74.00	74.00	74.00	74.00
Sewer (miles)	68.00	69.00	57.00	69.00
Storm sewers (miles)	27.00	64.00	64.00	64.00
Reclaimed water (miles)	33.00	33.00	32.00	33.00

Source: (1) Palmetto PD

(2) Palmetto Public Works

(3) Palmetto Parks Department

Fiscal Year					
2020	2021	2022	2023	2024	2025
1	1	1	1	1	1
42	48	44	44	50	47
47	49	49	49	49	49
12	12	12	13	13	13
928	748	808	1,021	1,032	1,039
77	77	77	96	96	96
13	13	13	13	13	13
1	1	1	1	2	2
76.00	77.00	77.00	77.00	76.68	76.68
67.00	68.00	68.00	68.00	68.25	68.25
65.00	66.00	66.00	66.00	66.36	66.39
47.00	48.00	48.00	48.00	48.77	48.77

MAULDIN & JENKINS
CPAs & ADVISORS

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Palmetto, Florida (the "City"), as of and for the year ended September 30, 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 26, 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

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Report on Compliance and Other Matters

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

Purpose of this Report

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

Mauldin & Jenkins, LLC

Bradenton, Florida
June 26, 2026

Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Palmetto, Florida's (the "City") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal program for the year ended September 30, 2025. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

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Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Mauldin & Jenkins, LLC

Bradenton, Florida
June 26, 2026

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting: Material weaknesses identified?	____ yes __X__ no
Significant deficiencies identified not considered to be material weaknesses?	____ yes __X__ none reported
Noncompliance material to financial statements noted?	____ yes __X__ no

Federal Programs

Internal control over major federal programs: Material weaknesses identified?	____ yes __X__ no
Significant deficiencies identified not considered to be material weaknesses?	____ yes __X__ none reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	____ yes __X__ no

Assistance Listing Number	Name of Federal Program or Cluster
21.027 – COVID-19	U.S. Department of the Treasury – Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B federal programs:	$1,000,000
Auditee qualified as low-risk auditee?	__X__ yes _____ no

State Financial Assistance Projects

There was not an audit of major state financial assistance projects as of September 30, 2025 due to the total amount expended being less than $750,000.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

None.

SECTION III
FEDERAL PROGRAMS FINDINGS AND QUESTIONED COSTS

None noted.

SECTION IV
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

None.

CITY OF PALMETTO, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
For the Year Ended September 30, 2025

Federal Agency/Federal Program	Assitance Listing	Pass Through Entity Identifying Number/Grant ID Number	Passed Through to Subrecipients	Expenditure
DEPARTMENT OF JUSTICE				
Bulletproof Vest Partnership Program	16.607	N/A	N/A	2,400
Edward Byrne Memorial Justice Assistance Grant	16.738	15PBJA-22-GG-00656-MUMU/R7049		4,388
Edward Byrne Memorial Justice Assistance Grant	16.738	15PBJA-22-GG-00656-MUMU/R7242		10,275
Edward Byrne Memorial Justice Assistance Grant	16.738	15PBJA-23-GG-02972-MUMU/6N017		4,799
TOTAL DEPARTMENT OF JUSTICE				21,862
DEPARTMENT OF US TREASURY				
Passed through the Florida Division of Emergency Management				
Coronavirus State and Local Fiscal Recovery Funds	21.027	Y5257	N/A	1,751,656
TOTAL DEPARTMENT OF US TREASURY				1,751,656
ENVIRONMENTAL PROTECTION AGENCY				
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	05D49125	N/A	14,780
TOTAL ENVIRONMENTAL PROTECTION AGENCY				14,780
TOTAL EXPENDITURES OF FEDERAL AWARDS				$ 1,788,298

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal grant activity of the City of Palmetto, Florida (City) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Audits.* Some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Because the schedule presents only a selected portion of the City's operations, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City. The City has elected not to use the allowable de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE B - CONTINGENCIES

Grant monies received and distributed by the City are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based on prior experience, the City does not believe that such allowances, if any, would have a material effect on the financial position of the City. As of June 26,2026, there were no material questioned or disallowed costs as a result of grant audits in process or completed.

MAULDIN & JENKINS
CPAs & ADVISORS

Independent Auditor's Management Letter

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

Report on the Financial Statements

We have audited the financial statements of the City of Palmetto, Florida (the "City"), as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated June 26, 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 and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards,* Independent Auditor's Report on Compliance for each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance, and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 26, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations in the preceding annual financial report requiring correction.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed in the notes to the financial statements.

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Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the City. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same.

Section 10.554(1)(i)2, Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Property Assessed Clean Energy (PACE) Programs

As required by Section 10.554(1)(i)6.a., Rules of the Auditor General, a PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, did operate within the City's geographical boundaries during the fiscal year under audit.

As required by Section 10.554(1)(i)6.b., Rules of the Auditor General, a PACE program was operating within the geographical areas of the City and a listing of all program administrators and third-party administrators that administered the program is reflected below.

As required by Section 10.554(1)(i)6.c., Rules of the Auditor General, a PACE program was operating within the geographical areas of the City, and the full names and contact information of each such program administrator and third-party administrator is reflected below:

Florida Green Finance Authority	561-630-4922	jcandela@sdinc.org	James Candela
Florida PACE Funding Agency	850-400-7223	info@floridapace.gov	
Florida Resiliency & Energy District	888-338-3578	info@fdfcbonds.com	
Green Corridor PACE	866-807-6864	POSR@willdan.com	Willdan Financial

Special District Component Units

Section 10.554(1)(i)5.c, Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we determined that all special district component units provided the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, the Mayor and Members of the City Commission, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Mauldin & Jenkins, LLC

Bradenton, Florida
June 26, 2026

MAULDIN & JENKINS
CPAs & ADVISORS

Independent Accountant's Report

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

We have examined the City of Palmetto, Florida's (the "City") compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2025. Management of the City is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

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

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

This report is intended solely for the information and use of the City and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

Mauldin & Jenkins, LLC

Bradenton, Florida
June 26, 2026

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