

(A Component Unit of the City of Palmetto, Florida)

Financial Statements

For the Year Ended September 30, 2023

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PALMETTO
Community Redevelopment Agency

CITY OF PALMETTO COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF PALMETTO, FLORIDA)

September 30, 2023

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PALMETTO
Community Redevelopment Agency

MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor, and
Members of the City Commission
City of Palmetto Community Redevelopment Agency

Report on the Audit of the Financial Statements

Opinions
We have audited the accompanying financial statements of the governmental activities and each major fund of the City of Palmetto Community Redevelopment Agency (the "CRA") (a component unit of the City of Palmetto, Florida), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the CRA'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 and each major fund of the CRA, as of September 30, 2023, and the respective changes in financial position, 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 CRA 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 CRA's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the CRA'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 CRA's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension and other post-employment benefit schedules on pages 4 through 9 and 45 through 49, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 12, 2024, on our consideration of the CRA'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 CRA'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 CRA's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Bradenton, Florida
April 12, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Palmetto Community Redevelopment Agency, Florida (the "CRA"), we offer readers of the CRA's financial statements this narrative overview and analysis of the financial activities of the CRA for the fiscal year ended September 30, 2023.

FINANCIAL HIGHLIGHTS

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

- The assets and deferred outflows of resources of the CRA exceeded its liabilities and deferred inflows of resources by $30,088,437 (*net position*).
- The CRA's total net position increased $779,171 or 2.66% in comparison to the prior year.
- The CRA's fund statements reported an ending fund balance of $5,989,445, a decrease of $516,123 or 8.04% in comparison to the prior year. This decrease is primarily attributed to the Connor Park project which included a decrease in intergovernmental revenue compared to the prior year due to the timing of the receipt of grant funding as well as an increase to capital expenditures as the project nears substantial completion.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the CRA's basic financial statements. The CRA'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 required supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The focus of the *government-wide financial statements* is on the overall financial position and activities of the CRA and tend to be similar to that of a private-sector business. The CRA's government-wide financial statements include the statement of net position and statement of activities.

The *Statement of Net Position* presents information on all of the CRA's *assets, deferred outflows of resources, liabilities, and deferred inflows of resources* 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 CRA 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 CRA that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activity of the CRA is economic and physical environmental services.

The government-wide financial statements are found on pages 11 through 12 of this report.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The CRA, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The CRA has two funds which are accounted for as 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, compensated absences or other similar long-term liabilities. The difference between a fund's total assets, deferred outflows of resources, liabilities, and deferred inflows of resources 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 governmental funds fund balance to the amount of net position presented in the government-wide Statement of Net Position. Also, there is an analysis after the Statement of Revenues, Expenditures, and Changes in Fund Balances that reconciles the total change in fund balances for all governmental funds to the change in net position as reported in the Statement of Activities.

The CRA presents separate columns for funds that are significant to the CRA (major funds). The CRA reports two major funds; the Community Redevelopment Agency Fund and the Joint Capital Project Fund.

The CRA's governmental fund financial statements are presented beginning on page 13.

Notes to the financial statements

The notes to the financial statements 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 17 of this report.

Required supplementary information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. In addition to management's discussion and analysis, other required supplementary information can be found beginning on page 45 of this report.

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 CRA, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $30,088,437 at the close of the most recent fiscal year.

The following schedule is a summary of the Statement of Net position found on page 11 of this report:

City of Palmetto Community Redevelopment Agency's Net Position

	Governmental Activities	
	2023	2022
Assets		
Current and other assets	$ 6,407,122	$ 7,080,482
Capital assets, net of depreciation	26,598,507	23,726,698
Total assets	33,005,629	30,807,180
Deferred outflows of resources	100,214	219,704
Liabilities		
Current and other liabilities	336,069	574,914
Non-current liabilities	2,665,918	1,120,025
Total liabilities	3,001,987	1,694,939
Deferred inflows of resources	15,419	22,679
Net Position		
Net investment in capital assets	25,903,006	22,867,350
Restricted	4,185,431	6,441,916
Total net position	$ 30,088,437	$ 29,309,266

The overall net position of the CRA increased in 2023 as a result of operations. Changes in net position over time can be one of the best and most useful indicators of financial position. The total net position of the CRA increased from fiscal year 2022 by $779,171 or 2.66%.

A significant portion of the CRA's net position, $25,903,006 or 86.09% 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 CRA uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the CRA'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)

The following is a summary of the information presented in the Statement of Activities found on page 12 of this report:

City of Palmetto Community Redevelopment Agency's Statement of Activities

	Governmental Activities	
	2023	2022
Revenues		
Intergovernmental revenues	$ 140,049	$ 532,136
General revenue		
Property taxes	4,981,783	4,511,887
Other	213,985	458,676
Total revenues	5,335,817	5,502,699
Expenses		
Governmental Activities:		
Economic and physical environment	4,526,044	2,923,771
Interest on long-term debt	30,602	14,953
Total expenses	4,556,646	2,938,724
Change in net position	779,171	2,563,975
Net position - beginning	29,309,266	26,745,291
Net position - ending	$ 30,088,437	$ 29,309,266

Governmental activities

Governmental activities reported an increase of $779,171 when compared to the prior year. This increase represents 2.66% of the governmental activities year-end net position which compares to the $2,563,975 change in governmental activities year-end net position in the fiscal year 2022.

In comparison to the prior year, total revenue decreased by $166,882 or 3.03% and total expenses increased by $1,617,922 or 55.06%.

- Increases in economic and physical environmental services accounted for $1,602,273 or 54.80%, due to the recognition of the intergovernmental note payable with Manatee County whereby the CRA pays annual installments of $200,136 over a ten year span to facilitate the construction of a pool facility at Lincoln Park..

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.

The fund financial statements for the governmental funds are provided on pages 13 and 14. 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, *restricted fund* balance may serve as a useful measure of the CRA's net resources available for spending at the end of the fiscal year, as the restrictions are consistent with the future spending of the CRA.

At the end of the current fiscal year, the CRA's governmental funds reported an ending fund balance of $5,989,445, a decrease of $516,123. The decrease in fund balance is a result of the substantial completion of the Connor Park project with funding primarily coming from the prior fiscal year. The majority of the remaining fund balance has been assigned to the renovation of the Palmetto Women's Club. This architecture required for this project has begun in fiscal year 2023 and the overall project will be put out to bid in the first half of fiscal year 2024.

GENERAL FUND BUDGET AND ACTUAL

Budget-to actual statements and schedules are provided in the financial statements for the CRA fund beginning on page 45. Budget data is provided for both the original adopted budget and the final budget for fiscal year 2023 for the CRA fund and Joint Capital Projects fund. After the original budget is approved, it may be amended for various reasons such as unanticipated revenues, unforeseen expenditures or new grant awards.

Overall, the CRA expenditures were under the final budget by $3,942,019 or 66.53% of the total final budget of the Fund. The majority of unspent CRA funds are in relation to several capital projects that remain in the design and engineering phase or are awaiting final approval from the CRA Board. In addition, amendments to the CRA budget in fiscal year 2023 increased funding for expenditures by $4,403,469, with the majority of this increase reflected in capital projects. Additional funding was provided for the construction at Connor Park, the Women's Club renovation, parking improvements, and brownfield remediation. The Joint Capital Projects Fund expenditures were under the final budget by $27,374.

CAPITAL ASSETS AND DEBT

Capital assets increased due to the increase in construction in progress related to Connor Park and the Palmetto Women's Club. Long-term debt outstanding decreased as a result of the normal debt payments although this was partially offset with the addition of a capital lease.

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

- Connor Park - $2,356,632 for construction necessary to complete the brownfield remediation at the Edenfield site in preparation for the construction of Connor Park.
- P3 Parking Improvements - $566,562 for construction of LID parking spaces in the City's downtown Mainstreet area.
- Women's Club Renovation - $112,959 for architecture work related to the renovation of the Palmetto Women's Club.

City of Palmetto Community Redevelopment Agency's Capital Assets
(Net of Depreciation)

	Governmental Activities	
	2023	2022
Land	$ 7,463,959	$ 7,375,876
Buildings	926,060	957,866
Machinery and equipment	63,867	9,359
Infrastructure	12,979,794	13,277,993
Construction in progress	5,164,827	2,105,604
Total	$ 26,598,507	$ 23,726,698

Additional information on the City's capital assets is presented in Note III, E on page 29 of this report.

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 retire $1,500,000 of debt issued in 2004. The outstanding balance is $639,598 as of September 30, 2023. The loan is secured by a primary pledge of Tax Increment Funds (TIF) and is included in the City's outstanding debt.

In fiscal year 2020, the CRA entered into a ten year interlocal agreement with Manatee County to assist in the funding of a pool facility at Lincoln Park. The total cost of the pool is $7,147,716 of which the CRA has agreed to repay a total of $2,001,360 over a ten year period beginning in fiscal year 2023 with annual principal payments of $200,136 and with no interest. The outstanding balance is $1,801,224 as of September 30, 2023.

See Note III, G, on page 31 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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

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

Taxable values in the CRA district are up $46,662,610 for a total value of $523,829,730 representing a 9.78% increase from the previous year. The CRA's taxable base value is $92,986,708, the current year tax increment value is $430,843,022 compared to $384,180,412 in the previous year representing a 12.15% increase. Tax increment funds from the City to the CRA equal $2,442,339 compared to $2,181,655 the previous year, an increase of 11.95%. Tax increment funds from Manatee County to the CRA for fiscal year 2023 was $2,539,444 compared to $2,330,232 the previous year, an increase of 8.98% .

REQUESTS FOR INFORMATION

This financial report is designed to provide users with a general overview of the City of Palmetto Community Redevelopment Agency'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 Community Redevelopment Agency

For the Year Ended September 30, 2023

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PALMETTO
Community Redevelopment Agency

City of Palmetto Community Redevelopment Agency
STATEMENT OF NET POSITION
As of September 30, 2023

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 6,206,386
Receivables	200,736
Capital assets (net of accumulated depreciation)	
Land	7,463,959
Buildings	926,060
Machinery and equipment	63,867
Infrastructure	12,979,794
Construction in progress	5,164,827
Total assets	33,005,629
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of pension resources	94,975
Deferred outflows of other post-employment benefits	5,239
Total deferred outflows of resources	100,214
LIABILITIES	
Accounts payable and other accrued liabilities	334,469
Customer deposits	1,600
Noncurrent liabilities	
Due within one year	440,426
Due in more than one year	2,225,492
Total liabilities	3,001,987
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of pension earnings	13,100
Deferred inflows from other post-employment benefits	2,319
Total deferred inflows of resources	15,419
NET POSITION	
Net investment in capital assets	25,903,006
Restricted for:	
Community redevelopment	4,185,431
Total net position	$ 30,088,437

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

City of Palmetto Community Redevelopment Agency
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2023

Function/Programs	Expenses	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Primary Government:			
Governmental activities:			
Economic and physical environment	$ 4,526,044	$ 140,049	$ (4,385,995)
Interest on long-term debt	30,602	--	(30,602)
Total governmental activities	4,556,646	140,049	(4,416,597)
Total primary government	$ 4,556,646	$ 140,049	$ (4,416,597)
General Revenues:			
Property taxes			$ 4,981,783
Interest earnings			197,026
Other general revenues			16,959
Total general revenues			5,195,768
Change in net position			779,171
Net position - beginning			29,309,266
Net position - ending			$ 30,088,437

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

City of Palmetto Community Redevelopment Agency
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2023

	Community Redevelopment Agency	Joint Capital Projects Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 6,101,586	$ 104,800	$ 6,206,386
Receivables	200,736	--	200,736
Total assets	$ 6,302,322	$ 104,800	$ 6,407,122
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable and accrued liabilities	$ 317,176	$ 17,293	$ 334,469
Customer deposits payable	1,600	--	1,600
Total liabilities	318,776	17,293	336,069
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	81,608	--	81,608
FUND BALANCES			
Restricted	5,901,938	--	5,901,938
Committed	--	87,507	87,507
Total fund balances	5,901,938	87,507	5,989,445
Total liabilities, deferred inflows of resources and fund balances	$ 6,302,322	$ 104,800	

Adjustments for primary government total net position	
Capital assets (net of accumulated depreciation)	$ 26,598,507
Unavailable revenue	81,608
Deferred outflows of pension resources	94,975
Deferred inflows of pension earnings	(13,100)
Net pension liability	(129,632)
Deferred outflows of other post-employment benefits	5,239
Deferred inflows from other post-employment benefits	(2,319)
Total OPEB Liability	(18,354)
Long-term debt	(2,496,725)
Compensated absences	(21,207)
Total net position for governmental activities (page 11)	$ 30,088,437

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

City of Palmetto Community Redevelopment Agency
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2023

	Community Redevelopment Agency	Joint Capital Projects Fund	Total Governmental Funds
REVENUES			
Taxes			
Property	$ 4,981,783	$ --	$ 4,981,783
Intergovernmental revenues	58,441	--	58,441
Interest earnings	197,026	--	197,026
Miscellaneous	16,959	--	16,959
Total revenues	5,254,209	--	5,254,209
EXPENDITURES			
Current			
Economic and physical environment	4,166,443	--	4,166,443
Capital outlay			
Streets	566,562	--	566,562
Other	2,644,102	--	2,644,102
Debt service principal and interest	457,943	--	457,943
Total expenditures	7,835,050	--	7,835,050
Deficiency of revenues under expenditures	(2,580,841)	--	(2,580,841)
OTHER FINANCING SOURCES			
Financed purchase agreements	63,358	--	63,358
Intergovernmental note proceeds	2,001,360	--	2,001,360
Total other financing sources	2,064,718	--	2,064,718
Net change in fund balances	(516,123)	--	(516,123)
Fund balances, beginning	6,418,061	87,507	6,505,568
Fund balances, ending	$ 5,901,938	$ 87,507	$ 5,989,445

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

City of Palmetto Community Redevelopment Agency
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2023

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

Net change in fund balances - total governmental funds		$ (516,123)
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.		
Capital outlay	3,210,664	
Depreciation	(338,855)	
		2,871,809
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.		
Principal repayment of long-term debt	427,341	
Issuance of debt	(2,064,718)	
		(1,637,377)
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.		
Change in compensated absences		(4,279)
In the governmental funds, current year expenditures related to pensions and OPEB are comprised solely of amounts contributed to the plans for the current year. However, in the Statement of Activities, expenses related to pensions and OPEB include amounts that do not require the use of current financial resources. This amount represents the difference in the required accounting treatment of pensions, OPEB, and related items.		(16,467)
Some revenues reported in the statement of activities do not increase current financial resources.		81,608
Changes in net position of governmental activities		$ 779,171

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

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PALMETTO
Community Redevelopment Agency

City of Palmetto Community Redevelopment Agency

September 30, 2023

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NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Palmetto Commission (City Commission) created the City of Palmetto 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 financial statements of the CRA 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. There were no component units for which the CRA was financially accountable.

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 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 CRA does not have any business-type activities.

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. Major individual governmental funds are reported as separate columns in the fund financial 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*. 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.

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 CRA 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. Debt expenditures, and expenditures related to compensated absences, claims and judgments, are usually recorded only when payment is due.

Property taxes 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. All other revenue items are considered to be measurable and available only when cash is received by the government.

Governmental funds report the following major funds:

The *community redevelopment agency fund* 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 CRA also has a joint *capital projects fund* that is a major governmental fund. The joint capital projects fund accounts for the activities associated with construction and the preservation of the CRA's governmental capital assets. A joint capital projects fund, reported within the City's 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.

In the government-wide financial statements, 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.

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, including the CRA. 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 to be cash equivalents. Cash balances and requirements of all funds in the pool 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 are reported at fair value. 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 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.

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2. Fair Value

The CRA uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. 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 judge.

See Note III, B. for additional information regarding fair value.

3. Receivables

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. As of September 30, 2023, the CRA has determined that all amounts outstanding are collectible, therefore no allowance has been recognized.

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

4. Interfund Transactions

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

5. Compensated Absences

It is the City's policy to permit employees, including the CRA employees, to accumulate earned but unused vacation and sick pay benefits. The CRA participates in the City's compensated absences policy. 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.

6. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in the government-wide financial statements. Capital assets are defined by the CRA 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. Capital assets are depreciated using the straight-line method over the following estimated useful lives using these capitalization thresholds:

Assets	Useful Life	Threshold
Buildings	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		
General infrastructure	40 years	$ 20,000
Infrastructure equipment	20 years	$ 2,000

Donated capital assets are recorded at estimated acquisition value at the date of donation. The CRA 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 CRA chose to include all such items regardless of their acquisition date or amount. The CRA was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

6. Capital Assets (Continued)

replacement cost of the infrastructure to the acquisition year or estimated acquisition year). As the CRA 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.

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The CRA reports a deferred outflow of resources related its proportion of population of 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 the pension and other-post employment benefit expense and must be amortized in a systematic and rational manner.

In addition to liabilities, the statement 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 period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one deferred inflow, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from grants and special assessments and 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 CRA has a deferred inflow of pension earnings and from other post-employment benefits that will be recognized in future years.

8. Property Taxes

The CRA levies property taxes each November 1, which become a lien on real and personal property located in the CRA. Property taxes are based on the assessed values determined by the Manatee County Property Appraiser as of the prior January 1. A portion of the City's taxable assessed property values are within the CRA district. In fiscal year 2023, the assessed value totaling $523,829,730 with the based year taxable value of $92,986,708 therefore the current tax increment value is $430,843,022.

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

9. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. 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.

10. Net Position/Fund Balance

The CRA classifies fund balance as follows:

Fund Equity: Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity as reported in the government-wide financial statements is classified as net position.

Fund Balance: Generally, fund balance represents the difference between the assets plus deferred outflows and liabilities plus 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 is the CRA 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 CRA's intent to be used for specific purposes, but are neither restricted nor committed. The City Commission has authorized the City Clerk or designee to assign fund balance.

- *Unassigned:* Fund balances are reported as unassigned when the balances do not meet any of the above criterion.

Net position: Net position is the result of assets plus deferred outflows of resources less liabilities plus deferred inflows of resources. Net position is 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,

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

10. Net Position/Fund Balance (Continued)

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. At September 30, 2023, the CRA only had restricted and committed fund balance.

As of September 30, 2023, all of the net position that was not invested in capital assets by the CRA was restricted through enabling legislation to be utilized on redevelopment within the CRA's boundaries.

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

NOTE II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

The CRA 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 CRA. 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.

NOTE III. 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, including the CRA. Interest income, attributed to the pooled cash and investments, is allocated monthly based on each fund's percentage of the total of pooled cash and investments.

At September 30, 2023, the carrying amount of the CRA's primary government deposits was $6,206,386. This amount includes interest bearing time deposits consisting of collateralized certificates of deposit and FDIC insured certificates of deposit valued at $2,751,156, two money market accounts valued at $751,314, the SBA investment of $1,233,768, the FMIT investment of $28,953 and petty cash of $200. The bank balance for the operating accounts was $1,440,995. 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 25% 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 CRA 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, U.S. government securities, the State Board of Administration investment pool, Florida Surplus Asset Fund Trust (FL SAFE) investment pool and the Florida Municipal Investment Trust.

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

Included in cash and cash equivalents are certain funds held in investment pools due to their overall liquidity. The Florida League of Cities Municipal Investment Trust (FMIT) meet the criteria of 2a7-like pools and therefore the investments are valued using the pooled share price. The pooled share price is equivalent to the fair value of the position in each of the 2a7-like pools.

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

NOTE III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

ensure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council. The Trustees shall convene an emergency meeting as soon as practicable from the time the Executive Director has instituted such measures and review the necessity of those measures. If the Trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the Executive Director until the Trustees are able to meet to review the necessity for the moratorium. If the Trustees agree with such measures, the Trustees shall vote to continue the measures for up to an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the Trustees exceed 15 days."

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

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

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.

NOTE III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

As of September 30, 2023, the City had the following maturities:

		Investment Maturities (in Years)			
Investment Type	**Fair Value**	**Less than 1**	**1 - 5**	**6 - 10**	**More than 10**
Cash and Short Term Investments	$ 3,426,277	$ 3,426,277	$ -	$ -	$ -
Investment Pools	2,751,156	2,609,451	141,705	-	-
US Agencies	28,953	28,953	-	-	-
Total cash and investments	$ 6,206,386	$ 6,064,681	$ 141,705	$ -	$ -

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.

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 pools, both of which are currently rated by Standard and Poor's at AAAm as of September 30, 2023. These funds include $1,233,768 in the SBA, $738,391 in Florida Safe, and $12,923 in Anthem money market account. The City also has $2,751,156 in certificates of deposit 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 AAA/V2 as of September 30, 2023. The City has investments in this bond fund of $28,953.

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 qualifies 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 III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Fair Value

The CRA categorizes its proportion of the City's cash and investment pool's fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The CRA has the following recurring fair value measurements as of September 30:

	September 30, 2023	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:				
Florida Municipal Investment Trust:				
Debt Securities:				
U.S. Government Agencies	$ 28,953	$ -	$ 28,953	$ -
Total Investments	$ 28,953	$ -	$ 28,953	$ -

C. Receivables

Receivables and allowances for uncollectible accounts as of September 30, 2023 totals $200,736 for the CRA at the fund level as shown below:

	Governmental Funds		
	Community Redevelopment Agency	Joint Capital Projects Fund	Total
Accounts receivable	$ 194,205	$ -	$ 194,205
Interest and dividends receivable	6,531	-	6,531
Gross Receivables	200,736	-	200,736
Less: Allowances for Uncollectible	-	-	-
Net Total Receivables	$ 200,736	$ -	$ 200,736

D. Inter-fund Transfers

The CRA reports interfund transfers between the Community Redevelopment Agency and the Joint Capital Projects Fund.

During the year ended September 30, 2023 there was no transfer between these two funds.

NOTE III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Capital Assets

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

Primary Government	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 7,375,876	$ 88,083	$ -	$ 7,463,959
Construction in progress	2,105,604	3,059,223	-	5,164,827
Total capital assets, not being depreciated:	9,481,480	3,147,306	-	12,628,786
Capital assets, being depreciated:				
Buildings	1,184,673	-	-	1,184,673
Machinery and equipment	117,961	63,358	-	181,319
Infrastructure	16,206,696	-	-	16,206,696
Total capital assets, being depreciated:	17,509,330	63,358	-	17,572,688
Less accumulated depreciation for:				
Buildings	(226,807)	(31,806)	-	(258,613)
Machinery and equipment	(108,602)	(8,850)	-	(117,452)
Infrastructure	(2,928,703)	(298,199)	-	(3,226,902)
Total accumulated depreciation	(3,264,112)	(338,855)	-	(3,602,967)
Total capital assets, being depreciated, net	14,245,218	(275,497)	-	13,969,721
Governmental activities capital assets, net	$ 23,726,698	$ 2,871,809	$ -	$ 26,598,507

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

Governmental activities:	
Economic and physical environment	$ 338,855
Total depreciation for governmental activities	$ 338,855

Construction Commitments

The CRA has various active construction projects. At September 30, 2023, the CRA's commitments with contractors are as follows:

CRA Projects	Spent-to-Date	Remaining Commitment
Connor Park	$ 4,300,522	$ 33,188
Palmetto Women's Club Renovation	567,267	270,317
MLK Park Restrooms	230,342	4,781
Linear Park Trail	38,141	27,374
Palmetto Bay Oyster Restoration	23,870	241,095
CRA Parking Projects	4,685	-
Total CRA projects	$ 5,164,827	$ 576,755

NOTE III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Financed Purchase Agreements

The CRA has entered into financed purchase agreements for financing the acquisition of administration vehicles. The lease agreements qualify as financed purchases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through financed purchases as of September 30, 2023, are as follows:

	Year Ended September 30, 2023		
	Governmental Activities	Business - type Activities	Total
Asset:			
Machinery & Equipment by Type			
Light Duty & Equipment	$ 63,358	$ -	$ 63,358
Less Accumulated Depreciation	(6,788)	-	(6,788)
Total Leases	$ 56,570	$ -	$ 56,570

During the fiscal year ending September 30, 2023, lease payments were made totaling $8,602 which includes principal payments of $7,455 and $1,147 in interest. Annual installments remaining as of September 30, 2023, were as follows:

	Governmental Activities		
Year	Principal	Interest	Total
2024	$ 15,238	$ 1,147	$ 16,385
2025	15,814	1,297	17,111
2026	16,412	699	17,111
2027	8,439	118	8,557
Total	$ 55,903	$ 3,261	$ 59,164

NOTE III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Long Term Liabilities

1. Capital Improvement Revenue Loans

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 certain costs of: (1) the acquisition of the historic Olympia Theater and the renovation thereof; (2) the acquisition of property on 5th Street West to be used as public parking; (3) the acquisition of property adjacent to the Palmetto Elementary School for use for public education purposes; and (4) 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 interest rate.

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

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

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

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

NOTE III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Long Term Liabilities (Continued)

CRA Interlocal Agreement 2022

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

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

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

	Governmental Activities		
Year	**Principal**	**Interest**	**Total**
2024	$ 200,136	$ -	$ 200,136
2025	200,136	-	200,136
2026	200,136	-	200,136
2027	200,136	-	200,136
2028	200,136	-	200,136
2029-2032	800,544	-	800,544
Total	$ 1,801,224	$ -	$ 1,801,224

2. Other Information

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

Details of the net pension liabilities are included in Note IV, Section B.

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

NOTE III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Long Term Liabilities (Continued)

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:					
Direct borrowing bank loans					
CRA Loan	$ 859,348	$ -	$ 219,750	$ 639,598	$ 219,750
Intergovernmental note payable	-	2,001,360	200,136	1,801,224	200,136
Other post-employment benefits	18,217	137	-	18,354	-
Net pension liability	225,532	-	95,900	129,632	-
Financed purchase agreements	-	63,358	7,455	55,903	15,238
Compensated absences	16,928	19,393	15,114	21,207	5,302
Governmental activities long-term liabilities	$ 1,120,025	$ 2,084,248	$ 538,355	$ 2,665,918	$ 440,426

H. Fund Balances

The detail of the CRA fund balance is as follows:

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

Community Redevelopment Agency Fund

Used to alleviate slum and blight in the city per Florida Statute 163

Used to alleviate slum and blight in the City per Florida Statute 163	
General operating expenses	5,901,938
Total restricted fund balance	$ 5,901,938

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

Capital Projects - CRA	$ 87,507
Total committed fund balance	$ 87,507

I. Encumbered Commitments

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

	CRA Fund	Capital Projects Fund	Total
Operating Encumbrances	$ 196,336	$ -	$ 196,336
Operating Capital Projects	708,694	-	708,694
Total Encumbrances Outstanding	$ 905,030	$ -	$ 905,030

NOTE IV. OTHER INFORMATION

A. Risk Management

The CRA is exposed to risks of loss through general operations, 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 CRA 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 CRA 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 $2,500, 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.

1. Unemployment Insurance

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

2. Workmen's Compensation

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

B. Pension Plan

Employees of the CRA are provided with pension benefits provided through the City's Palmetto General Employee' Pension Plan (the Plan). The Plan is a defined benefit single-employer pension plan.

The Plan does not issue stand-alone financial reports. 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.

NOTE IV. OTHER INFORMATION (CONTINUED)

Plan Administration

The 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.

Normal Retirement and Vesting

The Plan covers permanent, probationary and full time employees. 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 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 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.

Termination of Employment

If an employee separates service before achieving 10 years of credited service, the employee will receive his contributions plus 4% interest compounded annually. If an employee separates service 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.

NOTE IV. OTHER INFORMATION (CONTINUED)

Contributions

Participants are required to contribute 5% of their annual salary to the Plan. The CRA contributes an amount to make the fund actuarially sound. The CRA's proportionate share of the contributions to the Plan were based on a contribution rate for fiscal year 2023 of 8.67%.

Deferred Retirement Option Program (DROP)

Effective October 18, 2004, the City approved an ordinance creating a deferred retirement option plan (DROP). In lieu of terminating employment, any member may elect to defer receipt of such service retirement pension and to participate in the DROP. A member's participation in the DROP may not exceed sixty months beginning at the time the member becomes eligible for Normal Retirement. A member may participate only once. An account is established for each member participating in the DROP. The member's DROP account consists of the monthly retirement benefit the member would have received had they terminated their employment and the earnings on those amounts. DROP accounts earn interest as elected by the plan member at an effective rate of 6.5% per annum, compounded monthly, or at the actual net rate of investment return realized by the plan. As of September 30, 2023, no employees are participating in the DROP.

Actuarial Assumptions

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

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

Mortality rates were based as follows:

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

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

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

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

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

NOTE IV. OTHER INFORMATION (CONTINUED)

Changes in Actuarial Assumptions

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

Investment Policy Assumptions

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

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

Asset Class	Target Allocations	Long Term Expected Real Rate of Return
Domestic equity	50.00 %	5.36 %
International equity	10.00 %	4.50 %
Fixed Income	15.00 %	1.23 %
Global fixed income	5.00 %	1.23 %
Hedge funds	7.50 %	3.73 %
Real estate	12.50 %	4.26 %
Total	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, 2023 the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 8.29%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE IV. OTHER INFORMATION (CONTINUED)

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 and CRA'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.

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 CRA's net pension asset 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%
CRA's net pension liability	$ 230,819	$ 129,632	$ 44,732

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

At September 30, 2023, the CRA reported a net pension liability of $129,632 for its proportionate share of the City's net pension asset. The net pension asset was measured as of September 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2022, updated to September 30, 2023. The CRA's proportion of the net pension liability was based on the CRA's proportion of covered-employee payroll. At September 30,2023, the CRA's proportion was 5.11 percent.

For the year ended September 30, 2023, the CRA recognized a proportionate reduction of pension expense of $41,148. On September 30, 2023 the CRA 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	$ 10,694	$ 13,100
Change of assumptions	2,357	-
Net difference between projected and actual earnings on pension plan investments	81,924	-
	$ 94,975	$ 13,100

NOTE IV. OTHER INFORMATION (CONTINUED)

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

Year Ended September 30:	
2024	$ 21,303
2025	22,363
2026	40,521
2027	(2,312)
Total	$ 81,875

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial statements of the City of Palmetto, Florida.

Payable to the Pension Plan

At September 30, 2023, the CRA did not have any amounts payable to the Plan.

C. Other Post-Employment Benefits (OPEB)

Plan Administration

Employees of the CRA are eligible to participate in the City's other post-employment benefit plan. The City's Retiree Health Care Plan (OPEB Plan) is a single employer defined benefit post-employment health care plan that covers eligible retired employees of the City of Palmetto. The OPEB 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.

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 or the CRA for these benefits.

Total OPEB Liability

NOTE IV. OTHER INFORMATION (CONTINUED)

C. Other Post-Employment Benefits (OPEB) (Continued)

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

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

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

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

Mortality Rate Healthy 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 Healthy Inactive Lives:

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

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

Mortality Rate Disabled Lives:

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

NOTE IV. OTHER INFORMATION (CONTINUED)

C. Other Post-Employment Benefits (OPEB) (Continued)

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% headcount-weighted PubG-2010 male disabled retiree, 20% headcountweighted PubS-2010 male disabled retiree blended table was used.

Discount Rate:

Given the decision not to fund the program, all future benefit payments were discounted using a high-quality municipal bond rate of 4.87%. The high-quality municipal bond rate was based on the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices. 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 Assumptions

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

Also reflected as assumption changes are updated health care costs and premiums based on a plan experience, updated health care costs trend rates, and updated Mortality rates:

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

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

	1% Decrease 3.87%	Discount Rate 4.87%	1% Increase 5.87%
Total OPEB liability	$ 20,052	$ 18,354	$ 16,865

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

The following presents the total OPEB liability of the CRA, as well as what the CRA'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%-6.50%	Healthcare Cost Trend Rates 4.00%-7.50%	1% Increase 5.00%-8.50%
Total OPEB liability	$ 16,362	$ 18,354	$ 20,691

NOTE IV. OTHER INFORMATION (CONTINUED)

C. Other Post-Employment Benefits (OPEB) (Continued)

OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

The CRA's portion of the total OPEB liability was based on the CRA's share of the covered payroll relative to the total covered payroll of the City of Palmetto. At September 30, 2023, CRA's proportionate share 3.33%.

For the year ended September 30, 2023, the City recognized its proportionate share of OPEB expense of $2,563. At September 30, 2023, 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	$ 1,162	$ 1,658
Changes of assumptions	4,077	661
Total	$ 5,239	$ 2,319

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

Year Ended September 30,	
2024	$ 885
2025	942
2026	875
2027	90
2028	149
Thereafter	(21)
Total	$ 2,920

D. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally federal, state and local 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 CRA expects such amounts, if any, to be immaterial.

E. Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 which is made available to employees of the CRA. The plan permits employees 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.

NOTE IV. OTHER INFORMATION (CONTINUED)

F. Subsequent Events

Subsequent to September 30, 2023, the CRA does not have any subsequent events.

City of Palmetto Community Redevelopment Agency

For the Year Ended September 30, 2023

REQUIRED SUPPLEMENTARY INFORMATION

PAGE

In accordance with the Governmental Accounting Standards Board Statement Number 34, the following budgetary comparisons for the Governmental Funds include: CRA Fund and Joint Capital Projects Fund

Budget (GAAP Basis) and Actual

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Schedule of Revenues, Expenditures, and Changes in Fund Balance - Joint Capital Projects Fund 46

Pension

Schedule of CRA's Proportionate Share of the Net Pension Liability 47

Schedule of CRA's Pension Contributions 48

Other Post-Employment Benefit

Schedule of the CRA's Proportionate Share of the Total OPEB Liability 49

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PALMETTO
Community Redevelopment Agency

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

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Taxes				
Property taxes	$ 5,020,934	$ 4,981,783	$ 4,981,783	$ --
Intergovernmental revenues	--	208,442	58,441	(150,001)
Interest earnings	11,000	150,532	197,026	46,494
Other general revenues	8,000	16,945	16,959	14
Total revenues	5,039,934	5,357,702	5,254,209	(103,493)
EXPENDITURES				
Current				
Economic and physical environment	2,637,309	3,111,894	4,166,443	(1,054,549)
Capital outlay	4,275,535	8,206,687	3,210,664	4,996,023
Debt service principal and interest	460,756	458,488	457,943	545
Total expenditures	7,373,600	11,777,069	7,835,050	3,942,019
Deficiency of revenues under expenditures	(2,333,666)	(6,419,367)	(2,580,841)	3,838,526
OTHER FINANCING SOURCES				
Financed purchases	80,000	63,358	63,358	--
Intergovernmental note proceeds	--	--	2,001,360	2,001,360
Total other financing sources	80,000	63,358	2,064,718	2,001,360
Net change in fund balances	(2,253,666)	(6,356,009)	(516,123)	5,839,886
Fund balances - beginning	6,418,061	6,418,061	6,418,061	--
Fund balances - ending	$ 4,164,395	$ 62,052	$ 5,901,938	$ 5,839,886

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

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Non-revenue sources	$ --	$ 27,374	$ --	$ (27,374)
Total revenues	--	27,374	--	(27,374)
EXPENDITURES				
Capital outlay				
Other	--	27,374	--	(27,374)
Total expenditures	--	27,374	--	27,374
Fund balances - beginning	87,507	87,507	87,507	--
Fund balances - ending	$ 87,507	$ 87,507	$ 87,507	$ --

City of Palmetto, Florida
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CRA'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
CITY OF PALMETTO, FLORIDA
Last Ten Fiscal Years (1)

	2020	2021	2022	2023
CRA's proportion of the collective net pension liability	5.13 %	7.52 %	7.65 %	5.11 %
CRA's proportionate share of the collective net pension liability	$ 11,414	$ (148,418)	$ 225,532	$ 129,632
CRA's covered payroll	198,472	288,012	285,471	205,033
CRA's proportionate share of the collective net pension liability as a percentage of the CRA's covered payroll	5.75 %	(51.53)%	79.00 %	63.22 %
Plan fiduciary net position as a percentage of total pension liability	98.63 %	111.39 %	83.75 %	86.17 %

(1) Information necessary for this table will accumulate until 10 years of data is available.

City of Palmetto, Florida
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CRA'S PENSION CONTRIBUTIONS
CITY OF PALMETTO, FLORIDA
Last Ten Fiscal Years (1)

	2020	2021	2022	2023
Contractually required contribution	$ 36,639	$ 42,971	$ 42,906	$ 17,776
Contributions in relation to the contractually required contribution	36,639	42,971	42,906	17,776
Contribution deficiency (excess)	$ --	$ --	$ --	$ --
Covered employee payroll	$ 198,472	$ 288,012	$ 285,471	$ 205,033
Contributions as a percentage of covered payroll	18.46 %	14.92 %	15.03 %	8.67 %

Notes to Required Supplementary Information for Pension

(1) Information necessary for this table will accumulate until 10 years of data is available.

Changes in benefit terms: There were no changes in benefit terms since the prior measurement date.

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

City of Palmetto, Florida
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CRA'S PROPORTIONATE SHARE OF THE TOTAL OPEB LIABILITY
CITY OF PALMETTO, FLORIDA
Last Ten Fiscal Years (1)

	2020	2021	2022	2023
CRA's proportion of the collective total OPEB liability	3.52 %	5.06 %	4.92 %	3.33 %
CRA's proportionate share of the collective total OPEB liability	15,782	15,792	18,217	18,354
CRA's covered payroll	$ 198,472	$ 288,012	$ 285,471	$ 205,033
CRA's proportionate share of the collective total OPEB liability as a percentage of the CRA's covered payroll	7.95 %	5.48 %	6.38 %	8.95 %

Notes to Schedule of the CRA's Proportionate Share of the Total OPEB Liability

(1) Information necessary for this table will accumulate until 10 years of data is available.

Changes in benefit terms: There were no changes in benefit terms since the prior measurement date.

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

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PALMETTO
Community Redevelopment Agency

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 Community Redevelopment Agency

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 and each major fund of the City of Palmetto Community Redevelopment Agency (the "CRA"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the CRA's basic financial statements and have issued our report thereon dated April 12, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the CRA'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 CRA's internal control. Accordingly, we do not express an opinion on the effectiveness of the CRA'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 CRA'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
April 12, 2024

CITY OF PALMETTO COMMUNITY REDEVELOPMENT AGENCY

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

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

Federal Programs and State Financial Assistance Projects

There was not an audit of major federal award programs or state award programs as of September 30, 2023 due to the total amount expended being less than $750,000.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

None.

SECTION III
FEDERAL PROGRAMS FINDINGS AND QUESTIONED COSTS

Not applicable.

SECTION IV
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

None.

MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

To the Honorable Mayor, and
Members of the City Commission
City of Palmetto Community Redevelopment Agency

Report on the Financial Statements
We have audited the financial statements of the City of Palmetto Redevelopment Agency (the "CRA"), as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated April 12, 2024.

Auditor's Responsibility
We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements
We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 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 April 12, 2024, should be considered in conjunction with this management letter.

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

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

Financial Condition and Management
Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the CRA 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 CRA 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 CRA. It is management's responsibility to monitor the CRA'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.

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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.

Specific Information
As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the CRA reported:

a. The total number of CRA employees compensated in the last pay period of the CRA's fiscal year was three.
b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the CRA's fiscal year was eleven.
c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency was $274,482.
d. All compensation earned or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency was $242,681.
e. Each construction project with a total cost of at least $65,000 approved by the CRA that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such projects in fiscal year 2023: Connor Park - $2,356,632; Public Parking - $566,562; Women's Club Renovation - $112,959.
f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the CRA amends a final adopted budget under Section 189.016(6), Florida Statutes, as seen on pages 45 and 46.

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
April 12, 2024

MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT ACCOUNTANT'S REPORT

To the Honorable Mayor, and
Members of the City Commission
City of Palmetto Community Redevelopment Agency

We have examined the City of Palmetto Community Redevelopment Agency (the "CRA") compliance with Sections 218.415, 163.387(6), and 163.387(7), Florida Statutes, during the year ended September 30, 2023. Management of the CRA is responsible for the CRA's compliance with those requirements. Our responsibility is to express an opinion on the CRA'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 CRA complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the CRA 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 CRA's compliance with specified requirements.

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

This report is intended solely for the information and use of the CRA 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
April 12, 2024

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