

CITY OF PALATKA, FLORIDA

**Annual Financial Report
For the Year Ended September 30, 2023**

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List of Elected and Appointed Officials

Robbi Correa, Mayor

Tammie McCaskill, Commissioner

Justin Campbell, Commissioner

Will Jones, Commissioner

Rufus Borom, Commissioner

Jonathan Griffith
Interim City Manager

Sunni Krantz
City Clerk

Marcia Carty, CPA
Finance Director

Peter Willott
Public Information Officer/Project Manager

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discreetly presented component unit, and each major fund of the City of Palatka Florida (the "City") as of and for the fiscal year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discreetly presented component unit, and each major fund of the City of Palatka, Florida, as of September 30, 2023, and the respective changes in financial position, and where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison information, pension schedules, and OPEB schedule on pages 5–16 and 18–28 be presented to supplement the basic

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying fund financial statements, schedule of expenditures of federal awards, and schedule of state financial assistance as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and Chapter 10.550, Rules of the Auditor General, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the fund financial statements and the schedule of expenditures of federal awards and schedule of state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

HCT Certified Public Accountants & Consultants, LLC

Hollywood, Florida

June 14, 2024

City of Palatka
Management's Discussion and Analysis
September 30, 2023

As management of the City of Palatka, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2023.

Financial Highlights

- The net position of the City at the close of the fiscal year was \$82,713,419. The total unrestricted net position of the City ended the fiscal year at a positive \$5,434,340.
- The City's total net position increased by \$9,530,237. Governmental net position increased by \$3,810,017 or 14.09% and the Enterprise funds net position increased by \$5,720,220 or 21.16%.
- The total net position of each Enterprise fund was: Water \$29,105,601, Sanitation \$2,842,450, Golf Course \$1,024,773, and Airport \$18,898,082.
- As of September 30, 2023, the City's governmental funds reported combined ending fund balances of \$9,450,967, an increase of \$483,722 or 5.39%.
- At the end of the fiscal year, unassigned fund balance for the General Fund was \$5,860,529 or 48.87% of total General Fund expenditures. Downtown Redevelopment Agency fund balance was \$1,742,873. Better Place Plan fund balance was \$1,247,839. Special Revenues fund balance was \$0.
- Net positions of the General, Police Officers', and Firefighters' Pension Trust Funds changed are \$19,010,042, \$11,583,349, and \$9,104,997 respectively.

Overview of Financial Statements

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

Government-wide Financial Statements

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

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

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

City of Palatka
Management's Discussion and Analysis (Continued)
September 30, 2023

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

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

City of Palatka
Management's Discussion and Analysis (Continued)
September 30, 2023

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

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

The basic governmental fund financial statements can be found on pages 20-24 of this report.

Proprietary Funds

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

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

The proprietary fund financial statements can be found on pages 25–27 of this report.

Fiduciary Funds

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

The basic fiduciary fund financial statements can be found on pages 28-29 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 30-67 of this report.

City of Palatka
Management's Discussion and Analysis (Continued)
September 30, 2023

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning budgetary comparisons and the City's net liabilities, contributions and investment returns relating to its pension plans and the City's total liability for other postemployment benefits (OPEB) to its employees. Required supplementary information can be found on pages 68-78 of this report.

Supplementary information can be found beginning on page 80 of this report.

Government-wide Financial Analysis

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$82,713,419 at the close of the most recent fiscal year. There were deferred outflows of resources of \$2,391,979 and deferred inflows of resources of \$5,374,284.

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

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City of Palatka
Management's Discussion and Analysis (Continued)
September 30, 2023

**Summary of Net Position
September 30, 2023 and 2022**

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets:						
Current and other assets	\$ 12,390,487	\$ 12,663,299	\$ 10,137,995	\$ 7,772,027	22,528,482	20,435,326
Capital assets	27,256,708	21,430,867	61,597,147	55,288,555	88,853,855	76,719,422
Total assets	<u>39,647,195</u>	<u>34,094,166</u>	<u>71,735,142</u>	<u>63,060,582</u>	<u>111,382,337</u>	<u>97,154,748</u>
Deferred outflows of resources:						
Pension related items	1,513,587	2,048,215	825,545	655,101	2,339,132	2,703,316
OPEB related items	34,196	55,795	18,651	28,467	52,847	84,262
Total deferred outflows of resources	<u>1,547,783</u>	<u>2,104,010</u>	<u>844,196</u>	<u>683,568</u>	<u>2,391,979</u>	<u>2,787,578</u>
Total assets and deferred outflows of resources	<u>\$ 41,194,978</u>	<u>\$ 36,198,176</u>	<u>\$ 72,579,338</u>	<u>\$ 63,744,150</u>	<u>\$ 113,774,316</u>	<u>\$ 99,942,326</u>
Liabilities:						
Current and other liabilities	694,461	932,595	876,504	566,317	1,570,965	1,498,912
Long-term liabilities outstanding	7,302,270	7,610,757	16,813,378	15,252,347	24,115,649	22,863,104
Total liabilities	<u>7,996,731</u>	<u>8,543,352</u>	<u>17,689,882</u>	<u>15,818,664</u>	<u>25,686,614</u>	<u>24,362,016</u>
Deferred inflows of resources:						
Pension related items	-	194,543	-	62,222	-	256,765
OPEB related items	110,675	147,390	60,364	88,637	171,039	236,027
Other items	2,245,059	280,395	2,958,186	1,623,941	5,203,245	1,904,336
Total deferred inflows of resources	<u>2,355,734</u>	<u>622,328</u>	<u>3,018,550</u>	<u>1,774,800</u>	<u>5,374,284</u>	<u>2,397,128</u>
Net position:						
Invested in capital assets	26,147,986	20,209,112	47,836,865	42,015,142	73,984,851	62,224,254
Restricted items	3,286,133	2,649,215	8,095	8,095	3,294,228	2,657,310
Unrestricted	1,408,394	4,174,169	4,025,946	4,127,449	5,434,340	8,301,618
Total net position	<u>30,842,513</u>	<u>27,032,496</u>	<u>51,870,906</u>	<u>46,150,686</u>	<u>82,713,419</u>	<u>73,183,182</u>
Total liabilities and deferred inflows of resources and net position	<u>41,194,978</u>	<u>36,198,176</u>	<u>72,579,338</u>	<u>63,744,150</u>	<u>113,774,317</u>	<u>99,942,326</u>

An additional portion of the City's net position \$3,294,228 or 3.98% represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is a positive amount of \$5,434,340.

Change in Net Position

The City's total net position increased \$9,530,237 over the previous year as a result of an increase of \$3,810,017 from governmental activities and an increase of \$5,720,220 from business-type activities.

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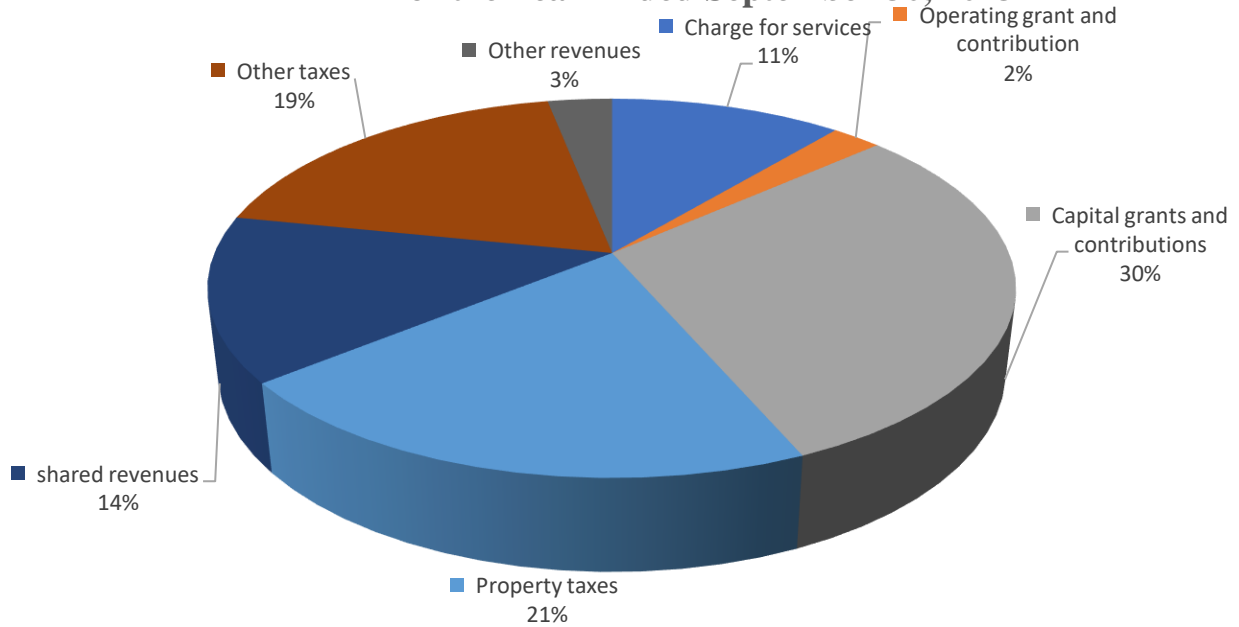
City of Palatka
Management's Discussion and Analysis (Continued)
September 30, 2023

**Changes in Net Position
For the Years Ended September 30, 2023 and 2022**

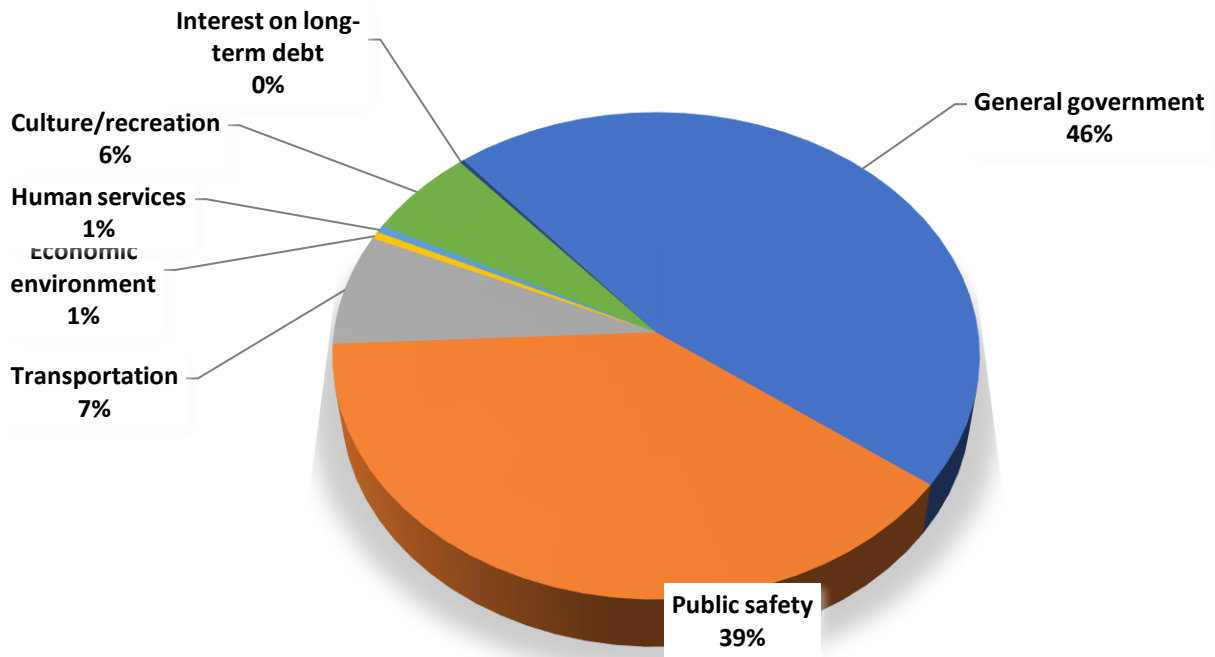
	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charge for services	\$ 2,101,883	\$ 2,167,862	\$ 12,458,390	\$ 14,025,228	\$ 14,560,273	\$ 16,193,090
Operating grant and contribution	452,845	2,868,124	-	-	452,845	2,868,124
Capital grants and contributions	5,688,804	184,362	5,739,371	3,108,625	11,428,175	3,292,987
General revenues:						
Property taxes	3,917,898	3,572,990	-	-	3,917,898	3,572,990
Sales taxes and other unrestricted shared revenues	2,662,531	2,586,742	-	-	2,662,531	2,586,742
Other taxes	3,544,089	3,365,325	-	-	3,544,089	3,365,325
Other revenues	583,034	2,351,318	14,959	828	597,993	2,352,146
Total revenues	18,951,084	17,096,723	18,212,720	17,134,681	37,163,804	34,231,404
Program expenses:						
General government	7,408,215	10,427,156	-	-	7,408,215	10,427,156
Public safety	6,259,573	6,825,346	-	-	6,259,573	6,825,346
Physical environment	-	-	-	-	-	-
Transportation	1,184,726	1,099,756	-	-	1,184,726	1,099,756
Economic environment	78,619	378,395	-	-	78,619	378,395
Human services	80,922	99,220	-	-	80,922	99,220
Culture/recreation	965,895	785,510	-	-	965,895	785,510
Interest on long-term debt	35,049	42,764	-	-	35,049	42,764
Water	-	-	7,079,640	7,833,032	7,079,640	7,833,032
Sanitation	-	-	2,466,360	1,796,345	2,466,360	1,796,345
Golf course	-	-	443,201	370,736	443,201	370,736
Airport	-	-	2,156,530	2,618,225	2,156,530	2,618,225
Total expenses	16,012,999	19,658,147	12,145,731	12,618,338	28,158,730	32,276,485
Increase (decrease) in net assets before transfer in (out)	2,938,085	(2,561,424)	6,066,989	4,516,343	9,005,074	1,954,919
Transfer in/(out)	690,428	-	(690,428)	(1,331,916)	-	(1,331,916)
Increase (decrease) in net position	3,628,513	(2,561,424)	5,376,561	3,184,427	9,005,074	623,003
Net position at beginning of year	27,032,496	22,026,636	46,150,342	42,965,915	73,182,838	64,992,551
Prior Period Adjustment	181,504	7,567,284	344,003	-	525,507	7,567,284
Net position at beginning of year, restated	27,214,000	29,593,920	46,494,345	42,965,915	73,708,345	72,559,835
Net position at end of year	\$ 30,842,513	\$ 27,032,496	\$ 51,870,906	\$ 46,150,342	\$ 82,713,419	\$ 73,182,838

City of Palatka
 Management's Discussion and Analysis (Continued)
 September 30, 2023

**Revenues by Source - Governmental Activities
 For the Year Ended September 30, 2023**



**Expenses by Function - Governmental Activities
 For the Year Ended September 30, 2023**



City of Palatka
Management's Discussion and Analysis (Continued)
September 30, 2023

Business-type Activities

Business-type activities increased the City's net position by \$5,376,561. Key elements of this increase were as follows:

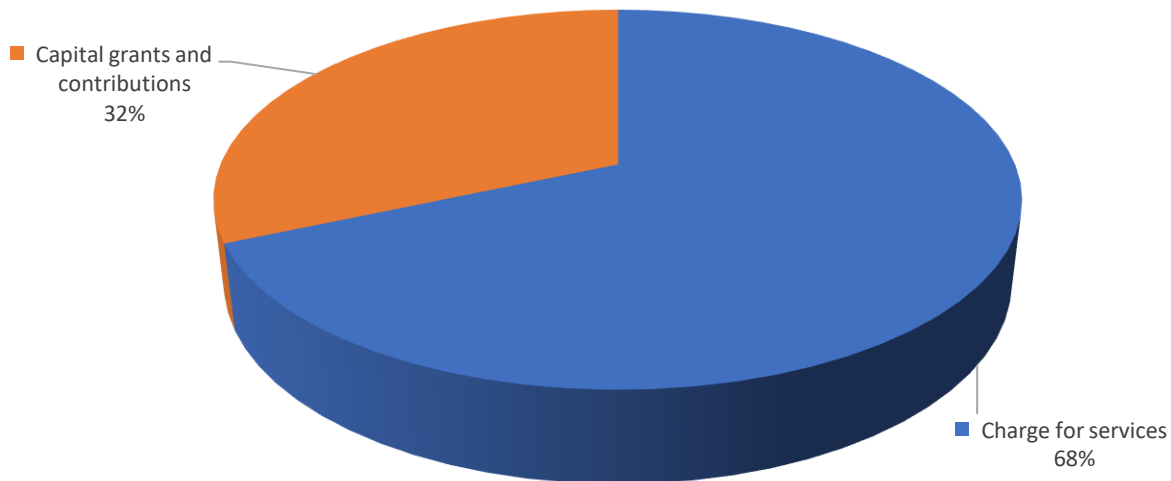
The Water fund had an operating income of \$1,043,973 in addition to net nonoperating expenses of (\$183,517) resulting in gain of \$860,456 before capital contributions and transfers. After capital contributions and transfers, the net position increased by \$4,207,857. The net position at the end of the fiscal year in the Water fund totaled \$29,105,601.

The Sanitation fund net position increased by \$552,886 due to operating income of \$768,211, the fund increased from the prior year. The net position at the end of the fiscal year in the Sanitation fund was \$2,842,450.

The Golf Course fund net position increased by \$11,696 due to transfers from the General Fund. The net position at the end of the fiscal year in the Golf Course fund was \$1,024,773.

The Airport fund received capital contributions of \$1,244,051 for various capital projects throughout the fiscal year. These funds were used for projects that included pavement, marking, and lighting rehabilitation of taxiways, taxi lanes, and runways. The operating loss for the Airport which includes depreciation totaled \$926,534. This loss combined with a total nonoperating expense was partially offset by the capital contributions, bringing the change in net position of the fund to \$604,122. The net position at the end of the fiscal year in the Airport fund totaled \$18,898,082.

**Revenues by Source - Business-type Activities
For the Year Ended September 30, 2023**



City of Palatka
Management's Discussion and Analysis (Continued)
September 30, 2023

Financial Analysis of the City's Funds

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

Governmental Funds

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$30,842,513, an increase of \$3,628,513 for the current year. This total includes net invested in capital asset, net of related debt of \$26,147,986, restricted net assets of \$3,286,133, and unrestricted of \$1,408,394 which is available for spending at the government's discretion.

General Fund

The General Fund is the chief operating fund of the City. At the end of the current fiscal year General fund balance was \$6,460,255, a decrease of \$116,906, from the prior year.

Local tax revenues are the primary sources of the City's tax revenue and are a combination of property tax, franchise, utility, sales tax and local option gas taxes. Total taxes increased by \$344,908 from the prior year.

Ad valorem taxes, which were accounted for in the general and special revenue funds was 6.4000 mills, and generated \$3,218,855 which was an increase of \$263,451 from the prior year. The City is in its eighth year of implementing a special assessment for fire protection services that generated \$1,642,710 in revenues.

Total revenues for the General Fund decreased by \$2,399,286 from the prior year. The General Fund had a decrease of \$2,006,524 in expenditures. Unassigned fund balance in the General Fund increased was \$3,097,988 at year end or a change of 112.14% from the prior year.

Special Revenue Funds

The Downtown Redevelopment fund balance was \$1,742,873, an increase of \$484,895 from the prior year. This increase was the result of a taxes revenues of \$699,043.

The Better Place Plan fund ended the fiscal year with a balance of \$1,247,839, an increase of \$115,733 from the prior year. This increase was due to an increase in grant revenues.

The Grants fund ended the fiscal year with a balance of \$0.

City of Palatka
Management's Discussion and Analysis (Continued)
September 30, 2023

Proprietary Funds

Proprietary funds are used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the cost (expenses, including depreciation) of providing goods and services to the general public on a continuing basis is financed through user charges. The City operates four proprietary enterprise funds: the Water, Golf Course Fund, Sanitation Fund, and Airport Fund. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. As of September 30, 2023, total proprietary fund net position amounted to \$51,870,906.

Water Fund

The Water Fund accounts for operations of the City's water and sewer systems. Operating revenue decreased by \$1,033,123 or 11.52% from the prior year. Operating expenses also decreased by a total of \$741,456 or 9.72%. Unrestricted net position at the end of the fiscal year for the water fund amounted to \$2,651,980.

Sanitation Fund

There was a decrease in operating revenue of \$444,371 or 12.10% from the prior year. Expenses increased by \$673,770. Unrestricted net position for the sanitation fund equaled \$1,813,535.

Golf Course Fund

The City entered into a franchise agreement in February 2017 for operation of golf course. Operating revenues booked decreased by \$1,084 from the prior year. Operating expenses increased by \$79,566 or 22.20%, exceeding operating revenues by (\$319,329). Unrestricted net position for the golf course fund equaled negative (\$427,323).

Airport Fund

Operating revenue decreased by \$87,917 and operating expenses decreased \$457,497 over the prior year. This resulted in a continued negative unrestricted net position balance of (\$427,323) at fiscal year-end.

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

General Fund Budgetary Highlights

A comparison of actual revenues versus the final budget reflects that actual revenues, excluding transfers, were \$886,761 more than budgeted, primarily composed of unbudgeted refunds from prior year health insurance claims paid and sale of surplus equipment. There were significant variances in actual versus final budget revenue and expenditures. The City had several unanticipated general fund revenues and general fund expenditures for the fiscal year.

City of Palatka
Management's Discussion and Analysis (Continued)
September 30, 2023

Capital Asset and Debt Administration

**City of Palatka Capital Assets (Net of Depreciation)
September 30, 2023 and 2022**

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land and Improvements	\$ 4,393,155	\$ 4,327,441	\$ 7,015,211	\$ 7,015,211	\$ 11,408,366	\$ 11,342,652
Buildings and Improvements	2,319,803	2,632,450	12,394,710	12,569,743	14,714,513	15,202,193
Infrastructure	13,186,401	9,232,254	-	-	13,186,401	9,232,254
Furniture and Equipment	1,677,391	1,844,800	2,184,249	2,149,694	3,861,640	3,994,494
Intangibles	-	-	-	-	-	-
Water/Sewer Distribution System	-	-	15,568,295	12,534,431	15,568,295	12,534,431
Plant Assets and Equipment	-	-	18,380,746	19,211,960	18,380,746	19,211,960
Construction in Progress	5,679,958	3,393,922	6,053,937	1,807,516	11,733,895	5,201,438
Total	\$ 27,256,708	\$ 21,430,867	\$ 61,597,147	\$ 55,288,555	\$ 88,853,855	\$ 76,719,422

Capital Assets

The capital assets of the governmental funds are those assets used in the performance of general governmental functions and exclude the assets of the Enterprise Funds. As of September 30, 2023, the governmental capital assets of the City amounted to \$27,256,708, net of depreciation. This was an increase of \$5,825,841 over the prior year. Capital assets are recorded at historical cost or estimated historical cost, except for contributed assets, which are recorded at estimated acquisition value at the date of contribution.

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2023, (net of accumulated depreciation) amounts to \$88,853,855. This investment in capital assets includes land, buildings, infrastructure, improvements, furniture, equipment, water and sewer distribution system and construction in progress. The total increase in the City's net investment in capital assets was \$12,134,433.

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

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

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

City of Palatka
Management's Discussion and Analysis (Continued)
September 30, 2023

Long-term Debt

At the end of the current fiscal year, the City had total debt outstanding of \$14,581,709.

	City of Palatka Long-term Debt Obligations					
	For the Years Ended September 30, 2023 and 2022					
	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenue Bonds	\$ -	\$ -	\$ 5,197,955	\$ 5,419,077	\$ 5,197,955	\$ 5,419,077
Notes Payable	202,898	241,878	7,852,422	7,000,836	8,055,320	7,242,714
Capital Lease Obligations	905,824	979,877	316,047	458,822	1,221,871	1,438,699
Water/Sewer Agreements	-	-	106,563	117,856	106,563	117,856
Total	<u>\$ 1,108,722</u>	<u>\$ 1,221,755</u>	<u>\$ 13,472,987</u>	<u>\$ 12,996,591</u>	<u>\$ 14,581,709</u>	<u>\$ 14,218,346</u>

The City's total long-term debt increased \$363,363 from the prior year. The increase is attributed to the following:

- Governmental activities:
 - Payments of notes of \$113,033.
 - No new capital leases.
- Business-type activities:
 - Total payments made of bonds, notes, and leases of \$946,268.
 - New State revolving fund loan of \$1,412,157.

Other long-term liability activity included:

- Governmental activities:
 - Governmental obligations for compensated absences increased by 34.55% or \$153,027.
 - Total OPEB obligations increased by \$13,407 or 3.31% to arrive at a total obligation of \$418,541.
 - Net pension liability decreased by \$361,888, or (6.53%) to arrive at a total obligation of \$5,179,119.
- Business-type activities:
 - Compensated absences increased by 3.78% or \$10,473.
 - Total OPEB obligations increased by \$21,582 or 10.44% to arrive at a total obligation of \$228,282.
 - Net pension liability increased by \$1,052,580 or 59.39% to arrive at a total obligation of \$2,824,814.

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

City of Palatka
Management's Discussion and Analysis (Continued)
September 30, 2023

Economic Factors and Next Year's Budgets and Rates

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

For the FY 2022-2023 budget, City staff proposed a balanced General Fund budget without the use of reserves to balance the budget. The City Commission kept the City's millage rate the same as FY 2021-2022, 6.4000 mills. The inclusion of the annual special assessment for fire protection services allows for the millage rate to avoid an increase.

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

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

Request for Information

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

City of Palatka, Florida
Statement of Net Position
September 30, 2023

	Primary Government			Componet Unit
	Governmental Activities	Business-Type Activities	Total	Palatka Gas Authority
Assets:				
Cash and cash equivalents	\$ 8,226,066	\$ 3,758,995	\$ 11,985,061	\$ 2,414,192
Investments	-	-	-	756,387
Accounts receivable, net	39,193	949,832	989,025	1,238,596
Internal balances	421,638	(421,638)	-	-
Due from other governments	1,528,049	2,958,186	4,486,235	-
Inventory	-	167,504	167,504	121,074
Prepaid expenses	203,150	-	203,150	-
Restricted cash and cash equivalents	1,972,391	2,725,116	4,697,507	-
Restricted investments	-	-	-	1,077,367
Capital assets:				
Nondepreciable	10,073,113	13,069,148	23,142,261	211,543
Depreciable, net	17,183,595	48,527,999	65,711,594	5,667,739
Total assets	<u>39,647,195</u>	<u>71,735,142</u>	<u>111,382,337</u>	<u>11,486,898</u>
Deferred outflows of resources:				
Pension related items	1,513,587	825,545	2,339,132	250,409
OPEB related items	34,196	18,651	52,847	5,657
Total deferred outflows of resources	<u>1,547,783</u>	<u>844,196</u>	<u>2,391,979</u>	<u>256,066</u>
Liabilities:				
Accounts payable and accrued liabilities	694,011	839,923	1,533,934	1,912,149
Deposits	450	36,581	37,031	1,512,020
Non-current liabilities:				
Due within in one year	335,744	639,873	975,617	-
Due in more than one year	6,966,526	16,173,505	23,140,031	926,080
Total liabilities	<u>7,996,731</u>	<u>17,689,882</u>	<u>25,686,613</u>	<u>4,350,249</u>
Deferred inflows of resources:				
Pension related items	-	-	-	-
OPEB related items	110,675	60,364	171,039	18,310
Unearned revenues	2,245,059	2,958,186	5,203,245	-
Total deferred inflows of resources	<u>2,355,734</u>	<u>3,018,550</u>	<u>5,374,284</u>	<u>18,310</u>
Net position				
Net Invested in capital assets, net of related debt	26,147,986	47,836,865	73,984,851	5,879,282
Restricted for:				
Law enforcement	84,262	-	84,262	-
Fire safety education	35,006	-	35,006	-
Fire protection	1,084	-	1,084	-
Cemetery improvements	175,069	-	175,069	-
Capital project	1,247,839	-	1,247,839	-
Downtown redevelopment	1,742,873	8,095	1,750,968	-
Unrestricted	1,408,394	4,025,946	5,434,340	1,495,123
Total net position	<u>\$ 30,842,513</u>	<u>\$ 51,870,906</u>	<u>\$ 82,713,419</u>	<u>\$ 7,374,405</u>

The accompanying notes are an integral part of the financial statements

City of Palatka, Florida
Statements of Activities
Year Ended September 30, 2023

Functions/Programs	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government			Componet Unit
					Governmental Activities	Business-Type Activities	Total	Palatka gas authority
Primary government								
Governmental activities:								
General government	\$ 7,408,215	\$ 168,166	\$ 120,093	\$ 2,957,648	\$ (4,162,308)	\$ -	\$ (4,162,308)	\$ -
Public safety	6,259,573	1,866,153	302,752	-	(4,090,668)	-	(4,090,668)	-
Physical environment	-	-	-	-	-	-	-	-
Transportation	1,184,726	38,741	-	-	(1,145,985)	-	(1,145,985)	-
Economic environment	78,619	-	30,000	2,558,656	2,510,037	-	2,510,037	-
Human services	80,922	-	-	-	(80,922)	-	(80,922)	-
Culture and recreation	965,895	28,823	-	172,500	(764,572)	-	(764,572)	-
Interest on long-term debt	35,049	-	-	-	(35,049)	-	(35,049)	-
Total governmental activities	<u>16,012,999</u>	<u>2,101,883</u>	<u>452,845</u>	<u>5,688,804</u>	<u>(7,769,467)</u>	<u>-</u>	<u>(7,769,467)</u>	<u>-</u>
Business-type activities:								
Water	7,079,640	7,932,537	-	4,484,775	-	5,337,672	5,337,672	-
Sanitation	2,466,360	3,229,006	-	10,545	-	773,191	773,191	-
Golf Course	443,201	123,872	-	-	-	(319,329)	(319,329)	-
Airport	2,156,530	1,172,975	-	1,244,051	-	260,496	260,496	-
Total business-type activities	<u>12,145,731</u>	<u>12,458,390</u>	<u>-</u>	<u>5,739,371</u>	<u>-</u>	<u>6,052,030</u>	<u>6,052,030</u>	<u>-</u>
Total primary government	<u>28,158,730</u>	<u>14,560,273</u>	<u>452,845</u>	<u>11,428,175</u>	<u>(7,769,467)</u>	<u>6,052,030</u>	<u>(1,717,437)</u>	<u>-</u>
Componet unit								
Palatka Gas Authority	\$ 2,167,429	\$ 2,777,536	\$ -	\$ 25,250	-	-	-	635,357
General revenues and transfers								
General revenues:								
Property taxes					3,917,898	-	3,917,898	-
Sales tax and intergovernmental unrestricted shared revenues					2,662,531	-	2,662,531	-
Franchise taxes					1,161,627	-	1,161,627	-
Utility taxes					2,025,372	-	2,025,372	-
Communications service tax					357,090	-	357,090	-
Investment earnings					230,234	1,559	231,793	47,313
Contribution from componet unit					41,528	-	41,528	-
Miscellaneous					311,272	13,400	324,672	96,000
Transfers					690,428	(690,428)	-	-
Total general revenues and transfers					<u>11,397,980</u>	<u>(675,469)</u>	<u>10,722,511</u>	<u>143,313</u>
Change in net position					3,628,513	5,376,561	9,005,074	778,670
Net position - beginning of year					27,032,496	46,150,342	73,182,838	6,595,735
Prior period adjustment					181,504	344,003	525,507	-
Net position - beginning of year, restated					<u>27,214,000</u>	<u>46,494,345</u>	<u>73,708,345</u>	<u>6,595,735</u>
Net position - end of year					<u>\$ 30,842,513</u>	<u>\$ 51,870,906</u>	<u>\$ 82,713,419</u>	<u>\$ 7,374,405</u>

The accompanying notes are an integral part of the financial statements

City of Palatka, Florida
Balance Sheet
Governmental Funds
September 30, 2023

	General Fund	Downtown Redevelopment Agency Fund	Better Place Plan Fund	Special Revenues Fund	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 6,168,521	\$ 1,743,834	\$ 313,711	\$ -	\$ 8,226,066
Restricted cash and cash equivalents	-	-	-	1,972,391	1,972,391
Accounts receivable, net	39,193	-	-	-	39,193
Due from other funds	258,896	-	-	-	258,896
Due from other government	234,490	-	1,293,559	-	1,528,049
Prepaid expenses	203,150	-	-	-	203,150
Long-term advances to other funds	162,742	-	-	-	162,742
Total assets	<u>\$ 7,066,992</u>	<u>\$ 1,743,834</u>	<u>\$ 1,607,270</u>	<u>\$ 1,972,391</u>	<u>\$ 12,390,487</u>
Liabilities and fund balances:					
Liabilities:					
Accounts payable	\$ 398,767	\$ 961	\$ 86,763	\$ -	\$ 486,491
Unearned revenue	207,520	-	-	-	207,520
Deposits	450	-	-	-	450
Total liabilities	<u>606,737</u>	<u>961</u>	<u>86,763</u>	<u>-</u>	<u>694,461</u>
Deferred inflows of resources					
Unavailable revenue	-	-	272,668	1,972,391	2,245,059
Fund balances:					
Non-spendable	162,742	-	-	-	162,742
Restricted	323,226	1,742,873	1,247,839	-	3,313,938
Committed	113,758	-	-	-	113,758
Unassigned	5,860,529	-	-	-	5,860,529
Total fund balances	<u>6,460,255</u>	<u>1,742,873</u>	<u>1,247,839</u>	<u>-</u>	<u>9,450,967</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,066,992</u>	<u>\$ 1,743,834</u>	<u>\$ 1,607,270</u>	<u>\$ 1,972,391</u>	<u>\$ 12,390,487</u>

The accompanying notes are an integral part of the financial statements

City of Palatka, Florida
Reconciliation of the Balance Sheet to the Statement of Net Position
Governmental Funds
September 30, 2023

Fund balance – total governmental funds	\$ 9,450,967
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not reported in the governmental funds.	
Capital assets, net	27,256,708
Long-term liabilities are not reported in the governmental funds	
Bonds and notes payable	(202,898)
Capital leases	(905,824)
Compensated absences	(595,888)
Total OPEB liability	(418,541)
Net pension liability	(5,179,119)
Deferred outflows and inflows associated with pensions and OPEB are not reported in the governmental funds.	
Deferred outflows-pension	1,513,587
Deferred inflows-pension	-
Deferred outflows-OPEB	34,196
Deferred inflows-OPEB	(110,675)
Change in net position of governmental activities	\$ 30,842,513

The accompanying notes are an integral part of the financial statements

City of Palatka, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended September 30, 2023

	General Fund	Downtown Redevelopment Agency Fund	Better Place Plan Fund	Special Revenues Fund	Total Governmental Funds
Revenues					
Taxes	\$ 5,678,987	\$ 699,043	\$ 1,340,171	\$ -	\$ 7,718,201
Permits, fees, and special assements	2,873,169	-	-	-	2,873,169
Intergovernmental	1,617,636	-	3,180,147	2,508,656	7,306,439
Charges for services	242,920	-	-	-	242,920
Fines and forfeitures	100,781	-	-	-	100,781
Miscellaneous	709,215	350	-	-	709,565
Total revenues	<u>11,222,708</u>	<u>699,393</u>	<u>4,520,318</u>	<u>2,508,656</u>	<u>18,951,075</u>
Expenditures:					
Current:					
General government	2,577,381	-	2,230,155	2,508,656	7,316,192
Public safety	7,140,052	-	-	-	7,140,052
Physical environment	-	-	-	-	-
Transportation	896,002	-	-	-	896,002
Economic environment	-	78,619	-	-	78,619
Human services	75,895	-	-	-	75,895
Culture and recreation	777,168	-	-	-	777,168
Capital Outlay	240,771	98,820	2,167,160	-	2,506,751
Debt service:					
Principal retirement	264,609	-	67,444	-	332,053
Interest and fiscal charges	19,089	-	15,960	-	35,049
Total expenditures	<u>11,990,967</u>	<u>177,439</u>	<u>4,480,719</u>	<u>2,508,656</u>	<u>19,157,781</u>
Excess of revenues over (under) expenditures	<u>(768,259)</u>	<u>521,954</u>	<u>39,599</u>	<u>-</u>	<u>(206,706)</u>
Other financing sources (uses)					
Transfers in	1,510,458	-	76,134	-	1,586,592
Transfers out	(859,105)	(37,059)	-	-	(896,164)
Total other financing sources (uses)	<u>651,353</u>	<u>(37,059)</u>	<u>76,134</u>	<u>-</u>	<u>690,428</u>
Net change in fund balance	(116,906)	484,895	115,733	-	483,722
Fund balances - beginning of year					
Restatement	5,005,174	1,257,978	1,100,508	4,481,047	11,844,707
Fund balances - beginning of year restated	<u>1,571,987</u>	<u>-</u>	<u>31,598</u>	<u>(4,481,047)</u>	<u>(2,877,462)</u>
Fund balances - beginning of year restated	<u>6,577,161</u>	<u>1,257,978</u>	<u>1,132,106</u>	<u>-</u>	<u>8,967,245</u>
Fund balances - end of year	<u>\$ 6,460,255</u>	<u>\$ 1,742,873</u>	<u>\$ 1,247,839</u>	<u>\$ -</u>	<u>\$ 9,450,967</u>

The accompanying notes are an integral part of the financial statements

City of Palatka, Florida
Reconciliation Statement of Revenues, Expenditures, and Changes in Fund Balances to the
Statement of Activities
Governmental Funds
Year Ended September 30, 2023

Net change in fund balance – total governmental funds		\$ 483,722
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental fund report capital outlay as expenditures. However, in the statement of activities the cost of those assets is depreciated over their estimated useful lives.		
Acquisitions of capital assets	3,929,645	
Loss on disposal of capital assets	597,394	
Current year depreciation expense	(1,052,948)	3,474,091
Repayment of debt principal is an expenditure in the governmental funds, but the repayment does not effect net position of governmental activities.		
Principal retirement		332,053
The timing of revenue sometimes differs between governmental funds and governmental activities.		
Change in unavailable revenues		(484,814)
Net changes in net pension liability and total OPEB liability and related deferred outflows and inflows are reported in the statement of activities but not in the governmental funds.		
Net pension liability	(361,888)	
Deferred outflows-pension	534,628	
Deferred inflows-pension	(194,543)	
Total OPEB liability	13,407	
Deferred outflows-OPEB	21,599	
Deferred inflows-OPEB	(36,714)	(23,512)
Change in net position of governmental activities		\$ 3,628,513

The accompanying notes are an integral part of the financial statements

City of Palatka, Florida
Statement of Net Position
Proprietary Funds
September 30, 2023

	Enterprise Funds				Total Enterprise Funds
	Water Fund	Sanitation Fund	Golf Course Fund	Airport Fund	
Current assets					
Cash and cash equivalents	\$ 1,650,412	\$ 2,032,819	\$ 34,392	\$ 41,372	\$ 3,758,995
Restricted cash and cash equivalents	2,340,536	375,481	310	694	2,717,021
Accounts receivable, net	647,095	219,680	83,057	-	949,832
Due from other government	2,958,186	-	-	-	2,958,186
Inventory	155,349	-	-	12,155	167,504
Total current assets	7,751,578	2,627,980	117,759	54,221	10,551,538
Noncurrent assets					
Restricted cash and cash equivalents	8,095	-	-	-	8,095
Capital assets, net	39,783,276	1,291,279	1,169,681	19,352,911	61,597,147
Total noncurrent assets	39,791,371	1,291,279	1,169,681	19,352,911	61,605,242
Total Assets	\$ 47,542,949	\$ 3,919,259	\$ 1,287,440	\$ 19,407,132	\$ 72,156,780
Deferred outflows of resources					
Pension related	500,299	275,268	-	49,978	825,545
OPEB related	11,303	6,219	-	1,129	18,651
Total deferred outflows of resources	511,602	281,487	-	51,107	844,196
Current liabilities:					
Accounts payable and accrued liabilities	\$ 754,817	\$ 57,786	\$ 732	\$ 26,588	\$ 839,923
Due to other funds	-	-	129,273	129,623	258,896
Deposits	11,370	-	-	25,211	36,581
Current portion of long-term liabilities	499,105	112,243	23,134	5,391	639,873
Total current liabilities	1,265,292	170,029	153,139	186,813	1,775,273
Noncurrent liabilities:					
Total OPEB liability	138,344	76,118	-	13,820	228,282
Net pension liability	1,711,901	941,900	-	171,013	2,824,814
Advances from other funds	-	-	-	162,742	162,742
Other long-term liabilities	12,838,645	150,121	109,528	22,115	13,120,409
Total noncurrent liabilities	14,688,890	1,168,139	109,528	369,690	16,336,247
Total liabilities	15,954,182	1,338,168	262,667	556,503	18,111,520
Deferred inflows of resources					
Pension related	-	-	-	-	-
OPEB related	36,582	20,128	-	3,654	60,364
Deferred revenues	2,958,186	-	-	-	2,958,186
Total deferred inflows of resources	2,994,768	20,128	-	3,654	3,018,550
Net position					
Net investment in capital assets	26,445,526	1,028,915	1,037,019	19,325,405	47,836,865
Restricted for capital projects	8,095	-	-	-	8,095
Unrestricted	2,651,980	1,813,535	(12,246)	(427,323)	4,025,946
Total net position	\$ 29,105,601	\$ 2,842,450	\$ 1,024,773	\$ 18,898,082	\$ 51,870,906

The accompanying notes are an integral part of the financial statements

City of Palatka, Florida
Statement of Revenues, Expenditures, and Changes in Fund Net Position
Proprietary Funds
Year Ended September 30, 2023

	Enterprise Funds				Total Enterprise Funds
	Water Fund	Sanitation Fund	Golf Course Fund	Airport Fund	
Operating revenues					
User fees	\$ 7,931,362	\$ 3,227,502	\$ -	\$ 1,130,507	\$ 12,289,371
Other operating revenues	1,175	1,504	123,872	42,468	169,019
Total operating revenues	<u>7,932,537</u>	<u>3,229,006</u>	<u>123,872</u>	<u>1,172,975</u>	<u>12,458,390</u>
Operating expenses					
Personal services	2,913,442	1,295,412	-	331,922	4,540,776
Physical environment	454,881	10,741	-	-	465,622
Operating expenses	2,193,173	886,039	341,544	894,846	4,315,602
Depreciation	1,327,068	268,603	96,429	926,534	2,618,634
Total expenditures	<u>6,888,564</u>	<u>2,460,795</u>	<u>437,973</u>	<u>2,153,302</u>	<u>11,940,634</u>
Operating income (loss)	<u>1,043,973</u>	<u>768,211</u>	<u>(314,101)</u>	<u>(980,327)</u>	<u>517,756</u>
Nonoperating revenues (expenses)					
Investment earnings	1,559	-	-	-	1,559
Interest expense	(191,076)	(5,565)	(5,228)	(3,228)	(205,097)
Sale of surplus property	6,000	5,300	-	2,100	13,400
Total nonoperating revenues (expenses)	<u>(183,517)</u>	<u>(265)</u>	<u>(5,228)</u>	<u>(1,128)</u>	<u>(190,138)</u>
Income (loss) before capital contributions and transfers	860,456	767,946	(319,329)	(981,455)	327,618
Capital contributions and transfers					
Capital contributions	4,484,775	10,545	-	1,244,051	5,739,371
Transfers in	17,628	-	331,390	451,582	800,600
Transfers out	(1,155,002)	(225,605)	(365)	(110,056)	(1,491,028)
Total other financing sources (uses)	<u>3,347,401</u>	<u>(215,060)</u>	<u>331,025</u>	<u>1,585,577</u>	<u>5,048,943</u>
Net change in fund balance	4,207,857	552,886	11,696	604,122	5,376,561
Fund balances - beginning of year	24,866,055	2,004,110	1,013,077	18,267,100	46,150,342
Restatement	31,689	285,454	-	26,860	344,003
Fund balances - beginning of year, restated	<u>24,897,744</u>	<u>2,289,564</u>	<u>1,013,077</u>	<u>18,293,960</u>	<u>46,494,345</u>
Fund balances - end of year	<u>\$ 29,105,601</u>	<u>\$ 2,842,450</u>	<u>\$ 1,024,773</u>	<u>\$ 18,898,082</u>	<u>\$ 51,870,906</u>

The accompanying notes are an integral part of the financial statements

City of Palatka, Florida
Statement of Cash Flows
Proprietary Funds
Year Ended September 30, 2023

	Water Fund	Sanitation Fund	Golf Course Fund	Airport Fund	Total Enterprise Fund
Cash flows from operating activities:					
Receipts from customers	\$ 7,965,262	\$ 3,211,894	\$ 132,347	\$ 2,435,065	\$ 13,744,568
Payments to suppliers	(1,807,708)	(876,237)	(436,862)	(834,512)	(3,955,319)
Payments to employees	(2,700,329)	(1,122,162)	-	(530,929)	(4,353,419)
Net cash provided by (used in) operating activities	<u>3,457,226</u>	<u>1,213,495</u>	<u>(304,515)</u>	<u>1,069,624</u>	<u>5,435,830</u>
Cash flows from non-capital financing activities:					
Transfers in	17,628	-	331,390	451,582	800,600
Transfers out	(1,155,002)	(225,605)	(365)	(110,056)	(1,491,028)
Net cash provided by non-capital financing activities	<u>(1,137,374)</u>	<u>(225,605)</u>	<u>331,025</u>	<u>341,526</u>	<u>(690,428)</u>
Cash flows from capital and related financing activities:					
Capital contributions	4,484,775	10,545	-	1,244,051	5,739,371
Acquisition and construct of capital assets	(7,928,492)	(237,027)	298,651	(743,125)	(8,609,993)
Sale of surplus property	6,000	5,300	-	2,100	13,400
Debt issuance	1,412,157	-	-	-	1,412,157
Principal paid on debt	(484,693)	-	(306,775)	(1,804,575)	(2,596,043)
Interest paid on debt	(191,076)	(5,565)	(5,228)	(3,228)	(205,097)
Net cash provided by (used in) capital and related financing activities	<u>(2,701,329)</u>	<u>(226,747)</u>	<u>(13,352)</u>	<u>(1,304,777)</u>	<u>(4,246,205)</u>
Cash flows from investing activities:					
Sale of investments	20,396	-	-	21,560	41,956
Interest received	1,559	-	-	-	1,559
Net cash provided by investing activities	<u>21,955</u>	<u>-</u>	<u>-</u>	<u>21,560</u>	<u>43,515</u>
Net increase (decrease) in cash and cash equivalents	(359,523)	761,143	13,158	127,933	542,712
Cash and cash equivalents at beginning of year	4,358,566	1,647,157	21,544	(85,867)	5,941,400
Cash and cash equivalents at end of year	<u>\$ 3,999,043</u>	<u>\$ 2,408,300</u>	<u>\$ 34,702</u>	<u>\$ 42,066</u>	<u>\$ 6,484,112</u>
Cash flows from operating activities:					
Operating (loss)	\$ 1,043,973	\$ 768,211	\$ (314,101)	\$ (980,327)	\$ 517,756
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation and amortization	1,327,068	268,603	96,429	926,534	2,618,634
Change in assets and liabilities:					
(Increase) decrease in receivables, net	32,725	(17,112)	8,475	-	24,088
(Increase) decrease in due from other governments	(1,393,490)	-	-	1,262,090	(131,400)
(Increase) decrease in inventory	(27,976)	-	-	(12,155)	(40,131)
(Increase) decrease in prepaid expenses	-	-	-	-	-
(Increase) decrease in deferred outflows	(118,069)	(34,406)	-	(8,153)	(160,628)
Increase (decrease) in accounts payable and accrued liabilities	546,157	(20,543)	(91,080)	(119,353)	315,181
Increase (decrease) in due to other funds	-	-	(4,238)	-	(4,238)
Increase (decrease) in compensated absences	(10,507)	15,530	-	5,450	10,473
Increase (decrease) in total OPEB liability	14,324	1,706	-	5,552	21,582
Increase (decrease) in customer deposits	-	-	-	(4,994)	(4,994)
Increase (decrease) in net pension liability	693,824	300,863	-	57,893	1,052,580
Increase (decrease) in deferred inflows	1,349,197	(42,534)	-	(62,913)	1,243,750
Net cash provided by (used in) operating activities	<u>\$ 3,457,226</u>	<u>\$ 1,240,318</u>	<u>\$ (304,515)</u>	<u>\$ 1,069,624</u>	<u>\$ 5,462,653</u>
Cash and cash equivalents:					
Unrestricted	\$ 1,650,412	\$ 2,032,819	\$ 34,392	\$ 41,372	\$ 3,758,995
Restricted	2,348,631	375,481	310	694	2,725,116
Total cash and cash equivalents	<u>\$ 3,999,043</u>	<u>\$ 2,408,300</u>	<u>\$ 34,702</u>	<u>\$ 42,066</u>	<u>\$ 6,484,111</u>

The accompanying notes are an integral part of the financial statements

City of Palatka, Florida
Statement of Fiduciary Net Position
Pension Trust Funds
September 30, 2023

	Total
Assets	
Investments:	
Money market and other cash equivalents	\$ 576,753
Fixed income	11,534,272
Equity	13,475,732
Mutual funds - equities	10,115,114
Pooled/Common/Commingled funds - equity	1,256,364
Pooled/Common/Commingled funds - real estate	<u>2,467,226</u>
Total investments	<u>39,425,461</u>
Accounts receivable	<u>382,150</u>
Total assets	<u>\$ 39,807,611</u>
Liabilities	\$ 109,223
Net position:	
Restricted for pension benefits	<u>39,698,388</u>
Total Liabilities and Net Position	<u>\$ 39,807,611</u>

The accompanying notes are an integral part of the financial statements

City of Palatka, Florida
Statement of Changes in Fiduciary Net Position
Pension Trust Funds
Year Ended September 30, 2023

	Total
Additions	
Contributions	
Employer	\$ 2,564,298
Member	468,304
State on behalf, through general fund	<u>171,168</u>
Total contributions	<u>3,203,770</u>
 Investment income	
Net appreciation (depreciation) in fair value of investments	2,033,694
Interest & dividends	992,431
Less investment fee	<u>(164,027)</u>
Net investment income	<u>2,862,098</u>
Total additions	<u>6,065,868</u>
 Deductions	
Member benefits	3,243,004
Withdrawals	193,692
Refunds of member contributions	138,494
Administrative expense	<u>128,963</u>
Total deductions	<u>3,704,153</u>
Change in net position	2,361,715
 Net position restricted for	
pension benefits, beginning of the year	<u>37,336,673</u>
Net position restricted for	
pension benefits, end of the year	<u><u>\$ 39,698,388</u></u>

The accompanying notes are an integral part of the financial statements

City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

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

Blended Component Unit

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

Discretely Presented Component Unit

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

City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Discretely Presented Component Unit (Continued)

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

The Palatka Gas Authority
518 Main Street
Palatka, Florida 32177

Related Organization

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

Joint Ventures

The City did not participate in any joint ventures during the 2022-2023 fiscal year.

Basis of Presentation

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

Government-wide Financial Statements

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

City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide Financial Statements (Continued)

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

Fund Financial Statements

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

The City reports the following major governmental funds:

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

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

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

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

The City reports the following major enterprise funds:

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

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

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

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

City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements (Continued)

The City has no nonmajor governmental funds.

Additionally, the City reports the following fiduciary funds:

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

Measurement Focus and Basis of Accounting

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

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

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

Cash and Cash Equivalents

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

Accounts Receivable

Receivables are stated at net realizable value, reduced by an allowance for uncollectable accounts, where appropriate. Accounts receivable of the Enterprise Funds are net of a \$65,177 allowance. Accounts receivable of the Gas Authority are net of \$8,764 allowance.

City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

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

Inventories

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

Long-term Receivables

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

Capital Assets

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

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

City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

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

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

For its business-type activities, interest earnings are offset against construction costs for qualified projects financed with tax-exempt debt. No interest costs were capitalized during 2023.

Claims and Judgments

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

Compensated Absences

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

Property Taxes

The Putnam County Tax Collector bills and collects property taxes for the City. At September 30, 2023, property taxes receivable was not material.

City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Operating Revenues and Expenses

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

Pensions

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

Deferred Outflow/ Inflows of Resources

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

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

City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Net Position

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

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

The City has no net position restricted by enabling legislation.

Fund Balance

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

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

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

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

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

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

City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

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

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

Use of Estimates

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

NOTE 2 – DEPOSITS AND INVESTMENTS

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

	Primary Government	Componet Unit
Statement of net position:		
Cash and equivalents	\$ 11,985,061	\$ 2,414,192
Restricted cash and equivalents	4,697,507	756,387
Restricted investments	-	1,077,367
Statement of fiduciary net position:		
Money market and other cash equivalents	576,753	-
Investments	38,848,708	-
Total deposits and investments	\$ 56,108,029	\$ 4,247,946

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City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2023

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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

	Primary Government	Componet Unit
Deposits with financial institutions (including certificates of deposit)	\$ 17,259,321	\$ 3,170,579
Investments - other than pension	-	1,077,367
Investments - pension	38,848,708	-
Total deposits and investments	\$ 56,108,029	\$ 4,247,946

Deposits

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

Investments

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

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

The City’s investments at September 30, 2023 are summarized in the following table:

		Maturities			
		0-5 years	5-10 years	10+ years	n/a
Pension investments:					
Fixed income	\$ 11,534,272	\$ 11,534,272	\$ -	\$ -	\$ -
Equity	13,475,732	6,264,938	4,015,248	3,195,546	-
Mutual funds (fixed income)	-	-	-	-	-
Mutual funds (equities)	10,115,114	-	-	-	10,115,114
Pooled/Common/Commingled funds - equity	2,467,226	-	-	-	2,467,226
Total pension investments	\$ 37,592,344	\$ 17,799,210	\$ 4,015,248	\$ 3,195,547	\$ 12,582,340

City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2023

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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

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

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

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

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

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

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

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

City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2023

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued)

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

NOTE 3 – FAIR VALUE MEASUREMENT

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

The City has the following recurring fair value measurements as of September 30, 2023:

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

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

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments:				
Fixed income	\$ 11,534,272	\$ 11,534,272	\$ -	\$ -
Equity	13,475,732	11,471,192	2,004,540	-
Mutual funds (fixed income)	10,115,114	-	-	-
Mutual funds (equities)	-	-	-	-
Pooled/Common/Commingled funds - equity	2,467,226	2,100,222	367,004	-
Total pension investments	37,592,344	25,105,686	2,371,544	-

City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2023

NOTE 4 – INTERFUND BALANCES AND TRANSFERS

At September 30, 2023, interfund balances consist of:

- A long-term advance from the General Fund to the Airport Fund of \$162,742.
- Temporary loans from the General Fund to Airport Fund and Golf Course Fund of \$129,623 and \$129,273, respectively, expected to be repaid within the next fiscal year.

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

Transfers from:	General fund	Downtown redev. fund	Water fund	Sanitation fund	Golf course fund	Airport fund	Total
Transfers to:							
General fund	\$ -	\$ 19,431	\$ 1,155,002	\$ 365	\$ 225,605	\$ 110,056	\$ 1,510,459
Better place plan fund	76,134	-	-	-	-	-	76,134
Water fund	-	17,628	-	-	-	-	17,628
Sanitation fund	331,390	-	-	-	-	-	331,390
Airport	451,582	-	-	-	-	-	451,582
Total	\$ 859,106	\$ 37,059	\$ 1,155,002	\$ 365	\$ 225,605	\$ 110,056	\$ 2,387,193

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

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City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2023

NOTE 5 – CAPITAL ASSETS ACTIVITY

During the year ended September 30, 2023, the following changes in capital assets occurred:

Primary Government	Balance October 1, 2022	Additions	Deletions	Transfers	Balance September 30, 2023
Governmental activities:					
Capital assets not being depreciated:					
Land and improvements	\$ 4,327,441	\$ 65,714	\$ -	\$ -	\$ 4,393,155
Construction in progress	3,393,922	6,765,230	-	(4,479,194)	5,679,958
Total not being depreciated	7,721,363	6,830,944	-	(4,479,194)	10,073,113
Capital assets being depreciated:					
Buildings and improvements	8,556,238	9,417	-	-	8,565,655
Infrastructure	18,642,048	-	(429,062)	4,479,194	22,692,180
Furniture and equipment	5,630,811	38,428	(168,332)	-	5,500,907
Intangibles	247,544	-	-	-	247,544
Total being depreciated	33,076,641	47,845	(597,394)	4,479,194	37,006,286
Less accumulated depreciation for:					
Buildings and improvements	5,923,788	322,064	-	-	6,245,852
Infrastructure	9,409,794	525,047	(429,062)	-	9,505,779
Furniture and equipment	3,786,011	205,837	(168,332)	-	3,823,516
Intangibles	247,544	-	-	-	247,544
Total accumulated depreciation	19,367,137	1,052,948	(597,394)	-	19,822,691
Total being depreciated, net	13,709,504	(1,005,103)	-	4,479,194	17,183,595
Governmental activities capital assets, net	\$ 21,430,867	\$ 5,825,841	\$ -	\$ -	\$ 27,256,708

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

Governmental activities:	
General government	\$ 224,660
Public safety	345,810
Transportation	288,724
Human services	5,027
Culture and recreation	188,727
Total depreciation expense governmental activities	\$ 1,052,948

City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2023

NOTE 5 – CAPITAL ASSETS ACTIVITY (CONTINUED)

	Balance October 1, 2022	Additions	Deletions	Transfers	Balance September 30, 2023
Business-type activities:					
Capital assets not being depreciated:					
Land and improvements	\$ 7,015,211	\$ -	\$ -	\$ -	\$ 7,015,211
Construction in progress	1,807,516	6,969,420	-	(2,722,999)	6,053,937
Total not being depreciated	8,822,727	6,969,420	-	(2,722,999)	13,069,148
Capital assets being depreciated:					
Buildings and improvements	25,980,286	10,981	-	651,886	26,643,153
Furniture and equipment	6,037,789	304,867	-	-	6,342,656
Water and sewer distribution system	18,756,686	1,541,080	-	1,902,224	22,199,990
Plant assets and equipment	37,036,244	100,878	-	168,889	37,306,011
Total being depreciated	87,811,005	1,957,806	-	2,722,999	92,491,810
Less accumulated depreciation for:					
Buildings and improvements	13,410,543	837,900	-	-	14,248,443
Furniture and equipment	3,888,095	270,312	-	-	4,158,407
Water and sewer distribution system	6,222,255	409,440	-	-	6,631,695
Plant assets and equipment	17,824,284	1,100,981	-	-	18,925,265
Total accumulated depreciation	41,345,177	2,618,634	-	-	43,963,811
Total being depreciated, net	46,465,828	(660,828)	-	2,722,999	48,527,999
Business-types activities capital assets, net	\$ 55,288,555	\$ 6,308,592	\$ -	\$ -	\$ 61,597,147

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

Business-type activities:

Water	\$ 1,327,068
Sanitation	96,429
Golf Course	268,603
Airport	926,534
Total depreciation expense business-type activities	\$ 2,618,634

City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2023

NOTE 5 – CAPITAL ASSETS ACTIVITY (CONTINUED)

	Balance October 1, 2022	Additions	Deletions	Transfers	Balance September 30, 2023
Gas Authority capital assets					
Capital assets not being depreciated:					
Land	\$ 211,373	\$ 170	\$ -	\$ -	\$ 211,543
Total not being depreciated	211,373	170	-	-	211,543
Capital assets being depreciated:					
Buildings and improvements	1,256,336	211,373	-	-	1,467,709
Furniture and equipment	1,584,918	129,303	(216,461)	-	1,497,760
Plant assets and equipment	7,631,110	189,169	(17,570)	-	7,802,709
Total being depreciated	10,472,364	529,845	(234,031)	-	11,236,240
Less accumulated depreciation for:					
Buildings and improvements	552,493	38,958	-	-	591,451
Furniture and equipment	1,215,309	199,315	(216,461)	-	1,198,163
Plant assets and equipment	3,216,106	112,289	(17,570)	-	3,310,825
Total accumulated depreciation	4,983,908	350,562	(234,031)	-	5,100,439
Total being depreciated, net	5,488,456	179,283	-	-	5,667,739
Gas Authority capital assets, net	<u>\$ 5,699,829</u>	<u>\$ 179,453</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,879,282</u>

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City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2023

NOTE 6 – LONG-TERM OBLIGATIONS

Revenue Bonds and Notes:

Governmental Activities

\$300,000 North CRA road project loan, payable in annual installments ranging from \$10,706 to \$20,376 through February 2039, plus interest at 3.64%, payable semiannually, revenue source - non-ad valorem revenues.

	Total	\$ 202,898
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Business-type Activities

\$5,620,357 Florida Municipal Loan Council Refunding Revenue Note, Series 2020; payable in varying installments through October 1, 2040, bearing a fixed interest rate of 2.73%, secured by a pledge of Half-Cent Sales Tax Revenues, Public Service Tax Revenues, and Communications Service Tax Revenues. Interest payments are due every April 1 beginning on April 1, 2021. Principal and interest payments are due every October 1, beginning October 1, 2021.

5,197,955

\$4,268,622 Drinking Water State Revolving Fund Loan, plus capitalized interest of \$15,953, payable in semiannual installments of \$142,476, including interest at 2.61%, through January 2029, from net revenues of the water and sewer system. The proceeds were used to repay the portion of interim loan for construction of the drinking water treatment/distribution project, that was not covered by a DEP grant. The approximate amount of the pledge is equal to the remaining principal and interest of \$3,125,704. During the current year, the City recognized net revenues of \$2,384,388, and paid principal and interest payments in the amount of \$284,080.

1,571,856

\$7,853,000 Drinking Water State Revolving Fund Loan, plus estimated \$20,000 capitalized interest, less principal forgiveness of \$1,210,796, payable in semiannual installments of \$175,506, including interest at 0.32%, beginning December 15, 2020 through December 2040, from net revenues of the water and sewer system. The proceeds are being used for Water Main Improvements. The approximate amount of the pledge is equal to the remaining principal and interest of \$429,640. During the current year, the City drew \$425,554 of the available loan, recognized net revenues of \$2,070,189, and paid principal and interest payments in the amount of \$0.

6,338,879

\$500,000 February 2019 emergency loan for improvements to sewer system, plus interest at 3.37%. Interest will be annually at February 2020 and February 2021 and principal will be due in a lump sum payment in February 2021. The proceeds are being used for sewer system improvements. The loan is unsecured. During the current year, no payments were due or made.

408,742

	Total	\$ 13,517,432
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City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2023

NOTE 6 – LONG-TERM OBLIGATIONS (CONTINUED)

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

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

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

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

Year Ending September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 11,918	\$ 8,983	\$ 499,105	\$ 178,595
2025	12,352	8,541	1,027,425	165,783
2026	12,802	8,083	1,041,656	152,640
2027	13,268	7,609	1,055,522	139,122
2028	13,751	7,117	1,068,508	125,245
2028-2032	76,635	27,559	4,369,949	458,833
2033-2037	62,172	11,186	2,905,546	252,444
2038-2042	-	-	1,082,666	43,306
2043-2047	-	-	-	-
Totals	\$ 202,898	\$ 79,078	\$ 13,050,377	\$ 1,515,969

Governmental Activities – Changes in Long-term Liabilities

	Balance			Balance	Due
	October 1, 2022	Additions	Deletions	September 30, 2023	Within One Year
Revenue bonds and notes	\$ 241,878	\$ -	\$ 38,980	\$ 202,898	\$ 11,918
Capital leases	979,877	-	74,053	905,824	323,827
Compensated absences	442,861	153,027	-	595,888	-
Total OPEB liability	405,134	13,407	-	418,541	-
Net pension liability	5,541,007	-	361,888	5,179,119	-
Totals	\$ 7,610,757	\$ 166,434	\$ 474,921	\$ 7,302,270	\$ 335,745

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

City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2023

NOTE 6 – LONG-TERM OBLIGATIONS (CONTINUED)

Business-type Activities – Changes in Long-term Liabilities

	Balance October 1, 2022	Additions	Deletions	Balance September 30, 2023	Due Within One Year
Florida Municipal Loan Council refunded revenue bonds series 2020	\$ 5,419,077	\$ -	\$ 221,122	\$ 5,197,955	\$ 229,200
Drinking water state revolving fund loan	1,810,655	-	238,799	1,571,856	245,133
State revolving fund loan	4,459,667	1,412,157	-	5,871,824	-
Emergency water fund loan	433,514	-	24,772	408,742	24,772
Golf revenue note series 2013A	164,000	-	164,000	-	-
Airport revenue note series 2013B	50,000	-	50,000	-	-
Airport revenue note series 2013C	83,000	-	83,000	-	-
Total revenue bonds and notes	12,419,913	1,412,157	781,693	13,050,377	499,105
Capital leases	458,822	-	142,775	316,047	140,768
County water/sewer agreement	106,563	-	-	106,563	-
SJRWMD water/sewer agreement	11,293	-	11,293	-	-
Compensated absences	276,822	20,980	10,507	287,295	-
Total OPEB liability	206,700	21,582	-	228,282	-
Net pension liability	1,772,234	1,052,580	-	2,824,814	-
Totals	\$ 15,252,347	\$ 2,507,299	\$ 946,268	\$ 16,813,378	\$ 639,873

The City has long-term water/sewer agreements with the St. Johns River Water Management District and Putnam County, which are liquidated when permit costs are incurred or new business hook-ups are made in the Highway 19 corridor.

Capital Leases

Governmental Activities

During the fiscal year, the City adopted and implemented GASB 87. The City continued to pay a 389,000, 2.04% capital lease for police vehicles due in semi-annual installments of approximately \$45,000, a \$56,400, 1.8% capital lease for a rescue vehicle due in semi-annual installments of approximately \$4,000, a \$680,000, 3.38% capital lease for fire engine due in quarterly installments of approximately \$75,000 to \$85,000, and \$266,559 capital lease for vehicles at 3.288% due in semi-annual installments of approximately \$29,000. During the fiscal year, the City continued to pay on a \$514,940 capital lease for vehicles at 3.280% due in annual installments of approximately \$81,000. These leases are payable from the General Fund and reported in governmental activities in furniture and equipment.

City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2023

NOTE 6 – LONG-TERM OBLIGATIONS (CONTINUED)

Business-type Activities

Additionally, the City has a \$257,100, 2.44% capital lease for a sanitation truck due in semi-annual payments of approximately \$20,000, a \$289,257, 2.04% capital lease for a sanitation truck in semi-annual payments of approximately \$23,000 and a 419,000, 1.80% capital lease for two sanitation trucks in semi-annual payments of approximately \$30,000. All three leases are payable from the Sanitation Fund and are reported in business-type activities in furniture and equipment. During the fiscal year, the City entered into a \$274,223 capital lease for a sanitation rear loader and vehicles for the airport at 3.28% with annual payments of \$2,513 which is payable form the Sanitation and Airport Funds.

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

	Governmental Activities	Business-type Activities
2024	\$ 323,827	\$ 140,768
2025	183,471	90,247
2026	159,517	25,946
2027	77,035	27,478
2028	79,639	29,101
2029-2033	82,335	2,508
Less: amount representing interest	(56,924)	(7,132)
Present value of net minimum lease payments	\$ 848,900	\$ 308,915

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City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2023

NOTE 7 – RESTRICTED NET POSITION – BUSINESS-TYPE ACTIVITIES

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

	Business-type Activities
Restricted assets:	
Cash and equivalent	\$ 2,725,116
Total	2,725,116
Liabilities payable from restricted assets:	
Current portion of debt service:	
Principal	499,105
Interest	178,595
Payable from current portion of debt service	677,700
Long-term debt service payable from restricted assets	\$ 2,047,416

NOTE 8 – FUND BALANCE CLASSIFICATIONS

	General fund	Downtown Redevelopment Agency Fund	Better Place Plan Fund	Total Governmental Funds
Nonspendable:				
Advances	\$ 162,742	\$ -	\$ -	\$ 162,742
Restricted for:				
Law enforcement	75,916	-	-	75,916
Fire safety education	35,006	-	-	35,006
Fire protection	1,084	-	-	1,084
Programming and recreation	13,077	-	-	13,077
Transportation	1,074	-	-	-
Cemeter improvements	175,069	-	-	175,069
Capital projects	22,000	-	1,247,839	1,269,839
Downtown redevelopment	-	1,742,873	-	1,742,873
Total restricted	323,226	1,742,873	1,247,839	3,313,938
Committed for:				
Law enforcement	8,346	-	-	8,346
Tree mitigation	3,579	-	-	3,579
Demolition and lot cleanup	101,833	-	-	101,833
Total committed	113,758	-	-	113,758
Unassigned	5,860,529	-	-	5,860,529
Total fund balance	\$ 6,460,255	\$ 1,742,873	\$ 1,247,839	\$ 9,450,967

City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2023

NOTE 9 – PENSION PLANS

Defined Benefit Plan

Plan Description. The City sponsors a single-employer public employee retirement system (the “System”) administered by the City of Palatka, Pension Boards of Trustees. The General Pension Board consists of five members, including the City Manager, two City Commission appointees, one member elected by a majority of the other covered General employees, and one citizen having financial experience appointed by the City Commission. The Police Officer Pension Board and Firefighters Pension Board each consist of two City Commission appointees, two members of the Plan elected by a majority of the other covered members and a fifth member elected by the other four board trustees and appointed by the City Commission. The System administers the City Employees Retirement Plan (the “Plan”) which provides three employee contributory defined benefit pension plans. Members of the Plan include employees of the City and the Palatka Gas Authority. Nonemployer contributions are made by the State of Florida on behalf of Police Officers and Firefighters who participate in the System. For the year ended September 30, 2023, the City recognized \$99,811 and \$71,357 in the General Fund for State contributions to the Police Officers’ and Firefighters’ Retirement Funds, respectively. The City accounts for the Plan in three Pension Trust Funds, corresponding to three benefit groups as follows:

General – all members not included in Police Officers and Firefighters

Police Officers – all state-certified police officers

Firefighters – all state-certified firefighters

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

City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2023

NOTE 9 – PENSION PLANS (CONTINUED)

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

Current membership in the Plan as of September 30, 2023 is as follows:

	General	Police Officers	Fire Fighters	Total
Inactive plan members or beneficiaries				
currently receiving benefits	117	33	14	164
Inactive plan members entitled to but				
not yet receiving benefits	41	21	13	75
Active plan members	87	21	25	133
Total	245	75	52	372

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

Concentrations. As of September 30, 2023, the Plans did not hold investments in any one organization that represents 5% or more of the Plans’ fiduciary net position.

Rate of Return. For the year ended September 30, 2023, the annual money-weighted rate of return on General, Police Officers, and Firefighters Pension Plans investments, net of pension plan investment expense was (17.75)%, (16.46)%, and (16.95)%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense adjusted for the changing amounts actually invested.

Deferred Retirement Option Program (DROP). Eligibility is met with satisfaction of normal retirement requirements. Participation is not to exceed five years, or for police officers and firefighters, beyond attaining 35 or 34 years, respectively, of credited service, if earlier. General and Police DROP participants may choose actual net rate of return as reported by the Fund’s monitor each September 30 or a fixed 6.5% per annum compounded monthly. Effective beginning with the year ending September 30, 2008 the rate of return was limited to 0% for general members in DROP. Rate for Firefighter DROP participants is the greater of: 1) net rate of investment return or 2) 5.0%. The DROP balance as of September 30, 2023 was \$788,839, \$87,668, and \$0, respectively, for general, police officer and firefighters.

Net Pension Liability. The City’s net pension liability 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 dated October 1, 2022 and rolled forward to that date.

City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2023

NOTE 9 – PENSION PLANS (CONTINUED)

The components of the net pension liability for the plans at September 30, 2023 were as follows:

	City of Palatka - General	Palatka Gas Authority	Total General Retirement Fund
Total pension liability	\$ 16,294,407	\$ 2,695,756	\$ 27,877,514
Plan fiduciary net position	(14,164,757)	(4,848,313)	(19,016,745)
Net pension liability	\$ 2,129,650	\$ (2,152,557)	\$ 8,860,769

Pension fiduciary net position as a percentage of the total pension liability	86.93%	179.85%	68.22%
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	Police Officers'	Firefighters'
Total pension liability	\$ 14,742,887	\$ 11,958,240
Plan fiduciary net position	(11,599,047)	(9,117,982)
Net pension liability	\$ 3,143,840	\$ 2,840,258

Pension fiduciary net position as a percentage of the total pension liability	78.68%	76.25%
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Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of October 1, 2022, rolled forward to September 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

	General	Police Officers	Fire Fighters
Investment rate of return	7.40%	7.50%	7.40%
Projected salary increases*	Service based	Service based	Service based
* Includes inflation at	2.70%	2.70%	2.70%
Discount rate	7.40%	7.50%	7.40%

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

City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2023

NOTE 9 – PENSION PLANS (CONTINUED)

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

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

Asset class:	Target Allocation			Long-term
	General	Police Officers'	Firefighters'	Expected Real
				Rate of Return
				All Plans
Domestic equity	52.0%	52.0%	52.0%	7.2%
Internation equity	8.0%	8.0%	8.0%	2.9%
Bonds	20.0%	20.0%	20.0%	1.7%
High yields bonds	4.0%	4.0%	4.0%	4.1%
Convertibles	5.0%	5.0%	5.0%	5.9%
Private real estate	5.0%	5.0%	5.0%	5.9%
Infrastructure	5.0%	5.0%	5.0%	5.1%
Cash	1.0%	1.0%	1.0%	-0.1%
Total	100.0%	100.0%	100.0%	

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

City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2023

NOTE 9 – PENSION PLANS (CONTINUED)

Changes in the Net Pension Liability (General)

	Total Plan		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance - beginning of year	\$ 27,230,905	\$ 17,958,805	\$ 9,272,100
Changes for the year:			
Service cost	483,533	-	483,533
Interest	1,976,615	-	1,976,615
Difference between expected and actual experience	193,303	-	193,303
Changes of assumptions	-	-	-
Contributions-employer	-	1,508,293	(1,508,293)
Contributions-employees	-	276,296	(276,296)
Net investment income	-	1,325,651	(1,325,651)
Benefit payments, including refunds of employee contributions	(2,006,842)	(2,006,842)	-
Administrative expense	-	(45,458)	45,458
Net changes	646,609	1,057,940	(411,331)
Balance - end of year	\$ 27,877,514	\$ 19,016,745	\$ 8,860,769

	City of Palatka		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance - beginning of year	\$ 21,477,997	\$ 14,164,757	\$ 7,313,241
Changes for the year:			
Service cost	436,775	-	436,775
Interest	1,785,476	-	1,785,476
Difference between expected and actual experience	174,611	-	174,611
Changes of assumptions	-	2,057,432	(2,057,432)
Contributions-employer	-	1,362,441	(1,362,441)
Contributions-employees	-	249,578	(249,578)
Net investment income	3,119,679	1,197,461	1,922,218
Benefit payments, including refunds of employee contributions	(1,812,780)	(1,812,780)	-
Administrative expense	-	(41,062)	41,062
Net changes	3,703,761	3,013,069	690,692
Balance - end of year	\$ 25,181,758	\$ 17,177,826	\$ 8,003,933

City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2023

NOTE 9 – PENSION PLANS (CONTINUED)

	Palatka Gas Authority		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance - beginning of year	\$ 5,752,908	\$ 3,794,048	\$ 1,958,859
Changes for the year:			
Service cost	46,758	-	46,758
Interest	191,139	-	191,139
Difference between expected and actual experience	18,692	-	18,692
Changes of assumptions	(3,119,679)	(2,057,432)	(1,062,247)
Contributions-employer	-	145,852	(145,852)
Contributions-employees	-	26,718	(26,718)
Net investment income	-	128,190	(128,190)
Benefit payments, including refunds of employee contributions	(194,062)	(194,062)	-
Administrative expense	-	(4,396)	4,396
Net changes	(3,057,152)	(1,955,129)	(1,102,023)
Balance - end of year	\$ 2,695,756	\$ 1,838,919	\$ 856,836

Changes in the Net Pension Liability (Police Officers')

	Police Officers'		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance - beginning of year	\$ 14,675,877	\$ 11,089,398	\$ 3,586,479
Changes for the year:			
Service cost	189,421	-	189,421
Interest	1,080,335	-	1,080,335
Changes of benefit terms	(506,377)	-	(506,377)
Difference between expected and actual experience	225,283	-	225,283
Changes of assumptions	-	-	-
Contributions-Employer	-	382,666	(382,666)
Contributions-State	-	99,811	(99,811)
Contributions-Employees	-	96,243	(96,243)
Net investment income	-	894,968	(894,968)
Benefit payments, including refunds of employee contributions	(921,652)	(921,652)	-
Administrative expense	-	(42,387)	42,387
Net changes	67,010	509,649	(442,639)
Balance - end of year	\$ 14,742,887	\$ 11,599,047	\$ 3,143,840

City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2023

NOTE 9 – PENSION PLANS (CONTINUED)

Changes in the Net Pension Liability (Firefighters')

	Firefighters'		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance - beginning of year	\$ 12,166,658	\$ 8,334,135	\$ 3,832,523
Changes for the year:			
Service cost	280,676	-	280,676
Interest	897,175	-	897,175
Change in benefit terms	(763,184)	-	(763,184)
Difference between expected and actual experience	23,611	-	23,611
Changes of assumptions	-	-	-
Contributions-Employer	-	663,059	(663,059)
Contributions-State	-	71,357	(71,357)
Contributions-Employees	-	95,765	(95,765)
Net investment income	-	641,479	(641,479)
Benefit payments, including refunds of employee contributions	(646,696)	(646,696)	-
Administrative expense	-	(41,117)	41,117
Net changes	(208,418)	783,847	(992,265)
Balance - end of year	\$ 11,958,240	\$ 9,117,982	\$ 2,840,258

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

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

City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2023

NOTE 9 – PENSION PLANS (CONTINUED)

Net Pension Liability	1% Decrease 6.40%	Current Discount Rate 7.40%	1% Increase 8.40%
General	\$ 11,649,905	\$ 8,860,769	\$ 6,501,931

Net Pension Liability	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Police officers'	4,909,519	3,143,840	1,688,558

Net Pension Liability	1% Decrease 6.40%	Current Discount Rate 7.40%	1% Increase 8.40%
Firefighters'	4,367,429	2,840,258	1,577,106

Pension expense and deferred outflows of resources and deferred inflows of resources. For the year end September 30, 2023, the City recognized pension expense of \$1,609,283 (including \$155,618 for Palatka Gas Authority), \$429,600, and \$138,606 relating to the General, Police Officers', and Firefighters' plans respectively. At September 30, 2023, the City reported deferred outflows and inflows of resources relating to the General, Police Officers', and Firefighters' pensions from the following sources:

	Deferred Outflows of Resources - City	Deferred Outflows of Resources - PGA	Deferred Outflows of Resources - Total	Deferred Inflows of Resources - City	Deferred Inflows of Resources - PGA	Deferred Inflows of Resources - Total
Differences between expected and actual experience	\$ 87,306	\$ 9,346	\$ 96,652	\$ -	\$ -	\$ -
Changes of assumptions	-	-	-	-	-	-
Difference between projected and actual earnings on pension plan investments (net)	2,251,827	241,062	2,492,889	-	-	-
Total	\$ 2,339,132	\$ 250,409	\$ 2,589,541	\$ -	\$ -	\$ -

	Police Officers'		Firefighters'	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 112,642	\$ -	\$ 63,609	\$ 172,484
Changes of assumptions	-	-	52,374	9,466
Difference between projected and actual earnings on pension plan investments (net)	1,289,686	-	1,037,265	-
Total	\$ 1,402,328	\$ -	\$ 1,153,248	\$ 181,950

City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2023

NOTE 9 – PENSION PLANS (CONTINUED)

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

Year ending September 30,	General - City	General - PGA	General - Total	Police Officers'	Firefighters'
2024	\$ 714,351	\$ 76,473	\$ 790,824	\$ 437,234	\$ 261,929
2025	630,602	67,507	698,109	350,568	226,929
2026	995,372	106,557	1,101,929	630,069	486,337
2027	(1,193)	(128)	(1,321)	(15,543)	(3,897)
2028	-	-	-	-	-
Thereafter	-	-	-	-	-
Total	\$2,339,132	\$ 250,409	\$ 2,589,541	\$1,402,328	\$ 971,298

Pension Plan Financial Statements

Combining Statement of Fiduciary Net Position – September 30, 2023

	General Retirement Fund	Police Officers' Retirement Fund	Firefighters' Retirement Fund	Total
Assets				
Investments:				
Money market and other cash equivalents	\$ 263,050	\$ 177,146	\$ 136,557	\$ 576,753
Fixed income	5,432,365	3,339,353	2,762,554	11,534,272
Equity	10,899,220	1,483,274	1,093,238	13,475,732
Mutual funds - equities	-	5,702,785	4,412,329	10,115,114
Pooled/Common/Commingled funds - equity	1,256,364	-	-	1,256,364
Pooled/Common/Commingled funds - real estate	1,179,361	738,376	549,489	2,467,226
Total investments	19,030,360	11,440,934	8,954,167	39,425,461
Accounts receivable	35,451	171,181	175,518	382,150
Total assets	19,065,811	11,612,115	9,129,685	39,807,611
Liabilities	55,769	28,766	24,688	109,223
Net position:				
Restricted for pension benefits	\$ 19,010,042	\$ 11,583,349	\$ 9,104,997	\$ 39,698,388

City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2023

NOTE 9 – PENSION PLANS (CONTINUED)

Combining Statement of Changes in Fiduciary Net Position – Year Ended September 30, 2023

	General Retirement Fund	Police Officers' Retirement Fund	Firefighters' Retirement Fund	Total
Additions				
Contributions				
Employer	\$ 1,547,256	\$ 366,968	\$ 650,074	\$ 2,564,298
Member	276,296	96,243	95,765	468,304
State on behalf, through general fund	-	99,811	71,357	171,168
Total contributions	<u>1,823,552</u>	<u>563,022</u>	<u>817,196</u>	<u>3,203,770</u>
Investment income				
Net appreciation (depreciation) in fair value of investments	810,023	713,879	509,792	2,033,694
Interest & dividends	574,456	239,850	178,125	992,431
Less investment fee	(58,828)	(58,761)	(46,438)	(164,027)
Net investment income (loss)	<u>1,325,651</u>	<u>894,968</u>	<u>641,479</u>	<u>2,862,098</u>
Total additions (deductions)	<u>3,149,203</u>	<u>1,457,990</u>	<u>1,458,675</u>	<u>6,065,868</u>
Deductions				
Member benefits	1,788,754	819,435	634,815	3,243,004
Withdrawals	122,710	70,982	-	193,692
Refunds of member contributions	95,379	31,234	11,881	138,494
Administrative expense	45,458	42,388	41,117	128,963
Total deductions	<u>2,052,301</u>	<u>964,039</u>	<u>687,813</u>	<u>3,704,153</u>
Change in net position	1,096,902	493,951	770,862	2,361,715
Net position restricted for pension benefits, beginning of the year	<u>17,913,140</u>	<u>11,089,398</u>	<u>8,334,135</u>	<u>37,336,673</u>
Net position restricted for pension benefits, end of the year	<u>\$ 19,010,042</u>	<u>\$ 11,583,349</u>	<u>\$ 9,104,997</u>	<u>\$ 39,698,388</u>

Deferred Compensation Plan

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

City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2023

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS

Plan Description

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

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

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

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

Benefits Provided

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

Contributions

The contribution requirements of plan members and the participating employers are established and may be amended by the City. The City's required contribution, actuarially determined, is based on a combination of projected pay-as-you-go financing, with an additional amount to prefund benefits when earned. Contributions are not based on a measure of pay. The contractually required contribution for the year ended September 30, 2023 was \$42,296. Actual contributions to the OPEB Plan were \$42,296 for the year ended September 30, 2023. Retiree plan members receiving benefits contributed to pay-as-you-go financing through their required contributions for health insurance premiums.

City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2023

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Total OPEB Liability

The measurement date is September 30, 2023, based on an actuarial valuation dated October 1, 2021 and rolled forward to September 30, 2023. The reporting period is October 1, 2022 through September 30, 2023.

The Sponsor’s total OPEB liability of \$716,066 (comprised of \$646,822 for City and \$69,244 for Palatka Gas Authority) was measured as of September 30, 2023.

Actuarial Assumptions and Other Inputs

Table

Inflation rate	2.50%
Salary increase rate(s)	Varies by service
Discount rate	4.77%
Initial trend rate	7.50%
Ultimate trend rate	4.00%
Years to ultimate	53

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

Discount Rate

All future benefit payments were discounted using a high-quality municipal bond rate of 4.18%. The rate was based on the week closest but not later than the measurement date of the Bond Buyer 20-Bond Index as published by the Federal Reserve. This index consists of 20 general obligation bonds that mature in 20 years. The average rating of the 20 bonds is roughly equivalent to Moody’s Investors Service’s Aa2 rating and Standard & Poor’s Corp.’s AA.

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City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2023

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Change in Total OPEB Liability

Changes for the year:	
Service cost	\$ 50,452
Interest	33,832
Difference between expected and actual experience	-
Changes of assumptions and actual experience	(7,400)
Benefit payments	<u>(38,796)</u>
Net changes	<u>38,088</u>
Total OPEB liability - beginning of reporting period	<u>677,978</u>
Total OPEB liability - end of reporting period	<u><u>\$ 716,066</u></u>

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

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

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

	1% Decrease 3.87%	Current Discount Rate 4.87%	1% Increase 5.87%
Total OPEB liability - City	\$ 718,070	\$ 646,822	\$ 584,871
Total OPEB liability - PGA	76,871	69,244	62,612
Total OPEB liability	<u>\$ 794,941</u>	<u>\$ 716,066</u>	<u>\$ 647,483</u>

City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2023

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

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

	Healthcare Cost		
	1% Decrease 3.00% - 7.50%	Trend Rates 4.00% - 8.50%	1% Increase 5.00% - 9.50%
Total OPEB liability - City	\$ 563,867	\$ 646,822	\$ 745,987
Total OPEB liability - PGA	60,363	69,244	79,859
Total OPEB liability	\$ 624,230	\$ 716,066	\$ 825,846

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

For the year ended September 30, 2023, the Sponsor recognized OPEB expense of \$57,948, including \$5,604 for the Palatka Gas Authority.

On September 30, 2023, the Sponsor reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	City	PGA	Total	City	PGA	Total
Differences between expected and actual experience	\$ -	\$ -	\$ -	\$ 122,768	\$ 13,142	\$ 135,910
Changes of assumptions	52,847	5,657	58,504	48,272	5,168	53,440
Total	\$ 52,847	\$ 5,657	\$ 58,504	\$ 171,040	\$ 18,310	\$ 189,350

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City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2023

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

Year ending September 30,	City	PGA	Total
2024	\$ (18,603)	\$ (1,991)	\$ (20,594)
2025	(28,744)	(3,077)	(31,821)
2026	(36,768)	(3,936)	(40,704)
2027	(32,963)	(3,529)	(36,492)
2028	(1,116)	(119)	(1,235)
Thereafter	-	-	-
Total	\$ (118,194)	\$ (12,652)	\$ (130,846)

NOTE 11 – RISK MANAGEMENT

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

NOTE 12 - CONTINGENCIES

The City is sometimes a party to lawsuits and claims arising out of the normal conduct of its activities. While the results of lawsuits or other proceedings against the City cannot be predicted with certainty, management does not expect that these matters will have a material adverse effect on the financial condition of the City as of September 30, 2023.

NOTE 13 – SUBSEQUENT EVENTS

Management has evaluated subsequent events to determine if events or transactions occurring through June 14, 2024, the date the financial statements available to be issued, require potential adjustment to or disclosure in the financial statements.

City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2023

NOTE 14 – NEW ACCOUNTING PRONOUNCEMENTS

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

In May 2019, the GASB issued Statement No. 91, Conduit Debt Obligations. This Statement will provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement is effective for the fiscal year ending September 30, 2023.

In April 2022, the GASB issued Statement No. 99, Omnibus 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

In June 2022, the GASB issued Statement No. 100, Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2023

NOTE 14 – NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

In June 2022, the GASB issued Statement No. 101, Compensated Absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

Management has ascertained that none of these professional pronouncements effective for this year had any discernable impact on the City.

Required Supplementary Information

City of Palatka
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget to Actual – General Fund
Year Ended September 30, 2023

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 5,519,414	\$ 5,519,414	\$ 5,678,987	\$ 159,573
Permits, fees and special assessments	2,719,879	2,719,879	2,873,169	153,290
Intergovernmental	1,324,360	1,552,067	1,617,636	65,569
Charges for services	256,400	263,885	242,920	(20,965)
Fines and forfeitures	55,500	55,500	100,781	45,281
Miscellaneous	163,849	225,202	709,215	484,013
Total revenues	<u>10,039,402</u>	<u>10,335,947</u>	<u>11,222,708</u>	<u>886,761</u>
Expenditures:				
Current:				
General government	2,974,784	3,230,855	2,577,381	653,474
Public safety	7,656,427	7,957,433	7,140,052	817,381
Physical environment	-	-	-	-
Transportation	1,053,818	988,693	896,002	92,691
Economic environment	-	-	-	-
Human services	53,550	85,850	75,895	9,955
Culture and recreation	775,465	1,123,807	777,168	346,639
Capital outlay	370,680	423,347	240,771	182,576
Debt service				
Principal retirement	260,177	260,177	264,609	(4,432)
Interest and fiscal charges	27,360	27,510	19,089	8,421
Total expenditures	<u>13,172,261</u>	<u>14,097,672</u>	<u>11,990,967</u>	<u>2,106,705</u>
Excess of revenues over expenditures	<u>(3,132,859)</u>	<u>(3,761,725)</u>	<u>(768,259)</u>	<u>2,993,466</u>
Other financing sources (uses):				
Operating transfer in	2,076,453	2,076,453	1,510,458	(565,995)
Operating transfer out	<u>(1,025,303)</u>	<u>(1,145,303)</u>	<u>(859,105)</u>	<u>286,198</u>
Total other financing sources (uses):	<u>1,051,150</u>	<u>931,150</u>	<u>651,353</u>	<u>(279,797)</u>
Net change in fund balance	<u>\$ (2,081,709)</u>	<u>\$ (2,830,575)</u>	<u>(116,906)</u>	<u>\$ 2,713,669</u>
Fund balances - beginning of year			<u>5,005,174</u>	
Restatement			<u>1,571,987</u>	
Fund balances - beginning of year restated			<u>6,577,161</u>	
Fund balance, end of year			<u>\$ 6,460,255</u>	

See the accompanying notes.

City of Palatka
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget to Actual – Downtown Redevelopment Agency Fund
Year Ended September 30, 2023

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 701,420	\$ 701,420	\$ 699,043	\$ (2,377)
Miscellaneous	-	-	350	350
Total revenues	<u>701,420</u>	<u>701,420</u>	<u>699,393</u>	<u>(2,027)</u>
Expenditures:				
Economic environment	936,269	936,269	78,619	857,650
Capital outlay	50,000	50,000	98,820	(48,820)
Total expenditures	<u>986,269</u>	<u>986,269</u>	<u>177,439</u>	<u>808,830</u>
Excess of revenues over expenditures	<u>(284,849)</u>	<u>(284,849)</u>	<u>521,954</u>	<u>806,803</u>
Other financing sources (uses):				
Operating transfer out	<u>(745,572)</u>	<u>(745,572)</u>	<u>(37,059)</u>	<u>708,513</u>
Total other financing sources (uses):	<u>(745,572)</u>	<u>(745,572)</u>	<u>(37,059)</u>	<u>708,513</u>
Net change in fund balance	<u>\$ (1,030,421)</u>	<u>\$ (1,030,421)</u>	<u>484,895</u>	<u>\$ 1,515,316</u>
Fund balances - beginning of year			<u>1,257,978</u>	
Fund balance, end of year			<u>\$ 1,742,873</u>	

See the accompanying notes.

City of Palatka
Notes to Budgetary Comparison Schedules
September 30, 2023

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

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

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

Annual budgets are adopted for all governmental funds.

City of Palatka
Schedule of Changes in Net Pension Liability and Related Ratios
General Pension Plan
Year Ended September 30, 2023
Last 10 Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability										
Service cost	\$ 483,533	\$ 407,022	\$ 462,352	\$ 469,426	\$ 393,661	\$ 423,870	\$ 386,138	\$ 340,525	\$ 347,579	\$ 352,477
Interest	1,976,615	1,985,787	1,952,058	1,943,145	1,894,079	1,872,580	1,807,530	1,707,988	1,684,998	1,657,695
Difference between expected and actual experience	193,303	(651,079)	246,792	173,030	404,844	23,255	408,495	(74,220)	24,797	-
Changes of assumptions	-	-	89,552	(145,479)	249,474	238,967	257,491	1,236,245	-	-
Benefit payments, including refunds of employee contributions	(2,006,842)	(1,877,528)	(1,898,267)	(2,048,357)	(2,048,737)	(1,826,224)	(1,713,924)	(1,737,850)	(1,788,086)	(1,539,820)
Net changes in total pension liability	646,609	(135,798)	852,487	391,765	893,321	732,448	1,145,730	1,472,688	269,288	470,352
Total pension liability-beginning	27,230,905	27,366,703	26,514,216	26,122,451	25,229,130	24,496,682	23,350,953	21,878,265	21,608,977	21,138,625
Total pension liability-ending (a)	27,877,514	27,230,905	27,366,703	26,514,216	26,122,451	25,229,130	24,496,682	23,350,953	21,878,265	21,608,977
Total fiduciary net position										
Contributions										
Employer	1,508,293	1,420,542	1,259,075	1,354,046	1,062,017	866,294	739,093	679,864	686,545	774,136
Employee	276,296	235,222	212,266	221,385	209,178	188,324	192,427	175,818	169,514	172,782
Net investment income	1,325,651	(3,889,387)	3,437,739	1,389,220	771,522	994,227	1,528,570	1,554,168	(410,102)	1,600,605
Benefit payments, including refunds of employee contributions	(2,006,842)	(1,877,528)	(1,898,267)	(2,048,357)	(2,048,737)	(1,826,224)	(1,713,924)	(1,737,850)	(1,788,086)	(1,539,821)
Administrative expense	(45,458)	(51,134)	(36,749)	(51,912)	(34,739)	(33,995)	(29,451)	(34,904)	(27,955)	(30,698)
Net changes in plan fiduciary net position	1,057,940	(4,162,285)	2,974,064	864,382	(40,759)	188,626	716,715	637,096	(1,370,084)	977,004
Plan fiduciary net position-beginning	17,958,805	22,121,090	19,147,026	18,282,644	18,323,403	18,134,777	17,418,063	16,780,967	18,151,051	17,174,047
Plan fiduciary net position-ending	19,016,745	17,958,805	22,121,090	19,147,026	18,282,644	18,323,403	18,134,777	17,418,063	16,780,967	18,151,051
Net pension liability-ending (a)-(b)	\$ 8,860,769	\$ 9,272,100	\$ 5,245,613	\$ 7,367,190	\$ 7,839,807	\$ 6,905,727	\$ 6,361,905	\$ 5,932,890	\$ 5,097,298	\$ 3,457,926
Plan fiduciary net position as a percentage of the total pension liability	68.22%	65.95%	80.83%	72.21%	69.99%	72.63%	74.03%	74.59%	76.70%	84.00%
Covered payroll	\$ 3,920,363	\$ 3,689,497	\$ 3,689,497	\$ 3,689,497	\$ 3,486,295	\$ 3,148,480	\$ 3,197,367	\$ 2,930,299	\$ 2,979,727	\$ 2,879,693
Net pension liability as a percentage of covered payroll	226.02%	251.31%	142.18%	199.68%	224.88%	219.34%	198.97%	202.47%	171.07%	120.08%

Notes to the Schedule

For measurement date 09/30/2021, amounts reported as changes of assumptions resulted from lowering the investment rate of return from 7.50% to 7.40%
For measurement date 09/30/2020, amounts reported as changes of assumptions resulted from lowering the investment rate of return from 7.60% to 7.50%
For measurement date 09/30/2019, amounts reported as changes of assumptions resulted from lowering the investment rate of return from 7.70% to 7.60%
For measurement date 09/30/2018, amounts reported as changes of assumptions resulted from lowering the investment rate of return from 7.80% to 7.70%
For measurement date 09/30/2017, amounts reported as changes of assumptions resulted from lowering the investment rate of return from 7.90% to 7.80%

In addition, the assumed rates of mortality were changed from those in the July 1, 2015 FRS valuation report to those used in the July 1, 2016 FRS valuation report (FRS herein is the Florida Retirement System).

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

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

City of Palatka
Schedule of Changes in Net Pension Liability and Related Ratios
Police Officers' Pension Plan
Year Ended September 30, 2023
Last 10 Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability										
Service cost	\$ 189,421	\$ 230,485	\$ 230,013	\$ 248,069	\$ 239,064	\$ 235,276	\$ 213,253	\$ 213,832	\$ 278,204	\$ 285,022
Interest	1,080,335	1,069,778	998,166	981,113	1,009,282	953,900	868,015	851,901	812,851	776,568
Changes of benefit terms	(506,377)	228,369	-	-	-	-	-	(41,662)	(108,171)	-
Difference between expected and actual experience	225,283	(190,279)	345,990	149,301	(676,400)	271,647	609,467	(454,959)	50,553	-
Changes of assumptions	-	(27,379)	-	(43,230)	145,942	145,765	165,502	321,310	-	-
Benefit payments, including refunds of employee contributions	(921,652)	(879,901)	(816,466)	(1,018,918)	(831,237)	(633,367)	(618,511)	(561,601)	(528,946)	(487,612)
Net changes in total pension liability	67,010	431,073	757,703	316,335	(113,349)	973,221	1,237,726	328,821	504,491	573,978
Total pension liability-beginning	14,675,877	14,244,804	13,487,101	13,170,766	13,284,115	12,310,894	11,073,168	10,744,347	10,239,856	9,665,878
Total pension liability-ending (a)	\$ 14,742,887	\$ 14,675,877	\$ 14,244,804	\$ 13,487,101	\$ 13,170,766	\$ 13,284,115	\$ 12,310,894	\$ 11,073,168	\$ 10,744,347	\$ 10,239,856
Total fiduciary net position										
Contributions										
Employer	382,666	343,472	248,264	284,472	287,923	154,829	186,569	151,756	196,130	221,593
State	99,811	85,728	86,172	76,357	77,299	72,068	67,554	65,893	64,825	66,189
Employee	96,243	92,687	86,959	89,045	92,521	83,808	86,168	81,274	85,064	90,128
Net investment income	894,968	(2,215,065)	2,271,232	980,170	401,546	788,650	1,137,327	904,015	(394,718)	901,280
Benefit payments, including refunds of employee contributions	(921,652)	(879,901)	(816,466)	(1,018,918)	(831,237)	(633,367)	(618,511)	(561,601)	(528,946)	(487,612)
Administrative expense	(42,387)	(46,252)	(29,361)	(43,550)	(26,058)	(28,518)	(24,245)	(34,770)	(26,755)	(19,558)
Net changes in plan fiduciary net position	509,649	(2,619,331)	1,846,800	367,576	1,994	437,470	834,862	606,567	(604,400)	772,020
Plan fiduciary net position-beginning	11,089,398	13,708,729	11,861,929	11,494,353	11,492,359	11,054,889	10,220,027	9,613,460	10,217,860	9,445,840
Plan fiduciary net position-ending	\$ 11,599,047	\$ 11,089,398	\$ 13,708,729	\$ 11,861,929	\$ 11,494,353	\$ 11,492,359	\$ 11,054,889	\$ 10,220,027	\$ 9,613,460	\$ 10,217,860
Net pension liability-ending (a)-(b)	\$ 3,143,840	\$ 3,586,479	\$ 536,075	\$ 1,625,172	\$ 1,676,413	\$ 1,791,756	\$ 1,256,005	\$ 853,141	\$ 1,130,887	\$ 21,996
Plan fiduciary net position as a percentage of the total pension liability	78.68%	75.56%	96.24%	87.95%	87.27%	86.51%	89.80%	92.30%	89.47%	99.79%
Covered payroll	\$ 1,604,052	\$ 1,544,776	\$ 1,449,328	\$ 1,484,076	\$ 1,542,023	\$ 1,396,791	\$ 1,436,141	\$ 1,354,573	\$ 1,433,319	\$ 1,502,132
Net pension liability as a percentage of covered payroll	195.99%	232.17%	36.99%	109.51%	108.72%	128.28%	87.46%	62.98%	78.90%	1.46%

Notes to the Schedule

- For measurement date 09/30/2021, amounts reported as changes of assumptions resulted in no change
- For measurement date 09/30/2020, amounts reported as changes of assumptions resulted from lowering the investment rate of return from 7.60% to 7.50%
- For measurement date 09/30/2019, amounts reported as changes of assumptions resulted from lowering the investment rate of return from 7.70% to 7.60%
- For measurement date 09/30/2018, amounts reported as changes of assumptions resulted from lowering the investment rate of return from 7.80% to 7.70%
- For measurement date 09/30/2017, amounts reported as changes of assumptions resulted from lowering the investment rate of return from 7.90% to 7.80%
- In addition, the assumed rates of mortality were changed from those in the July 1, 2015 FRS valuation report to those used in the July 1, 2016 FRS valuation report (FRS herein is the Florida Retirement System).
- For measurement date 09/30/2016, amounts reported as changes of assumptions resulted from an experience study dated Sept. 20, 2016:
- The assumed rate of individual salary increases was changed from a 5.50% each year to a service-based table.
 - The assumed interest rate was lowered from 800% to 7.9%.
 - The assumed rates of mortality were changed to match what is used by FRS for non-special risk participants.
 - The assumed rates for Normal Retirement increased for all ages.
 - The assumed rates of disability decreased by changing from Table 1207 to Table 1201.
 - The inflation assumption rate was lowered from 3.00% to 2070%, matching the long-term inflation assumption used by the Plan's investment consultant.

City of Palatka
Schedule of Changes in Net Pension Liability and Related Ratios
Firefighters' Pension Plan
Year Ended September 30, 2023
Last 10 Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability										
Service cost	\$ 280,676	\$ 269,114	\$ 254,615	\$ 257,388	\$ 232,935	\$ 210,260	\$ 185,742	\$ 172,607	\$ 177,733	\$ 168,142
Interest	897,175	872,561	845,464	822,576	778,034	747,092	726,035	718,377	707,171	676,786
Changes of benefit terms	(763,184)	208,680	-	-	(815)	-	-	-	(33,092)	-
Difference between expected and actual experience	23,611	(86,780)	(322,737)	41,158	193,080	147,701	109,800	(112,062)	73,309	-
Changes of assumptions	-	62,797	-	(28,396)	125,856	115,984	134,956	381,136	-	-
Benefit payments, including refunds of employee contributions	(646,696)	(632,142)	(646,305)	(634,619)	(636,040)	(796,891)	(789,645)	(1,102,639)	(490,496)	(458,910)
Net changes in total pension liability	(208,418)	694,230	131,037	458,107	693,050	424,146	366,888	57,419	434,625	386,018
Total pension liability-beginning	12,166,658	11,472,428	11,341,391	10,883,284	10,190,234	9,766,088	9,399,200	9,341,781	8,907,156	8,521,138
Total pension liability-ending (a)	\$ 11,958,240	\$ 12,166,658	\$ 11,472,428	\$ 11,341,391	\$ 10,883,284	\$ 10,190,234	\$ 9,766,088	\$ 9,399,200	\$ 9,341,781	\$ 8,907,156
Total fiduciary net position										
Contributions										
Employer	663,059	592,239	500,542	521,538	444,977	414,702	395,413	296,485	250,259	310,160
State	71,357	61,250	49,571	62,951	66,498	73,764	60,543	50,698	95,653	80,280
Employee	95,765	84,498	72,184	75,612	68,282	64,184	61,203	52,815	47,712	47,041
Net investment income	641,479	(1,673,415)	1,583,992	679,012	279,441	507,754	749,063	619,284	(285,606)	649,062
Benefit payments, including refunds of employee contributions	(646,696)	(632,142)	(646,305)	(634,619)	(636,040)	(796,891)	(789,645)	(1,102,639)	(490,496)	(458,910)
Administrative expense	(41,117)	(43,825)	(27,112)	(37,960)	(26,740)	(24,681)	(22,815)	(31,660)	(22,760)	(14,901)
Net changes in plan fiduciary net position	783,847	(1,611,395)	1,532,872	666,534	196,418	238,832	453,762	(115,017)	(405,238)	612,732
Plan fiduciary net position-beginning	8,334,135	9,945,530	8,412,658	7,746,124	7,549,706	7,310,874	6,857,112	6,972,129	7,377,367	6,764,635
Plan fiduciary net position-ending	\$ 9,117,982	\$ 8,334,135	\$ 9,945,530	\$ 8,412,658	\$ 7,746,124	\$ 7,549,706	\$ 7,310,874	\$ 6,857,112	\$ 6,972,129	\$ 7,377,367
Net pension liability-ending (a)-(b)	\$ 2,840,258	\$ 3,832,523	\$ 1,526,898	\$ 2,928,733	\$ 3,137,160	\$ 2,640,528	\$ 2,455,214	\$ 2,542,088	\$ 2,369,652	\$ 1,529,789

Plan fiduciary net position as a percentage of the total pension liability	76.25%	68.50%	86.69%	74.18%	71.17%	74.09%	74.86%	72.95%	74.63%	82.83%
Covered payroll	\$ 1,596,087	\$ 1,408,294	\$ 1,203,064	\$ 1,260,206	\$ 1,138,039	\$ 1,069,725	\$ 1,020,044	\$ 880,247	\$ 934,724	\$ 784,020
Net pension liability as a percentage of covered payroll	177.95%	272.14%	126.92%	232.40%	275.66%	246.84%	240.70%	288.79%	253.51%	195.12%

Notes to the Schedule

For measurement date 09/30/2021, amounts reported as changes of assumptions resulted from lowering the investment rate of return from 7.50% to 7.40%
For measurement date 09/30/2020, amounts reported as changes of assumptions resulted from lowering the investment rate of return from 7.60% to 7.50%
For measurement date 09/30/2019, amounts reported as changes of assumptions resulted from lowering the investment rate of return from 7.70% to 7.60%
For measurement date 09/30/2018, amounts reported as changes of assumptions resulted from lowering the investment rate of return from 7.80% to 7.70%
For measurement date 09/30/2017, amounts reported as changes of assumptions resulted from lowering the investment rate of return from 7.90% to 7.80%

In addition, the assumed rates of mortality were changed from those in the July 1, 2015 FRS valuation report to those used in the July 1, 2016 FRS valuation report (FRS herein is the Florida Retirement System).

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

- The assumed rate of individual salary increases was changed from a 5.50% each year to a service-based table.
- The assumed interest rate was lowered from 8.00% to 7.9%.
- The assumed rates of mortality were changed to match what is used by FRS for non-special risk participants.
- The assumed rates for Normal Retirement increased for all ages.
- The assumed rates of disability decreased by changing from Table 1207 to Table 1201.
- The inflation assumption rate was lowered from 3.00% to 2.70%, matching the long-term inflation assumption used by the Plan's investment consultant.

City of Palatka
Schedule of Employer Contributions
General Pension Plan
Year Ended September 30, 2023
Last 10 Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 1,547,256	\$ 1,395,649	\$ 1,238,303	\$ 1,354,046	\$ 1,063,320	\$ 864,991	\$ 716,210	\$ 679,829	\$ 686,530	\$ 777,517
Contribution in relation to the actuarially determined contributions	1,508,293	1,420,542	1,259,075	1,354,046	1,062,017	1,077,055	931,520	679,825	686,545	777,517
Contribution deficiency (excess)	\$ 38,963	\$ (24,893)	\$ (20,772)	\$ -	\$ 1,303	\$ (212,064)	\$ (215,310)	\$ 4	\$ (15)	\$ -
Covered payroll	\$ 4,604,929	\$ 3,920,363	\$ 3,538,009	\$ 3,689,497	\$ 3,689,497	\$ 3,486,295	\$ 3,148,480	\$ 3,197,367	\$ 2,930,299	\$ 2,979,727
Contributions as a percentage of covered payroll	32.75%	36.23%	35.59%	36.70%	28.78%	30.89%	29.59%	21.26%	23.43%	26.09%

Notes to the Schedule

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

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

Valuation Date for FY 2023 contribution 10/1/2021

Methods and assumption used to determine contribution rates:

Mortality rates:

Healthy & Inactive Female: RP 2000 Generational Annuitant White Collar, Scale BB
Healthy & Inactive Male: RP 2000 Generational - 50% Annuitant White Collar / 50% Annuitant Blue Collar, Scale BB
Disabled: RP 2000 Disabled; Female set forward two years, Male setback for years

Interest rate:

7.80% per year compounded annually, net of investment related expenses.

Retirement age:

Retirement	
Age	Rate
50-54	10.0%
55	25.0%
56-59	20.0%
60	40.0%
61-64	25.0%
65+	100.0%

Salary increases:

8% less than one year of service. 5% for one year and greater of service.

Payroll growth:

None, for purpose of amortizing the unfunded actuarial liability

Marital status:

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

Funding method:

Entry Age Normal

Actuarial asset method:

Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return (net of fees).

Disability and termination rates:

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

Age	Percent Terminating	
	Percent becoming disabled during the year	Percent becoming disabled during the year
20	34.40%	0.03%
30	30.00%	0.04%
40	16.40%	0.07%
50	3.40%	0.18%

City of Palatka
Schedule of Employer Contributions
Police Officers' Pension Plan
Year Ended September 30, 2023
Last 10 Fiscal Years

	2022	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 466,779	\$ 441,806	\$ 352,187	\$ 348,758	\$ 356,207	\$ 282,152	\$ 189,571	\$ 222,150	\$ 260,864	\$ 291,414
Contribution in relation to the actuarially determined contributions	482,477	429,200	334,436	360,829	365,222	226,897	254,123	222,154	260,955	291,414
Contribution deficiency (excess)	\$ (15,698)	\$ 12,606	\$ 17,751	\$ (12,071)	\$ (9,015)	\$ 55,255	\$ (64,552)	\$ (4)	\$ (91)	\$ -
Covered payroll	\$ 1,604,052	\$ 1,544,776	\$ 1,449,328	\$ 1,449,328	\$ 1,484,076	\$ 1,542,023	\$ 1,396,791	\$ 1,436,141	\$ 1,354,573	\$ 1,433,319
Contributions as a percentage of covered payroll	30.08%	27.78%	23.08%	24.90%	24.61%	14.71%	18.19%	15.47%	19.26%	20.33%

Notes to the Schedule

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

Valuation Date for FY 2023 contribution 10/1/2021

Methods and assumption used to determine contribution rates:

Mortality rates: Female: RP 2000 Generational Combined Healthy White Collar, Scale BB
Male: RP 2000 Generational - 10% Combined Healthy White Collar / 90% Combined Healthy Blue
Disabled Female: 60% RP 2000 Disabled Female set forward two years, 40% annuitant White Collar
Disabled Male: 60% RP 2000 Disabled Male set forward two years, 40% annuitant White Collar

Interest rate: 7.80% per year compounded annually, net of investment related expenses.

Service 7-24 Years		Service 25-29 Years	
Years after Eligibility	Retirement Rate	Years after Eligibility	Retirement Rate
0	20.0%	50	20.0%
1	20.0%	51	20.0%
2	20.0%	52+	100.0%
3	50.0%		
4	75.0%		
5+	100.0%	Service 30+ Years	
		All Ages	100.0%

Salary increases: Based on years of service. 10% at 0; 5.5% for 1-4; 5.25% for 5-9; 5.0% for 10-14; and 4.75% for 15+

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

Funding method: Entry Age Normal

Actuarial asset method: Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return (net of fees).

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

Years of Service	Termination Rate	Percent becoming disabled during the year	
		Age	
<5	15.00%	20	0.07%
14-May	10.00%	30	0.11%
15	5.00%	40	0.19%
16	4.00%	50	0.51%
17	3.50%		
18	3.00%		
19	2.50%		
20+	2.00%		

City of Palatka
Schedule of Employer Contributions
Firefighters' Pension Plan
Year Ended September 30, 2023
Last 10 Fiscal Years

	2022	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 721,431	\$ 657,673	\$ 549,800	\$ 585,996	\$ 512,117	\$ 482,446	\$ 455,959	\$ 380,267	\$ 345,915	\$ 390,441
Contribution in relation to the actuarially determined contributions	734,416	653,489	550,113	584,489	511,475	488,466	455,965	380,264	345,912	390,441
Contribution deficiency (excess)	\$ (12,985)	\$ 4,184	\$ (313)	\$ 1,507	\$ 642	\$ (6,020)	\$ (6)	\$ 3	\$ 3	\$ -
Covered payroll	\$ 1,596,087	\$ 1,408,294	\$ 1,203,064	\$ 1,260,206	\$ 1,260,206	\$ 1,138,039	\$ 1,069,725	\$ 1,020,044	\$ 880,247	\$ 934,724
Contributions as a percentage of covered payroll	46.01%	46.40%	45.73%	46.38%	40.59%	42.92%	42.62%	37.28%	39.30%	41.77%

Notes to the Schedule

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

Valuation Date for FY 2023 contribution 10/1/2021

Methods and assumption used to determine contribution rates:

Mortality rates:

Female: RP 2000 Generational Combined Healthy White Collar, Scale BB
Male: RP 2000 Generational - 10% Combined Healthy White Collar / 90% Combined Healthy Blue Collar Scale BB
Disabled Female: 60% RP 2000 Disabled Female set forward two years, 40% annuitant White Collar
Disabled Male: 60% RP 2000 Disabled Male set forward two years, 40% annuitant White Collar
75% of active deaths are assumed to happen in the line duty.

Interest rate:

7.80% per year compounded annually, net of investment related expenses.

Retirement age:

Service 7-24 Years	
Years after Eligibility	Retirement Rate
0	20.0%
1	20.0%
2+	20.0%

Salary increases:

Based on years of service. 10% at 0; 5.0% for 10-14; and 4.75% for 15+

Payroll growth:

None, for purpose of amortizing the unfunded actuarial liability

Marital status:

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

Funding method:

Entry Age Normal

Actuarial asset method:

Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return (net of fees).

Disability and termination rates:

See following table. It is assumed that 75% of disablements are service related.

Years of Service	Termination Rate	Age	Percent becoming disabled during the year
0-2	15.00%	20	0.07%
3-5	7.50%	30	0.11%
6	0.00%	40	0.19%
7-8	10.00%	50	0.51%
9+	2.00%	60	1.66%

City of Palatka
Schedule of Investment Returns
Pension Plan
Year Ended September 30, 2023
Last 10 Fiscal Years

	2023	2022	2021	2020	2019	General Plan		2016	2015	2014
						2018	2017			
Annual money-weighted rate of return, net of investment expenses	7.45%	-17.75%	18.21%	7.73%	4.35%	5.61%	8.99%	9.55%	-2.32%	9.51%
						Police Officers' Plan				
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expenses	8.27%	-16.46%	19.55%	8.78%	3.58%	7.27%	11.32%	9.54%	-3.91%	9.66%
						Firefighters' Plan				
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expenses	7.73%	-16.95%	19.05%	8.88%	3.77%	7.18%	11.32%	9.21%	-3.92%	9.69%

City of Palatka
Schedule of Change in City's Other Postemployment Benefit Plan
Liability and Related Ratios
Year Ended September 30, 2023
Last 10 Fiscal Years

	2023	2022	2021	2020	2019	2018
Service cost	\$ 50,452	\$ 68,198	\$ 71,027	\$ -	\$ 43,970	\$ 47,262
Interest	33,832	17,713	18,379	-	25,549	22,375
Difference between expected and actual experience	-	(159,593)	106,153	-	-	-
Changes of assumptions	(7,400)	(51,971)	(25,250)	-	67,368	(55,452)
Benefit payments	(38,796)	(33,252)	(29,997)	-	(14,973)	(13,800)
Net changes in total OPEB liability	38,088	(158,905)	140,312	-	121,914	385
Total OPEB liability-beginning	677,978	836,883	696,571	696,571	574,657	574,272
Total OPEB liability-ending	716,066	677,978	836,883	696,571	696,571	574,657
Covered payroll	\$ 6,564,605	\$ 6,232,190	\$ 6,232,190	\$ 6,232,190	\$ 6,243,122	\$ 5,930,690
Net pension liability as a percentage of covered payroll	10.91%	10.88%	13.43%	11.18%	11.16%	9.69%

Notes to the Schedule

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

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

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

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

Covered employee payroll was projected on year forward from the valuation date for the reporting period ending September 30, 2020.

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

Supplementary Information

MAJOR GOVERNMENTAL CAPITAL PROJECT FUND

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

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

City of Palatka
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget to Actual – Better Place Plan Fund
Year Ended September 30, 2023

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 1,064,473	\$ 1,064,473	\$ 1,340,171	\$ 275,698
Intergovernmental	7,115,859	13,451,775	3,180,147	(10,271,628)
Total revenues	<u>8,180,332</u>	<u>14,516,248</u>	<u>4,520,318</u>	<u>(9,995,930)</u>
Expenditures:				
Current:				
General government	4,587,690	4,750,277	2,230,155	2,520,122
Capital outlay	6,958,874	13,572,867	2,167,160	11,405,707
Debt service				
Principal retirement	-	68,000	67,444	556
Interest and fiscal charges	-	16,000	15,960	40
Total expenditures	<u>11,546,564</u>	<u>18,407,144</u>	<u>4,480,719</u>	<u>13,926,425</u>
Excess of revenues over expenditures	<u>(3,366,232)</u>	<u>(3,890,896)</u>	<u>39,599</u>	<u>3,930,495</u>
Other financing sources (uses):				
Operating transfer in	680,000	937,000	76,134	(860,866)
Issuance of debt	3,000,000	3,000,000	-	(3,000,000)
Total other financing sources (uses):	<u>3,680,000</u>	<u>3,937,000</u>	<u>76,134</u>	<u>(3,860,866)</u>
Net change in fund balance	<u>\$ 313,768</u>	<u>\$ 46,104</u>	115,733	<u>\$ 69,629</u>
Fund balances - beginning of year			<u>1,100,508</u>	
Restatement			<u>31,598</u>	
Fund balances - beginning of year restated			<u>1,132,106</u>	
Fund balance, end of year			<u>\$ 1,247,839</u>	

City of Palatka
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget to Actual – Special Revenue Fund
Year Ended September 30, 2023

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 2,617,210	\$ 2,617,210	\$ 2,508,656	\$ (108,554)
Total revenues	<u>2,617,210</u>	<u>2,617,210</u>	<u>2,508,656</u>	<u>(108,554)</u>
Expenditures:				
General government	4,735,087	4,481,047	2,508,656	1,972,391
Total expenditures	<u>4,735,087</u>	<u>4,481,047</u>	<u>2,508,656</u>	<u>1,972,391</u>
Excess of revenues over expenditures	<u>(2,117,877)</u>	<u>(1,863,837)</u>	-	1,863,837
Net change in fund balance	<u>\$ (2,117,877)</u>	<u>\$ (1,863,837)</u>	-	<u>\$ 1,863,837</u>
Fund balance, beginning of year			<u>4,481,047</u>	
			<u>(4,481,047)</u>	
Prior period adjustment			<u>-</u>	
Fund balance, end of year			<u>\$ -</u>	

Statistical Section (unaudited)

Statistical Section

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

	<u>Page Number</u>
Financial Trends	85
These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.	
Revenue Capacity	87
These schedules contain information to help the reader assess the factors affecting the city's ability to generate its property and sales taxes.	
Debt Capacity	92
These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.	
Demographic and Economic Information	98
These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place and to help make comparisons over time and with other governments.	
Operating Information	100
These schedules contain information about the city's operations and resources to help the reader understand how the city's financial information relates to the services the city provides and the activities it performs.	

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

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Government Activities										
Net Investment in Capital Assets	\$ 13,138,987	\$ 10,735,671	\$ 12,679,116	\$ 12,532,966	\$ 13,804,049	\$ 15,939,443	\$ 15,588,396	\$ 16,548,465	\$ 17,546,712	\$ 20,209,112
Restricted	401,999	507,111	624,403	1,264,580	1,312,154	1,021,993	1,333,192	1,826,138	1,455,862	2,649,215
Unrestricted	2,724,277	1,557,819	(1,856,659)	(3,030,254)	(2,490,897)	(3,636,491)	(3,620,052)	(2,460,517)	3,024,062	4,174,169
Total Governmental Activities Net Position	\$ 16,265,263	\$ 12,800,601	\$ 11,446,860	\$ 10,767,292	\$ 12,625,306	\$ 13,324,945	\$ 13,301,536	\$ 15,914,086	\$ 22,026,636	\$ 27,032,496
Business-Type Activities										
Net Investment in Capital Assets	\$ 38,728,555	\$ 37,150,342	\$ 37,721,799	\$ 37,456,909	\$ 36,415,452	\$ 36,963,783	\$ 37,042,784	\$ 38,662,341	\$ 40,434,532	\$ 42,015,142
Restricted	328,594	330,609	334,897	334,285	334,196	8,095	8,095	8,095	8,095	8,095
Unrestricted	(863,846)	1,180,303	(439,062)	(875,644)	(403,255)	(814,056)	(241,367)	1,729,503	2,523,288	4,127,449
Total Business-Type Net Position	\$ 38,193,303	\$ 38,661,254	\$ 37,617,634	\$ 36,915,550	\$ 36,346,393	\$ 36,157,822	\$ 36,809,512	\$ 40,399,939	\$ 42,965,915	\$ 46,150,686
Primary Government										
Net Investment in Capital Assets	\$ 51,867,542	\$ 47,886,013	\$ 50,400,915	\$ 49,989,875	\$ 50,219,501	\$ 52,903,226	\$ 52,631,180	\$ 55,210,806	\$ 57,981,244	\$ 62,224,254
Restricted	730,593	837,720	959,300	1,598,865	1,646,350	1,030,088	1,341,287	1,834,233	1,463,957	2,657,310
Unrestricted	1,860,431	2,738,122	(2,295,721)	(3,905,898)	(2,894,152)	(4,450,547)	(3,861,419)	(731,014)	5,547,350	8,301,618
Total Primary Government Net Position	\$ 54,458,566	\$ 51,461,855	\$ 49,064,494	\$ 47,682,842	\$ 48,971,699	\$ 49,482,767	\$ 50,111,048	\$ 56,314,025	\$ 64,992,551	\$ 73,183,182

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

Expenses	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Government Activities:										
General Government	\$ 2,192,293	\$ 507,929	\$ 1,901,557	\$ 2,008,770	\$ 1,828,406	\$ 2,727,715	\$ 2,551,615	\$ 2,428,291	\$ 3,682,728	\$ 10,427,156
Public Safety	5,467,142	6,117,513	7,279,129	7,380,867	7,015,197	6,269,939	6,560,527	6,240,590	4,330,489	6,825,346
Physical Environment	-	415,967	408,379	91,593	233,000	626,037	7,379	-	-	-
Transportation	511,114	573,372	115,762	505,409	861,820	381,563	1,120,143	950,513	835,937	1,099,756
Economic Environment	184,981	280,156	146,709	92,509	121,398	78,587	222,250	97,331	129,677	378,395
Human Services	151,906	174,967	178,223	78,523	37,322	69,468	34,219	39,416	70,671	99,220
Culture and Recreation	427,004	1,288,402	383,685	479,185	348,255	1,529,633	767,710	745,791	667,579	785,510
Interest on Long-Term Debt	155,598	67,579	61,641	56,534	46,948	35,048	26,173	143,738	47,482	42,764
Total Governmental Activities Expenses	\$ 9,090,038	\$ 9,425,885	\$ 10,475,085	\$ 10,693,390	\$ 10,492,346	\$ 11,717,990	\$ 11,290,016	\$ 10,645,670	\$ 9,764,563	\$ 19,658,147
Business-Type Activities:										
Airport	\$ 1,672,638	\$ 1,868,470	\$ 1,490,532	\$ 1,433,879	\$ 1,563,492	\$ 1,658,643	\$ 1,692,235	\$ 1,575,106	\$ 1,821,295	\$ 2,618,225
Water	4,688,134	4,826,439	4,897,142	4,820,628	5,064,916	5,126,552	6,377,706	4,582,273	4,813,693	7,833,032
Golf Course	997,958	977,653	975,398	990,203	434,136	184,179	313,114	268,326	272,266	370,392
Sanitation	1,397,879	1,387,863	1,498,411	1,687,785	1,812,266	1,965,515	1,925,934	1,997,853	1,868,155	1,796,345
Total Business-type Activities Expenses	8,756,609	9,060,425	8,861,483	8,932,495	8,874,810	8,934,889	10,308,989	8,423,558	8,775,409	12,617,994
Total Primary Government Expenses	\$ 17,846,647	\$ 18,486,310	\$ 19,336,568	\$ 19,625,885	\$ 19,367,156	\$ 20,652,879	\$ 21,599,005	\$ 19,069,228	\$ 18,539,972	\$ 32,276,141
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$ 114,051	\$ 115,895	\$ 107,744	\$ 108,498	\$ 113,410	\$ 90,743	\$ 98,531	\$ 150,407	\$ 238,627	\$ 192,964
Public Safety	608,594	1,106,771	1,015,140	855,598	1,129,789	1,902,535	1,556,549	1,566,735	1,662,111	1,841,316
Other	198,826	210,064	199,565	153,721	149,957	143,004	140,832	189,160	194,537	133,582
Operating Grants and Contributions	981,676	847,158	794,957	886,922	884,023	1,033,856	2,041,573	535,522	3,055,592	2,868,124
Capital Grants and Contributions	736,090	1,774,920	2,362,571	1,041,768	1,820,201	2,758,409	167,338	1,539,450	373,962	184,362
Total Government Activities Program Revenues	\$ 2,639,237	\$ 4,054,808	\$ 4,479,977	\$ 3,046,507	\$ 4,097,980	\$ 5,928,547	\$ 4,004,823	\$ 3,981,274	\$ 5,524,829	\$ 5,220,348
Business-type Activities:										
Charges for Services:										
Airport	\$ 895,597	\$ 787,233	\$ 781,847	\$ 723,767	\$ 808,116	\$ 867,455	\$ 932,937	\$ 857,692	\$ 1,073,635	\$ 1,260,892
Water	4,122,596	4,443,050	4,350,056	4,843,922	5,006,669	5,950,043	6,007,511	6,482,818	7,153,131	8,965,660
Golf Course	701,468	720,410	704,846	665,847	178,198	65,168	94,760	93,756	106,506	124,956
Sanitation	1,535,189	1,633,906	1,641,581	1,652,675	1,719,726	1,860,875	2,169,518	2,372,742	2,542,335	3,673,720
Operating Grants and Contributions	-	26,500	-	-	-	-	-	-	-	-
Capital Grants and Contributions	1,521,529	426,812	1,724,898	361,721	820,508	454,178	2,360,920	3,004,460	1,598,364	3,108,625
Total Business-type Activities Program Revenues	\$ 8,776,379	\$ 8,037,911	\$ 9,203,228	\$ 8,247,932	\$ 8,533,217	\$ 9,197,719	\$ 11,565,646	\$ 12,811,468	\$ 12,473,971	\$ 17,133,853
Total Primary Government Revenues	\$ 11,415,616	\$ 12,092,719	\$ 13,683,205	\$ 11,294,439	\$ 12,631,197	\$ 15,126,266	\$ 15,570,469	\$ 16,792,742	\$ 17,998,800	\$ 22,354,201
Net (Expense)/Revenue										
Governmental Activities	\$ (6,450,801)	\$ (5,371,077)	\$ (5,995,108)	\$ (7,646,883)	\$ (6,394,366)	\$ (5,789,443)	\$ (7,285,193)	\$ (6,664,396)	\$ (4,239,734)	\$ (14,437,799)
Business-type Activities	19,770	(1,022,514)	341,745	(684,563)	(341,593)	262,830	1,256,657	4,387,910	3,698,562	4,515,859
Total Primary Government Net Expense	\$ (6,431,031)	\$ (6,393,591)	\$ (5,653,363)	\$ (8,331,446)	\$ (6,735,959)	\$ (5,526,613)	\$ (6,028,536)	\$ (2,276,486)	\$ (541,172)	\$ (9,921,940)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Property Taxes	\$ 3,432,971	\$ 3,465,626	\$ 3,501,720	\$ 2,751,117	\$ 2,573,515	\$ 2,817,740	\$ 2,993,993	\$ 3,191,578	\$ 3,348,931	\$ 3,572,990
Sales Tax and Other State Shared Revenue	783,678	786,686	794,451	836,379	875,598	919,960	944,007	2,540,796	2,874,246	2,586,742
Special Assessment-Fire Protection	-	-	-	948,803	1,653,302	-	-	-	-	-
Franchise Fees	904,958	810,331	837,391	813,569	799,700	797,257	744,975	760,305	835,903	1,170,290
Other Taxes	1,053,895	1,124,693	1,141,195	1,154,169	1,389,860	1,470,465	1,484,626	1,500,768	1,565,915	2,195,035
Investment Earnings	220	2,530	1,829	1,850	2,668	2,753	40,053	41,551	6,122	22,569
Contribution from component unit	-	300,000	300,000	250,000	159,210	186,626	176,382	181,203	189,379	45,766
Miscellaneous	595,182	123,286	115,964	120,432	90,106	147,351	254,830	251,481	403,716	951,067
Loss on sale of Land	-	(3,078,218)	-	-	-	-	-	-	-	-
Transfers	213,602	(1,628,519)	(19,536)	90,996	(68,790)	374,746	622,918	809,264	1,128,072	1,331,916
Total Government Activities	\$ 6,984,506	\$ 1,906,415	\$ 6,673,014	\$ 6,967,315	\$ 7,475,169	\$ 6,716,898	\$ 7,261,784	\$ 9,276,946	\$ 10,352,284	\$ 11,876,375
Business-type Activities:										
Investment Earnings	\$ 255	\$ 190	\$ 209	\$ 1,117	\$ 144	\$ 9,468	\$ 10,809	\$ 4,686	\$ 77	\$ 207
Miscellaneous	124,919	47,126	101,196	72,358	84,426	1,538	7,142	4,422	2,661	621
Transfers	(213,602)	1,628,519	19,536	(90,996)	68,790	(374,746)	(622,918)	(809,264)	(1,128,072)	(1,331,916)
Total Business-type Activities	\$ (88,428)	\$ 1,675,835	\$ 120,941	\$ (17,521)	\$ 153,360	\$ (363,740)	\$ (604,967)	\$ (800,156)	\$ (1,125,334)	\$ (1,331,088)
Total Primary Government	\$ 6,896,078	\$ 3,582,250	\$ 6,793,955	\$ 6,949,794	\$ 7,628,529	\$ 6,353,158	\$ 6,656,817	\$ 8,476,790	\$ 9,226,950	\$ 10,545,287
Changes in Net Position										
Governmental Activities	\$ 533,705	\$ (3,464,662)	\$ 677,906	\$ (679,568)	\$ 1,080,803	\$ 927,455	\$ (23,409)	\$ 2,612,550	\$ 6,112,550	\$ (2,561,424)
Business-type Activities	(68,658)	653,321	462,686	(702,084)	(188,233)	(100,910)	651,690	3,587,754	2,573,228	3,184,771
Total Primary Government	\$ 465,047	\$ (2,811,341)	\$ 1,140,592	\$ (1,381,652)	\$ 892,570	\$ 826,545	\$ 628,281	\$ 6,200,304	\$ 8,685,778	\$ 623,347

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Nonspendable	\$ 1,749,044	\$ 292,927	\$ 292,927	\$ 292,927	\$ 292,927	\$ 162,742	\$ 162,742	\$ 774,598	\$ 774,598	\$ 1,834,318
Restricted	826,352	195,513	218,278	207,315	213,309	231,084	258,058	293,712	293,712	312,723
Committed	22,656	33,128	49,206	45,761	55,416	60,617	73,236	79,699	79,699	95,592
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	834,968	848,005	1,060,435	1,379,763	1,365,670	1,895,172	2,721,383	3,305,333	8,083,739	2,762,541
Total General Fund	\$ 3,433,020	\$ 1,369,573	\$ 1,620,846	\$ 1,925,766	\$ 1,927,322	\$ 2,349,615	\$ 3,215,419	\$ 4,453,342	\$ 9,231,748	\$ 5,005,174
All Other Government Funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	401,999	507,111	624,403	1,057,265	1,098,845	790,909	107,484	1,455,862	1,455,862	6,842,533
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	(188,428)	(968,571)	-	-	-	-	-	595,397	-
Total All Other Governmental Funds	\$ 401,999	\$ 318,683	\$ (344,168)	\$ 1,057,265	\$ 1,098,845	\$ 790,909	\$ 107,484	\$ 1,455,862	\$ 2,051,259	\$ 6,842,533

Note: Beginning in fiscal year 2011, fund balance categories were reclassified as a result of implementing GASB Statement No. 54

Fund balance was not restated to the new categories for prior years.

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

Source: Audited financial statements

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Taxes	\$ 5,844,953	\$ 6,027,416	\$ 6,141,460	\$ 5,456,735	\$ 5,580,458	\$ 5,966,997	\$ 6,212,465	\$ 6,294,709	\$ 6,706,680	\$ 7,199,215
Permits, fees and special assessments	990,001	961,392	1,076,832	1,915,657	2,621,392	2,259,082	2,074,289	2,080,783	2,362,449	2,781,264
Intergovernmental	1,185,395	998,824	1,636,665	2,102,242	1,513,660	3,421,419	1,358,140	3,006,045	4,523,334	6,162,395
Charges for Services	245,095	276,570	295,691	212,004	180,804	207,554	277,697	320,129	302,854	362,433
Fines and Forfeitures	427,324	838,313	630,674	597,665	884,679	343,332	41,873	58,407	54,535	73,485
Miscellaneous	719,469	635,493	1,210,711	591,814	437,286	578,637	774,602	688,883	799,189	1,235,666
Total Revenues	\$ 9,412,237	\$ 9,738,008	\$ 10,992,033	\$ 10,876,117	\$ 11,218,279	\$ 12,777,021	\$ 10,739,066	\$ 12,448,956	\$ 14,749,041	\$ 17,814,458
Expenditures										
General Government	\$ 1,651,710	\$ 1,184,004	\$ 1,251,002	\$ 1,243,328	\$ 1,485,611	\$ 3,633,916	\$ 2,119,997	\$ 4,232,985	\$ 3,297,542	\$ 9,847,375
Public Safety	5,713,322	6,634,859	6,402,949	6,141,403	6,163,129	5,926,197	5,957,234	5,991,935	5,981,621	6,493,489
Physical Environment	-	415,967	404,042	85,925	233,000	356,376	467	-	-	50,000
Transportation	486,426	553,104	477,959	474,693	814,121	794,787	1,049,281	792,401	671,825	866,933
Economic Environment	184,981	280,156	146,709	92,509	121,398	78,587	298,292	97,331	129,677	323,124
Human Services	142,233	164,899	178,712	78,256	33,753	62,557	34,219	33,104	29,227	44,336
Culture and Recreation	449,550	1,253,442	2,361,161	553,865	1,672,744	2,150,486	695,485	563,282	485,070	534,287
Debt Service										
Principal Retirement	335,816	534,892	488,900	534,247	592,062	602,715	548,989	302,083	277,748	254,198
Interest and Fiscal Charges	155,598	67,579	61,641	56,534	46,948	35,048	26,173	143,738	47,482	42,764
Total Expenditures	\$ 9,119,636	\$ 11,088,902	\$ 11,773,075	\$ 9,260,760	\$ 11,162,766	\$ 13,640,669	\$ 10,730,137	\$ 12,156,859	\$ 10,920,192	\$ 18,456,506
Excess of Revenues Over (Under) Expenditures	\$ 292,601	\$ (1,350,894)	\$ (781,042)	\$ 1,615,357	\$ 55,513	\$ (863,648)	\$ 8,929	\$ 292,097	\$ 3,828,849	\$ (642,048)
Other Financing Sources (Uses)										
Capital Lease Issuance	\$ 300,000	\$ 520,700	\$ 389,000	\$ -	\$ 56,413	\$ 680,000	\$ 253,966	\$ 514,940	\$ 416,882	\$ -
Transfer In	685,099	1,308,196	482,992	782,517	1,344,802	1,695,017	1,172,741	1,188,850	1,365,562	7,063,194
Transfer Out	(471,497)	(2,936,715)	(502,528)	(691,521)	(1,413,592)	(1,320,271)	(549,823)	(379,586)	(237,490)	(5,731,278)
Payment to refunded bonds escrow agent	(1,866,667)	-	-	-	-	-	-	-	-	-
Issuance of refunding bonds	1,890,000	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	\$ 536,935	\$ (1,107,819)	\$ 369,464	\$ 90,996	\$ (12,377)	\$ 1,054,746	\$ 876,884	\$ 1,324,204	\$ 1,544,954	\$ 1,331,916
Special items										
Proceeds from sale of lad	\$ -	\$ 311,950	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Change in Fund Balances	\$ 829,536	\$ (2,458,713)	\$ (411,578)	\$ 1,706,353	\$ 43,136	\$ 191,098	\$ 885,813	\$ 1,616,301	\$ 5,373,803	\$ 689,868
Acquisition of Capital Assets	\$ 245,613	\$ 2,137,099	\$ 2,856,864	\$ 467,291	\$ 1,627,247	\$ 3,215,979	\$ 673,226	\$ 2,110,597	\$ 1,612,955	\$ 3,523,243
Debt Service as a Percentage of Non-Capital Expenditures	5.54%	6.73%	6.17%	6.72%	6.70%	6.12%	5.72%	4.28%	3.41%	1.44%

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

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

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

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

Source: Putnam County Property Appraiser

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

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

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

Source: Putnam County Tax Collector

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

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

Source: Florida Department of Revenue (Millage and Taxes Levied Report), Putnam County School District, St. Johns River Water Management District

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

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

<u>Taxpayer</u>	Fiscal Year 2022			Fiscal Year 2013		
	Taxable	Rank	Percentage	Taxable	Rank	Percentage
	Assessed Value		of Total City	Assessed Value		of Total City
			Assessed Value			Assessed Value
Putnam Community Medical Center	\$ 21,068,350	1	4.10%	\$ 14,448,614	1	3.71%
Florida Power & Light	17,607,334	2	3.42%	6,657,610	4	1.71%
Wal-Mart Inc.	13,520,540	3	2.63%	11,869,249	2	3.05%
9520 Bonita Beach Rd LLC	11,863,300	4	2.31%	-		0.00%
Comcast	11,117,874	5	2.16%	-		0.00%
Revenue Properties Town & Country	10,873,419	6	2.11%	8,049,018	3	2.07%
Home Depot	7,848,774	7	1.53%	6,122,419	5	1.57%
Lowes	7,799,748	8	1.52%	5,841,381	7	0.00%
Comarco	5,887,970	9	1.14%	-		0.00%
Palatka Mall, LLC	5,426,670	10	1.06%	3,837,851	10	0.99%
Bellsouth Telecommunications	-		0.00%	6,076,759	6	1.56%
Southern Medical Associates, Inc.	-		0.00%	5,013,837	8	1.29%
Stag II Palatka LLC	-		0.00%	3,939,144	9	1.01%
Total	<u>\$ 113,013,979</u>		<u>21.97%</u>	<u>\$ 71,855,882</u>		<u>15.96%</u>

Source: Putnam County Property Appraiser

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

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

Table 10
City of Palatka, Florida
Computation of Legal Debt Margin
September 30, 2021

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

Table 11
City of Palatka, Florida
Computation of Direct and Overlapping
Governmental Activities Debt
September 30, 2022

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

Source: Putnam County Board of County Commissioners

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

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

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

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

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

Note: (1) See the demographic statistics table 14 for population and annual personal income data.

The figures provided represent ratios of total primary government outstanding debt to annual personal income and population.

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

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

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

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

Source: Finance department, audited financial statements

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

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

*Note: This schedule is intended to show information for 10 years.

Additional information will be presented as they become available.

Sources:

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

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

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

Source: Putnam County Property Appraiser

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

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

<u>Function/Program</u>	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Government:											
Building permits issued	595	583	561	497	543	502	572	31	16	2	49
Business Tax Receipts											650
Building inspections conducted	1,257	898	913	994	1,415	996	1,138	-	-	-	-
Code enforcement Cases	184	214	150	88	12	140	125	132	127	127	132
Occupational license issued	1,078	675	239	866	710	830	754	632	805	805	0
Police:											
Calls for service	32,709	30,616	30,595	29,946	23,586	19,490	21,535	30,952	26,746	23,901	22,213
Physical arrests	1,047	788	788	784	617	497	405	856	969	856	581
Citations	1,660	1,470	1,904	1,294	656	317	390	1,335	785	826	709
Fire:											
Emergency responses	2,498	2,173	2,142	2,128	2,967	3,125	3,095	3,098	3,267	3,861	4,386
Fires extinguished	41	125	374	398	58	63	85	58	62	79	90
Refuse collection:											
Customers	3,869	3,827	3,867	3,873	3,914	3,997	4,605	4,342	4,089	4,675	4,137
Other public works:											
Street resurfaced (miles)	-	-	-	-	-	0	0.3	0.2	0.2	0.2	0.3
Potholes repaired	58	63	65	40	16	128	97	64	64	64	41
Parks and recreation:											
Community center rentals	83	129	65	72	63	141	137	137	58	58	83
Human Services:											
Interments	107	117	79	111	97	99	113	73	125	125	73
Water:											
Water main breaks	7	26	64	107	269	292	338	307	391	391	125
Average daily consumption (thousands of gallons)	1,811	1,684	1,706	1,728	1,654	1,316	1,143	1,710	1,317	1,665	1,472
Peak daily consumption (thousands of gallons)	2,908	2,139	2,634	2,420	2,278	1,726	1,941	2,012	2,021	2,480	2,480
Wastewater:											
Average daily treatment (thousands of gallons)	2,040	1,540	1,700	1,500	1,330	1,429	1,429	1,519	1,520	1,950	1,640
Airport:											
Rentals-T Hangars	54	54	55	55	64	64	64	64	64	64	73
Building	1	2	2	2	2	2	3	3	3	3	3
Land leases	1	1	1	1	1	1	1	1	1	1	1
Commercial Hangars	3	3	3	3	3	3	3	3	3	3	3
Executive Hangars	3	3	3	3	4	4	4	4	4	4	4

Source: Departments of the City

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

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

Source: Individual departments of the city

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

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

Source: City of Palatka Personnel Department

Compliance Section

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the City of Palatka, Florida (the ‘City’), as of and for the fiscal year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City’s, basic financial statements, and have issued our report thereon dated June 14, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

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

City of Palatka, Florida's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

HCT Certified Public Accountants & Consultants, LLC

Hollywood, Florida

June 14, 2024

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER
10.550, RULES OF THE FLORIDA AUDITOR GENERAL**

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

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited the City of Palatka, Florida’s (the “City”) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Department of Financial Services’ State Projects Compliance Supplement* that could have a direct and material effect on each of the City’s major federal programs and state projects for the fiscal year ended September 30, 2023. The City’s major federal programs and state projects are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the fiscal year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, *Rules of the Florida Auditor General*. Our responsibilities under those standards, the Uniform Guidance, and Chapter 10.550 are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.550 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

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

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

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

Report on Internal Control over Compliance

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

compliance with a type of compliance requirement of a federal program or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

HCT Certified Public Accountants & Consultants, LLC

Hollywood, Florida

June 14, 202

CITY OF PALATKA, FLORIDA
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED SEPTEMBER 30, 2023

STATE AGENCY/PASS-THROUGH GRANTOR/PROGRAM TITLE	State CSFA Number	Pass - Through/ Entity Identifying Number	State Expenditures
<u>DEPARTMENT OF ENVIRONMENTAL PROTECTION</u>			
FDEP LPR0004 WWTP Upgrades Biosolids	37.039	LPR0004	\$ 2,054,099
SRF DW540250 GAC Filters	37.076	DW540250	1,227,071
FRDEP Hank Bryan Park Phase II	37.017	None	48,000
<u>Total Department of Environmental Protection</u>			<u>3,329,170</u>
<u>JUSTICE ADMINISTRATIVE COMMISSION</u>			
DOS AACH Jenkins	14.228	I0146	61,349
<u>Total Florida Justice Administrative Commission</u>			<u>61,349</u>
<u>DEPARTMENT OF FINANCIAL SERVICES</u>			
Fire Decontamination Equipment Grant Project	97.083	emw-2018-fh-00254	14,579
<u>Total Florida Justice Administrative Commission</u>			<u>14,579</u>
<u>EXECUTIVE OFFICE OF THE GOVERNOR</u>			
Urban Search and Rescue Sustainment Program	20.106	3-12-0061-035-2022	72,234
<u>Total Florida Department of Environmental Protection</u>			<u>72,234</u>
TOTAL STATE FINANCIAL ASSISTANCE			<u>\$ 3,477,332</u>

CITY OF PALATKA, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2023

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	Federal CFDA Number	Pass - Through/ Entity Identifying Number	Federal Expenditures
<u>U.S. DEPARTMENT OF JUSTICE</u>			
<u>PASS THROUGH: Florida Department of Law Enforcement</u>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2022-JAGC JAG 8C-107	\$ 24,020
VOCA Grant	16.575	3333	36,396
Rural Violent Crime Fratr	16.039	15PBJA-21-GK-03942-RURA	17,100
<u>Total U.S. Department of Justice</u>			<u>77,516</u>
<u>U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT</u>			
<u>PASS THROUGH: Florida Depart of Economic Opportunity</u>			
CDBG MIT Price Martin I0146	14.228	I0146	573
CDBG Covid Sidewalks	14.228	CDBG-CVS05	177,498
<u>Total U.S. Department of Housing and Urban Development</u>			<u>178,071</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Staffing for Adequate Fire and Emergency Response	97.083	emw-2018-fh-00254	152,035
<u>Total U.S. Department of Homeland Security</u>			<u>152,035</u>
<u>U.S. DEPARTMENT OF TREASURY</u>			
Coronavirus State and Local Fiscal Recovery Funds:			
American Rescue Plan Act (ARPA)	21.027	None	1,461,630
<u>Total U.S. Department of Treasury</u>			<u>1,461,630</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
FAA West Taxilane & Fueling Apron-Phase I Design	20.106	3-12-0061-035-2022	72,234
<u>Total U.S. Department of Interior, National Park Services</u>			<u>72,234</u>
TOTAL FEDERAL AWARDS			<u>\$ 1,941,486</u>

Summary of Independent Auditor’s Results

Financial Statements

Type of report the auditor issued: **Unmodified**
 Internal control over financial reporting:
 • Material weakness(es) identified? X Yes No
 • Significant deficiency(ies) Yes X None reported
 Noncompliance material to financial statements noted? Yes X No

Federal Awards and State Projects

Internal control over major Federal programs or State projects:
 • Material weakness(es) identified? yes X no
 • Significant Deficiency(s) identified yes X none reported
 Type of auditor’s report issued on compliance for major Federal programs

Or State projects: **Unmodified.**

Any audit findings disclosed that are required to be reported in accordance with the CFR 200.516(a) or Chapter 10.557, Rules of the Auditor General? yes X no

Identification of major Federal programs:

CFDA No(s).	Names of Federal Project
14.228	HUD – Stormwater Matthew
20.106	FAA - Taxiway

Identification of major State project:

CSDA No(s).	Names of Federal Project
55.004	FDOT – HANGAR G1383

Dollar threshold used to distinguish between Type A and Type B Federal programs \$ 750,000

Dollar threshold used to distinguish between Type A and Type B State projects \$ 500,000

Auditee qualified as low-risk auditee pursuant to the Uniform Guidance Yes X No

Section II – Financial Statement Findings

See section IV below.

Section III – Federal Awards and State Projects Findings and Questioned Costs

No current-year matters were reported.

Section IV – Prior-Year Audit Findings

Financial Statement Findings

Finding No. 2022-001 Controls over Payroll Processing

Finding Type: Internal Control and Material Weakness

Condition:

During our review of the controls over payroll and the processing of payroll, we observed a lack of segregation of duties as there was only one individual who processed and approved payroll prior to being processed for payment.

Recommendation:

We recommend that the City reviews the existing policies and procedures and develop new processes to ensure that there is a strong segregation of duties with processing the payroll for payment.

Current Year Status:

Recommendation implemented.

Finding No. 2022-002 Incorrect employee payments

Finding Type: Internal Control and Material Weakness

Condition:

During our review of the controls over payroll and employee pay rates, we noted that multiple employees' pay rates did not match their approved pay rates, resulting in employees to be both over and under paid.

Recommendation:

We recommend that the City reviews the existing policies and procedures and develop new processes to ensure that there is a strong segregation of duties with processing the payroll for payment.

Current Year Status:

Recommendation implemented.

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

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

We have examined the City of Palatka (the City’s) compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the fiscal year ended September 30, 2023. Management is responsible for the City’s compliance with those requirements. Our responsibility is to express an opinion on the City’s compliance based on our examination.

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

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2023. This report 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, management, and the City Commission, and is not intended to be and should not be used by anyone other than these specified parties.

HCT Certified Public Accountants & Consultants, LLC

Hollywood, Florida

June 14, 2024

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

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

Report on the Financial Statements

We have audited the financial statements of the City of Palatka, Florida (the ‘City’), as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated June 14, 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 Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor’s Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant’s Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 28, 2023, 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. Corrective actions have been taken to address findings and recommendations made in the preceding financial audit report except for as listed.

Reference Number	Prior Year Comment	Status
2021 (2022)-001	The processing of payroll, we observed a lack of segregation of duties as there was only one individual who processed and approved payroll prior to being processed for payment	Recommendation implemented.
2021 (2022)-002	Employee pay rates did not match their approved pay rates,	Recommendation implemented.

Comments 2022-001 and 2022-002 each have been reported in the prior two year’s audit reports.

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. All related disclosures have been made 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 that we apply appropriate procedures and report the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did have any such recommendations which are 2022-001 and 2022-002.

Special District Component Units

Sections 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 in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which 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, Members of the City Council, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

HCT Certified Public Accountants & Consultants, LLC

Hollywood, Florida

June 14, 2024